



Papers to be laid on the table of  
Lok Sabha/Rajya Sabha

AUTHENTICATED

**RAKSHA RAJYA MANTRI**



## *Vision*

To become Global leader in Warship building

## *Mission*

- To be self-reliant in design capability and deploy state-of-the-art manufacturing process.
- To build quality Warship at competitive prices, exceeding customer's expectation in terms of delivery time and product support.
- To achieve sustained growth through customer satisfaction, product innovation, capturing export potential and employee satisfaction.

## *Objectives*

- Establish a self-reliant design house.
- Upgrade shipbuilding technology / processes.
- Improve Project Management in on-going shipbuilding of projects.
- Thrust towards cost reduction and improvement of productivity.
- Improve quality of products.
- Maximise indigenous content in warship construction to achieve Self Reliance.
- Evolve Perspective Plan for business development.
- Non Shipbuilding as a business venture & profit centre.
- Business development through concerted marketing efforts.
- Vendor development and building long term partnership.
- Focus on customer satisfaction.
- Leverage Information & Communication Technology (ICT) for better management.
- Material Management / Supply Chain Management.
- QMS & ISO certification.
- Human Resource development.
- Swachh Bharat Abhiyan
- Sustainable Development.

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## *Board of Directors*



### **Rear Admiral Anil Kumar Verma, VSM, IN (Retd.)**

Rear Admiral A K Verma, VSM, IN (Retd) joined the Company as Chairman & Managing Director on 01 Nov 2011, after serving in the Indian Navy for 34 years.

He is an alumni of Ranchi University and did his Mechanical Engineering from National Institute of Technology, Jamshedpur in 1977. After joining Indian Navy, he did his Marine Engineering Specialization course from Naval College of Engineering at Lonavla, Pune and Aeronautical Engineering course from Air Force Technical College, Bangalore.

During his career in the Indian Navy, he has held many prestigious appointments both on-board as well as ashore including Naval Headquarters, Command Headquarters at Mumbai and Kochi, Western Fleet and many operational ships and Air Stations. He has been conferred with the "Vishist Seva Medal" from the President of India for his distinguished service in the Indian Navy.

Being a strong believer in setting high goals and achieving targets through involvement of all personnel working with him, he has embarked upon an ambitious plan to transform GRSE from being one of the best shipyards in the country to a truly world class organization. During his tenure as C&MD of GRSE, the Company has already achieved many major milestones and the Shipyard has been adjudged the Best Performing Defence Shipyard of the country for four consecutive years in a row.

RAdm Verma is also the Chairman of Confederation of Indian Industry (CII), Eastern Region.

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### **VAdm Ashok Vishwanath Subhedar, AVSM, VSM, IN**

Vice Admiral AV Subhedar joined the Board of Directors of the Company on 18 Jun 2014 as a Part-Time Official Director.

Vice Admiral AV Subhedar has held many prestigious assignments during his distinguished career. He has served on five frontline warships including his tenure as Fleet Engineer Officer, Western Fleet in 1998. His important ashore appointments in Flag Rank include Chief Staff Officer (Technical), Eastern Naval Command, Visakhapatnam and Admiral Superintendent, Naval Dockyard, Mumbai.

VAdm Subhedar has been awarded "Vishisht Seva Medal" and "Ati Vishisht Seva Medal" by the President of India.



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### **Shri Bharat Khera, IAS**

Shri Bharat Khera was appointed as a Part-Time Official Director of the Company w.e.f. 08 Dec 2014.

Shri Bharat Khera is B.E.(Hons), Electrical & Electronics Communication from BITS, Pilani. Shri Khera belongs to the 1995 batch of the Indian Administrative Service from Himachal Pradesh cadre. He has served as Deputy Commissioner of Solan and Kangra districts in Himachal Pradesh. He has also served as the Managing Director of various state owned PSUs such as State Road Transport Corporation, State Industrial Development Corporation, HPMC and as Secretary to

the State Government before joining the Government of India as Joint Secretary, Naval Systems, Ministry of Defence.

**Shri Swapan Kumar Mukherjee**

Shri Swapan Kumar Mukherjee has been appointed as an Independent Director on the Board of the Company from 23 Jul 2014.

Shri Swapan Kumar Mukherjee is a qualified Cost and Management Accountant by profession (Year of Passing - 1975). After passing the final examination of the then Institute of Cost & Works Accountants of India, he joined Balmer Lawrie & Company Limited as a Trainee in Jan 1976 and superannuated as its Chairman & Managing Director in Dec 2011. Shri Mukherjee specializes in corporate treasury / finance function which, inter alia includes capital structuring, resource generation (equity and debt), optimizing cost of funds and forex risk management. Some of his major achievements during his tenure as Managing Director of Balmer Lawrie include achieving the highest ever turnover, profit, dividend, making Balmer Lawrie a debt free company and raising funds for the Company, its joint ventures and a wholly owned UK subsidiary company at the best terms.

**Cmde Muthukrishnan Jitendran, VSM, IN (Retd.)**

Commodore M Jitendran, VSM, IN (Retd.) is an Independent Director on the Board of the Company w.e.f. 23 Jul 2014.

An M.Sc. in Naval Architecture from St. Petersburg, Russia, he served as Director of Naval Design, Indian Navy from May 98 to May 2002, subsequent to which he joined Cochin Shipyard Limited (CSL) as Director (Operations) in May 2002. He, thereafter, went on to lead CSL as Chairman & Managing Director from Mar 2005 to May 2010. The highlight of his career was the outstanding performance of CSL delivering 35 ships during his 8 years stint with the shipyard. After his tenure in CSL, he joined Pipavav Shipyard Limited as Chief Executive Officer in Jul 2010. During his tenure till Sep 2011, the shipyard was able to complete balance infrastructure development and launch two big 74500 DWT PANAMAX BULKERS in mid-2011.

**Shri Ajay Bhattacharya, IAS**

Shri Ajay Bhattacharya was inducted to the Board of the Company as an Independent Director from 20 Aug 2014.

Shri Ajay Bhattacharya is a BE (Mech.) from IIT Roorkee. After passing the Indian Administrative Service in Jul 1977, he handled many prestigious appointments and superannuated as Secretary, Department of Fertilizers, Government of India. Some of the important assignments handled by him include serving Department of Telecommunication, Government of India as Administrator, Joint Secretary Fisheries, Dept. of Animal Husbandry, Govt. of India and as Secretary, Dept. of Environment & Forests, Govt. of Tamil Nadu.

**Cmde Ratnakar Ghosh, VSM, IN (Retd.)**

Commodore Ratnakar Ghosh is the Director (Shipbuilding) of the Company w.e.f. 23 May 2011.

Born on 01 Jul 1957, Cmde Ghosh is a Civil Engineering Graduate from IIT, Roorkee and has done his post graduation in Naval Architecture from IIT, Delhi. He joined the Indian Navy in 1979 and has served in that organisation for 32 years before joining GRSE as Director (Shipbuilding). He has vast experience in the field of ship design, ship maintenance and ship construction. During his tenure in the Navy, he has served at Naval Headquarters in the Directorate of Naval Design and as Principal Director in Directorate of Naval Architecture. He has served at Naval Dockyard, Vishakhapatnam and Naval Dockyard, Mumbai and has headed major refits of ships and submarines.

He has rich exposure in shipbuilding and has served at Warship Overseeing Team (WOT), Mumbai, as Project Officer of the prestigious INS Delhi Project, the first indigenously built Destroyer and has seen through its successful delivery to Navy. He has been at the helm of WOT, Kolkata, as Warship Production Superintendent and has overseen successful construction and commissioning of a wide range of IN ships including INS Betwa and INS Beas (Brahmaputra Class Frigate). Due to his meritorious service, he was awarded "Vishisht Seva Medal" by the President of India on 26 Jan 2010.





**Shri Ramesh Chandra Nautiyal**

Shri R C Nautiyal assumed charge as Director (Personnel) of the Company from 01 Jul 2013.

An alumni of National Institute of Technology, Allahabad, Shri R C Nautiyal completed his BE (Mechanical) in 1976. Thereafter, he went on to complete his M.Tech (Design in Mechanical Equipment) from IIT, Delhi in the year 1979.

Before joining GRSE, Shri R C Nautiyal has completed 34 distinguished years of service in Bharat Electronics Limited (BEL), wherein he worked in senior positions in different functional areas of various units. The first 24 years of his career was spent in BEL, Ghaziabad Unit and Kotdwara Unit, wherein at different points of time he has headed D&E, Manufacturing Transmission & Switching equipment and Human Resources. He has served as General Manager (HR) in the Corporate Office of BEL and as General Manager in the Pune and Machilipatnam Units of BEL, which had prospered under his leadership.

**Shri Sarvjit Singh Dogra**

Shri Sarvjit Singh Dogra joined the Company as Director (Finance) on 31 Dec 2014.

Shri Dogra is a Cost Accountant by profession. Prior to joining GRSE, Shri Dogra has served in National Aluminium Company Limited (NALCO), a Navratna CPSE under the Ministry of Mines, Government of India. In NALCO, in addition to significant contribution in areas of Costing & Cost Control, Corporate Accounts, Budget & Budgetary Control and MIS, he was also closely associated with devising the Product Pricing and Marketing Strategies for boosting product sales in domestic and overseas markets. Shri Dogra was associated in various special initiatives in building better customer relationships and boosting the customer confidence leading to high customer satisfaction.



**Permanent Special Invitees**

Shri P K Kataria, Addl FA (K) & JS  
Shri Rajnish Kumar, Addl FA (RK) & JS  
Dr. V Bhujanga Rao, CC (R&D) (NS), DRDO  
RAdm A K Saxena, NM, DGND

**Special Invitees**

VAdm H C S Bisht, DGCG  
RAdm R K Shrawat, IN (Retd.), C&MD, MDL  
RAdm Shekhar Mital, IN (Retd.), C&MD, GSL

**Company Secretary**

Shri Sandeep Mahapatra

**Bankers**

State Bank of India  
IDBI Bank  
Allahabad Bank  
ICICI Bank  
HDFC Bank  
AXIS Bank

**Auditors**

G P Agrawal & Co.  
Chartered Accountants

**Branch Auditor**

Poddar & Jain  
Chartered Accountants

**Registered Office**

43/46, Garden Reach Road, Kolkata 700 024  
CIN No. : U35111WB1934GOI007891  
Website : www.grse.nic.in



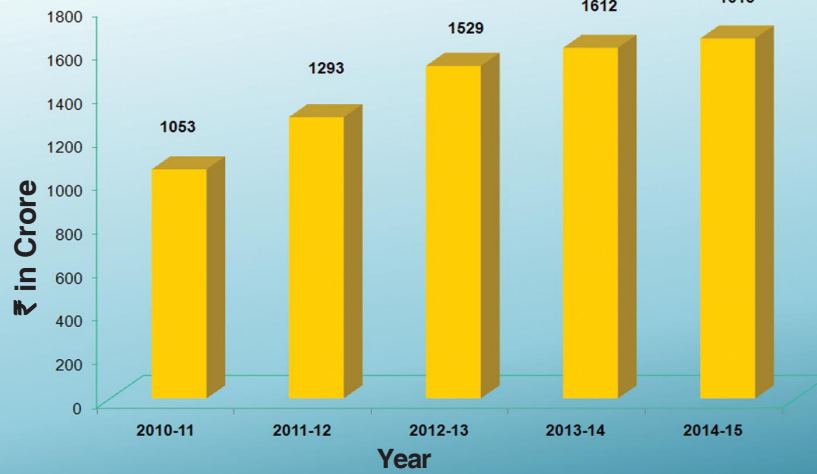
## *Senior Management*

RAAdm A K Verma, IN (Retd.)	:	Chairman & Managing Director
Cmde R Ghosh, IN (Retd.)	:	Director (Shipbuilding)
Shri R C Nautiyal	:	Director (Personnel)
Shri Sarvjit Singh Dogra	:	Director (Finance)
Shri Gautam Mandal, IRS	:	Chief Vigilance Officer
Shri Arup Ratan Pal	:	Chief General Manager (HR, Admin, OL, ERP, YM & ES)
Shri Samiran Basu	:	Chief General Manager (Material)
Cmde S Mathivanan, IN (Retd.)	:	Chief General Manager (C&CP)
Capt. SKS Kushwaha, IN (Retd.)	:	Chief General Manager (Planning, FIB & PS)
Shri K S Verma	:	General Manager (IEP)
Shri Kanu Priya Chatteraj	:	General Manager (HR)
Cdr. N D Rao, IN (Retd.)	:	General Manager (RBD)
Shri Aparajita Bhattacharya	:	General Manager (Design)
Shri D Vijayam	:	General Manager (Engineering & DEP)
Shri Sidhartha Ray	:	General Manager (Finance)
Shri D Maitra	:	General Manager (MW)
Shri Rabin Gangopadhyay	:	General Manager (FOJ)
Shri T S Mukherjee	:	Addl. General Manager (Vendor Development)
Shri Sumit Ghosh	:	Addl. General Manager (QA)
Shri Sanat Datta	:	Addl. General Manager (YM & ES)





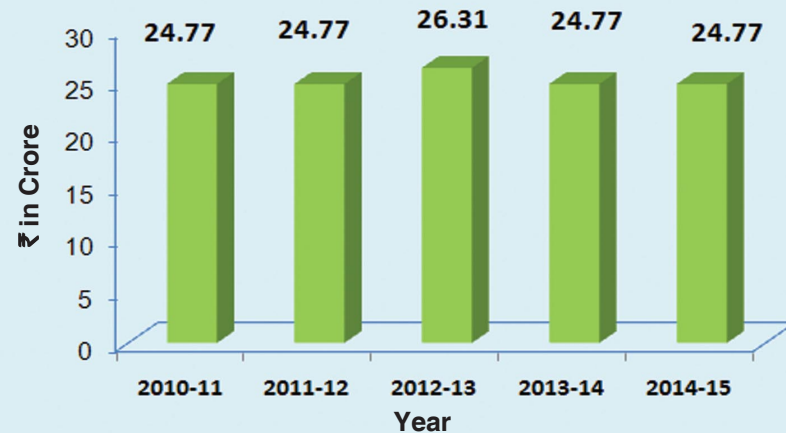
### Turnover



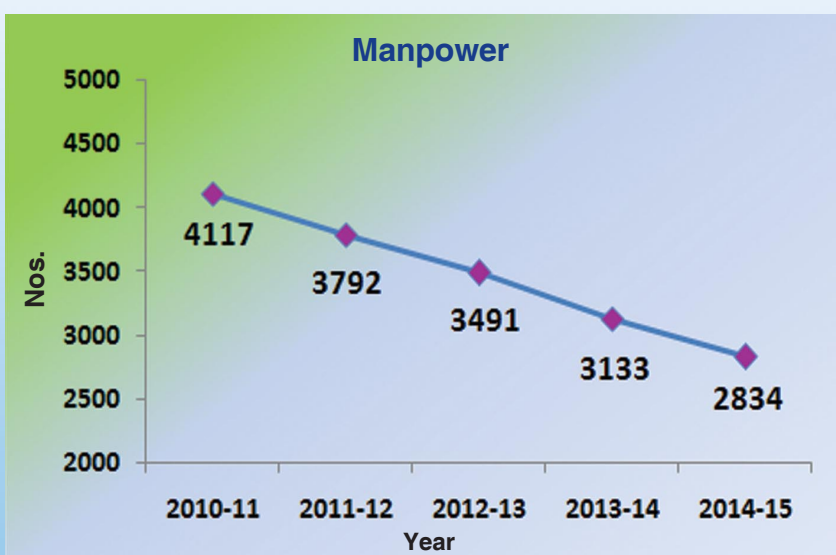
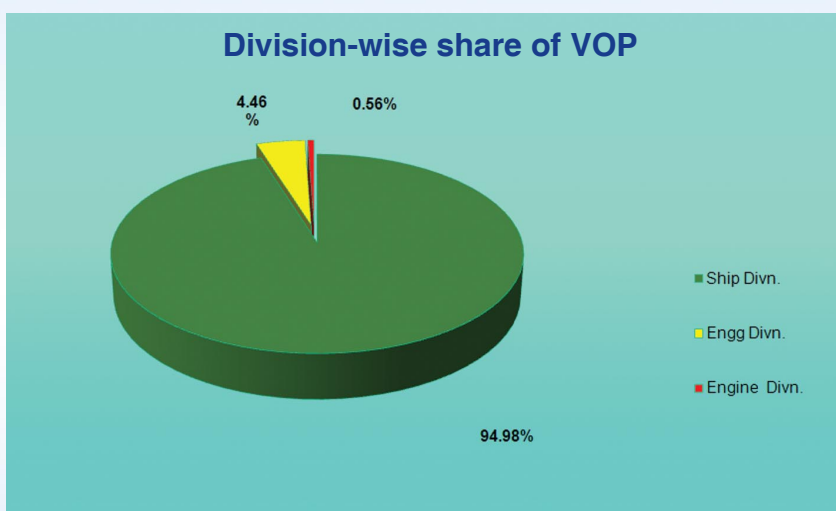
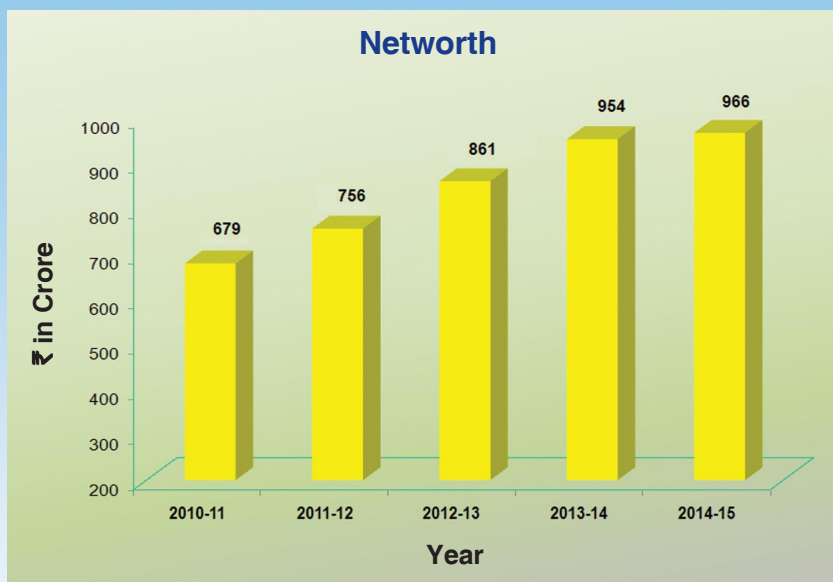
### PBT



### Dividend









## Ten Years at a Glance

(₹ in lakh)

Ten Years	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>FINANCIAL POSITION :</b>										
Equity Share Capital	12384	12384	12384	12384	12384	12384	12384	12384	12384	12384
Reserve & Surplus	22632	31862	36425	38692	47255	55947	63872	73948	83196	84391
Net Worth	34706	43816	48412	50685	59239	67932	75619	86094	95373	96566
Capital Employed	34251	41670	46017	45284	47610	55911	60062	75907	91667	90810
Gross Block	17473	24128	24406	25812	26224	29612	30829	42732	53387	56381
Net Fixed Assets	9066	14883	14488	15144	14897	17402	17481	27979	36548	36574
Working Capital	25185	26787	31529	30140	32713	38509	42582	47928	55119	54236
<b>OPERATING RESULTS :</b>										
Sales	98599	71374	55665	74062	42427	54622	54506	46434	30819	230805
Cost of Production	56974	53567	47723	64325	80153	96405	110752	138105	146585	154452
Value of Production	66218	64166	57347	67269	87074	105330	129253	152915	161167	161266
Value Added	25388	26021	28075	23353	30771	37868	49613	49609	50463	47702
Profit/(Loss) Before Tax	10131	17504	11040	8898	13075	16276	16935	19315	18723	7602
Provision for Tax	3598	5490	3593	3733	1633	4705	6132	6161	6577	3257
Profit/(Loss) after Tax	6533	12014	7447	5165	11441	11571	10803	13154	12146	4345
<b>APPROPRIATION</b>										
CSR Reserve	—	—	—	—	—	228	10	—	—	2
General Reserve	653	1201	745	517	1144	1134	1079	1315	1215	435
Proposed Dividend Equity	1238	2477	2477	2477	2477	2477	2477	2631	2477	2477
Tax on Proposed Dividends	184	391	421	421	411	402	402	447	421	504
<b>RATIOS</b>										
Gross Profit/ Capital Employed	0.30	0.42	0.24	0.20	0.27	0.29	0.28	0.26	0.21	0.08
PBT/ Production (VOP)	0.15	0.27	0.19	0.13	0.15	0.15	0.13	0.13	0.12	0.05
Production (VOP)/ Capital Employed	1.93	1.54	1.25	1.49	1.83	1.88	2.15	2.01	1.76	1.78
Value Added/ Production (VOP)	0.38	0.41	0.49	0.36	0.35	0.36	0.38	0.32	0.31	0.30
No. of Employees	5088	5126	4971	4768	4345	4117	3792	3491	3133	2834

## *99th Annual General Meeting*







## Chairman's Statement

### Dear Shareholders,

It gives me immense pleasure in welcoming all of you to the 99<sup>th</sup> "Annual General Meeting" of the Company. I take this opportunity to share with you the Company's significant achievements during the past year and the future outlook of the Company.

### Financial Performance

During the year 2014-15, the Company has achieved a turnover of ₹ 1,612.66 crore as against ₹ 1,611.67 crore in the previous year. The Company's Profit Before Tax (PBT) was recorded as ₹ 76.02 crore and Net Profit (PAT) as ₹ 43.45 crore. The Company's Net Worth increased from ₹ 953.73 crore last year to ₹ 965.66 crore this year. Given the performance of the Company, the Directors are pleased to recommend a dividend @ 20% on the Company's paid up equity capital amounting to ₹ 24.77 crore (approx.). During the year, the Company has made a contribution of ₹ 155.39 crore to the National Exchequer by way of payment of dividend, taxes and duties to various Government Agencies.

### Significance Milestones : 2014-15

The year 2014-15 witnessed the Company delivering two (02) high technology trend setting warships. **The first being the delivery of Indigenous Anti-Submarine Warfare Corvette (ASWC), 'INS Kamorta' to Indian Navy on 12 Jul 14.** The ASW Corvette is a frontline warship with anti-submarine warfare capability having very low Radar Cross Section with advanced stealth features including very low signature radiated under water noise. As a conscious endeavor towards the 'Make in India' initiative of the Government of India, the ship boasts of 90% indigenous content. The successful construction of ASWC by your Company showcases the capability of the Shipyard to build most complex and most advanced frontline warship for the nation. The ship has been highly appreciated by the Indian Navy for its design and

operational capabilities. **The ship was commissioned on 23 Aug 2014 by the then Hon'ble Raksha Mantri Shri Arun Jaitley in the august presence of Admiral R K Dhowan, Chief of Naval Staff and other distinguished guests.**

**The second ship delivered during the year was the first Indian export ship, 'CGS Barracuda', an Offshore Patrol Vessel to the Govt. of Mauritius on 20 Dec 14.**

The ship was subsequently commissioned at an impressive ceremony held at Port Louis, Mauritius on 12 Mar 15, coinciding with the National Day of Mauritius. **The commissioning of CGS Barracuda took place in the august presence of the Hon'ble Prime Minister of India, Shri Narendra Modi and the Hon'ble Prime Minister of Mauritius, The Right Hon Sir Anerood Jugnauth and other dignitaries.** This was a historical occasion for India in general and your Company in particular, since CGS Barracuda was the first ever warship built and exported by any shipyard in India.

The Govt. of India and the Indian Navy have reposed faith and confidence in the professional competence and expertise of your Company by awarding the **Contract for the construction of three (03) more advanced frontline Stealth Frigates under Project P-17A.** The order is worth over ₹ 19,200 crore and is the largest ever order won by your Company. These Frigates under Project P-17A are planned to be built employing state-of-the-art Modular Shipbuilding Technology created under recently completed Yard Modernization Initiatives which has all necessary infrastructure required for construction of the state-of-the-art Frigates.

### Awards & Accolades

The numerous awards received by the Company during the year speak of its exemplary performance. We have been selected for the **Hon'ble Raksha Mantri's "Best Performing Defence Shipyard Award" for the years**





**2012-13 and 2013-14.** Your Company now has been bestowed with the **Best Performing Defence Shipyard Award for four consecutive years in a row.** In the Official Language category, your Company has been awarded the First Prize (Region-C) of the Prestigious Indira Gandhi Rajbhasha Puraskar for the year 2012-13 and Rajbhasha Kirti Puraskar Second Prize for the year 2014-15 by Ministry of Home Affairs (Deptt. of Official Languages) for excellence in implementation of Official Language. The awards were presented by the Hon'ble President of India. Further, your Company has won the Governance Now PSU Awards 2014 in the category of Strategic Turnaround and the Indian Institution of Industrial Engineering, Performance Excellence Award in the Golden Category (Financial & Operational Strength) for the year 2012-13. Your Company was also conferred the e-Gov Awards 2014, in the Category of Technology - Modernisation Initiatives in PSUs and the **"Most Caring Company Award"** at CSR Congress - 2015. The QC Teams of the Company also performed very well this year and all the 11 (eleven) Quality Circle Teams from the Company were ranked 'Gold' Category in the Convention on Quality Circles 2014 organized by QCFCI Kolkata Chapter. Further, two (02) Quality Circle teams from the Company were judged at 'Par Excellence' Category, two (02) teams were judged in 'Excellent' Category and one (01) in 'Distinguished' category in the National Convention on Quality Concepts 2014 organized by QCFCI in Pune.

### **MoU Rating**

In terms of parameters contained in the Memorandum of Understanding signed by your Company with the Government of India for the year 2014-15, your Company is expected to be rated as "Good" in its performance.

### **Shipbuilding and Production Achievements**

The Company's Shipbuilding and Engineering activities have registered a growth due to greater thrust on enhanced productivity, improved quality control and dedicated human resources. The following are the main achievements for this year :-

(a) **Delivery of Ships.** During the year, your Company has delivered two (02) ships- 1st Anti-Submarine Warfare Corvette, 'INS Kamorta' to the Indian Navy and the Mauritius Offshore Petrol Vessel, 'CGS Barracuda' to the Govt. of Mauritius.

(b) **Ships ready for Delivery.** The delivery of the 2nd ASW Corvette, 'INS Kadmat', is in advance stages of construction. The sea trials were successfully completed in Aug 15 and the delivery of the ship is planned for Nov 15. Further, the first two ships of the Landing Craft Utility (LCU) MK-IV class and the first two Follow-On WJFAC are also progressing well towards their delivery.

(c) **Launching of Ships.** During the year four (04) ships were launched, the 4th ASW Corvette and the 2nd, 3rd, and 4th LCUs. Further, the first three Follow On-WJFACs were also launched during the current fiscal year on 30 Jun 15.

(d) **Keel Laying.** During the year, your Company laid the Keel of the 5th, 6th & 7th LCUs and the 2nd & 3rd Follow-On WJFACs for Indian Navy.

(e) **Portable Steel Bridges.** The Bailey Bridge Division of your Company has supplied 44 Bridges during the year, which signifies a growth of more than 43% in monetary terms. Further, during 2014-15, the R&D team of your Company has load tested an upgraded version of Portable Steel Bridge 220 ft span & 70R Load Class, with the use of improved "Panel 10'x7' size". This development is expected to enable your Company to compete extensively in the international market. As on date, our order book position of this division is at about ₹ 150 crore and the future outlook is in favour of the Company.

(f) **Deck Machinery.** It has been an eventful year for the Deck Machinery Unit of the Company. Subsequent to the successful trials on board INS Kamorta (P-28 Project), Indian Coast Guard has consented to award a contract to your Company for supply of Rail less Helo Traversing System ('HTS') for their 06 Numbers of CG OPVs being built at Goa Shipyard Limited. Being the only proven indigenous supplier of such systems, your Company has even bagged orders from private shipyards towards supply of Rail less HTS. Further, you will be pleased to know that quite a few number of further offers are under process for this division. The present order book position for various Deck Machinery items and Naval Pumps is around ₹ 86 crore which is quite encouraging.

(g) **Engine Division (Ranchi).** The Value of Production achieved by Engine Division during the year under review amounted to ₹ 9.40 crore. Moving in the direction of expansion, the assembly & test facilities for Marine Engines have been modernised at a cost of around ₹ 12 Cr. With modernisation, the Engine Division would be able to take-up assembly, repair and testing of latest 4000 Series MTU Engines. Accordingly, the Engine Division plans to enter into an extended License Agreement with MTU(F), Germany for production of MTU 4000 Series Marine Engines and Service Partner Agreement with MTU(India) for major overhauling of MTU 4000 Series diesel Engines.

(h) **Infrastructure Up-gradation.** The newly created facilities are already being used in a big way for the construction of ASW Corvette and LCU projects. In addition, the Company has also completed the first stage of Integrated Construction in a mega block of Yard 2096



(fifth ship of LCU Project). The Shipyard has now planned to implement the total Integrated Construction Technology (Stage 1 & 2) on the next mega block of Yard 2098 (seventh ship of LCU Project).

(i) **Order Book Position.** The year under review witnessed your Company bagging an order for construction of three super sophisticated Stealth Frigates under Project P-17A. This order is worth over ₹ 19,200 crore. The present order book position of the Company is around ₹ 30,156 crore. Out of these, sales of approximately ₹ 6,144 crore have been completed and the Balance Order Book is approximate to ₹ 24,012 crore.

### Future Outlook

**Major Initiatives :** GRSE is actively pursuing its goal to become a "World Class Shipbuilding and Engineering company". Following are some of the specific initiatives that have been implemented in the recent past, to progress towards above objective :-

- (a) Introduction of Integrated Construction Technology by making mega-hull blocks for the LCUs.
- (b) Introduction of laser technology for shaft alignment process on-board LCUs.
- (c) Fabrication and consolidation of hull-blocks inside GRSE premises by reputed sub-contractors.
- (d) Composite outsourcing of 'Fitting-out' work on-board LCUs.
- (e) Augmentation of vendor base to meet the enhanced work load.
- (f) Implementation of Enterprise Resource Planning (ERP) Systems for effective Project Management.
- (g) Skill development training.

**Infrastructure Development :** A three year plan for augmentation of infrastructure has also been worked out to further improve infrastructure and prepare for execution of P-17A Project. The Company has also evolved the following plans to further leverage the strength of infrastructure and production facilities and to meet the demands of P-17A Project.

- (a) Establishing strategic alliances with other shipyards to make Pre-outfitted Mega-Hull Blocks for Project P-17A, at their premises.
- (b) Widening the vendor base and improving the quality of vendors by conducting Vendor Mela periodically.
- (c) Engaging reputed sub-contractors to undertake consolidation of Mega-Blocks inside GRSE's Module Hall.
- (d) Revamp processes in the Shipyard to make them amenable for Integrated Modular Shipbuilding.

With a robust order book and initiatives taken towards infrastructure and skill developments, your Company is now poised to grow into a major shipbuilding company in the world. This approach is slated to help your Company to improve quality and reduce build period thereby meeting the stiff timelines as being achieved by leading global players in shipbuilding industry.

**New Construction :** Your Company is also making persistent efforts to foray into newer horizons to further expand the business profile. Following specific measures have been initiated in the recent past:-

(a) **Construction of P-75i Submarines in GRSE.** Your Company had conveyed its willingness to participate in the future submarine building programme of the Indian Navy, code named Project 75i. Accordingly, the Road Map for building these submarines at GRSE was submitted to Indian Navy. The High Power Committee convened for the purpose of identifying the shipyard for construction of P-75i submarine visited the Company and our proposal and road map were presented to them. Final decision on selection of shipyard by Indian Navy is awaited.

(b) **Bid for construction of second Aircraft Carrier (IAC-2) at new Green Field Deep Water Shipbuilding Facility.** Your Company had also conveyed its willingness to participate in the programme for construction of the second indigenous Aircraft Carrier. A green field shipyard needs to be established at a deep water location with 14 M draught to construct the 65000 Ton ship. GRSE had identified suitable location at Rambilli near Visakhapatnam and the Government of Andhra Pradesh had agreed to provide land with adequate water frontage for establishing the green field facility. Your Company's proposal for construction of IAC-2 was accordingly forwarded to Indian Navy. A Committee convened for the purpose of identifying the shipyard for undertaking construction of IAC-2 visited GRSE and your Company's proposal and road map were presented to the Committee. The final decision of Indian Navy on selection of shipyard is awaited.

### Export Initiatives

Buoyed by the response to its products, your Company is now concentrating with a focused agenda on the export market for its products. Over the last one year, your Company has aggressively focused on undertaking various Export Initiatives including participation in prestigious exhibitions such as International Maritime and Defence Exhibition (IMDEX) - 2015 in Singapore, LAAD - 2015 in Brazil and the Africa Aerospace and Defence Exhibition in South Africa. Your Company built INS



Kamorta recently participated in international exhibition in Langkawi and received rave reviews. Over the last year, your Company has been actively pursuing for export orders from countries such as Philippines, Vietnam, Peru, Bangladesh, Thailand and Oman for products ranging from Frigates to Fast Patrol Boats, Deck Machinery items to Bailey Bridges. Various dignitaries from these countries have visited the Company with a view to enhance further ties. Senior Officers from your Company have also visited these countries to promote our products and capabilities.

### **Industrial Relations**

Industrial Relations situation during the period across all the Units of your Company including DEP, Ranchi was generally peaceful and harmonious. The Company concluded 5 years wage settlement effective from 01 Jan 12 to 31 Dec 16 in respect of unionized category of employees for West Bengal based units and DEP, Ranchi.

### **Health, Safety, Security & Environment**

Your Company continues to accord high priority to Workplace Health, Safety & Security and Preservation of Environment for Sustainable Development. All business units have imbibed safety as a culture across all operations and are focused on imparting continuous training and risk mitigation initiatives.

### **Corporate Governance**

The Company's philosophy on Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures, legal compliances, transparency in decision making and avoiding conflicts of interest. The Company gives importance to adherence to adopted corporate values and objectives and discharging social responsibilities as a corporate citizen. The Company believes in customer satisfaction, financial prudence and commitment to values. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy.

### **Corporate Social Responsibility**

Corporate Social Responsibility (CSR) is an integral part of the Company's corporate philosophy. Our CSR initiatives reaffirm our belief that addressing societal needs and business growth go hand-in-hand. The Flagship CSR activities aim to benefit the marginalized sections of the local community through different income generating projects such as to provide employment readiness vocational skills to under privileged women, differently-abled children and local unemployed youth. The following major CSR projects were undertaken by the Company during the year :-

- a) Vocational training to local unemployed youth in various employment oriented modules such as welding, plumbing, electrical, AC repairing etc.
- b) Support to Sri Sarada Math towards augmenting computer training facility and also for constructing vocational training centre at Thakurnagar for promoting education and employment enhancing vocational skills for women.
- c) Adoption of 3 classes comprising 41 severely disabled children of Indian Institute of Cerebral Palsy.
- d) Constructing/ Renovating toilets in local schools as a part of Swachh Bharat Initiatives.
- e) Improving local anganwadi centres into model centres.
- f) Regular health check-up camps for the local under privileged community.
- g) Blood donation camps for thalassemia and RTA patients.
- h) Cataract surgeries for the marginalized section of the locality.

### **ACKNOWLEDGEMENTS**

I would like to conclude by thanking the Central and State Government Authorities, Indian Navy and Coast Guard Authorities, and the Shareholders for their continued trust and confidence they have reposed in us. I would like to place on record our sincere thanks to the Comptroller & Auditor General of India, the Principal Director of Commercial Audit, the Statutory and Branch Auditors, Internal Auditors, Cost Auditors and the Principal Controller of Defence Accounts (Navy) for their valuable suggestions and co-operation. I acknowledge the patronage of our Bankers, Suppliers and Business Associates. I also acknowledge with gratitude the continual assistance and guidance received from Ministry of Defence, Department of Defence Production, Indian Navy, Indian Coast Guard and Ministry of Home Affairs. Last, but not the least, I appreciate the dedication and hard work put in by all the employees of the Company to achieve its goal and the Board of Directors who have supported and guided the Company to put it on a path of accelerated growth.

Thanking you all,

Sd/-

**A.K. Verma**

Kolkata,

24<sup>th</sup> September, 2015

Rear Admiral (Retd.)

Chairman & Managing Director





## **NOTICE OF 99<sup>th</sup> ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 99th Annual General Meeting of the Shareholders of Garden Reach Shipbuilders & Engineers Ltd. will be held on **Thursday, the 24 Sep 2015 at 1300 hours at the Registered Office of the Company at 43/46, Garden Reach Road, Kolkata - 700 024** to transact the following businesses:

### **ORDINARY BUSINESS :**

- (a) To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 Mar 2015 and the Reports of the Directors and Auditors thereon.
- (b) To declare Dividend for the financial year 2014-15.
- (c) To fix the remuneration of Auditors to be appointed by the Comptroller & Auditor General of India for the financial year 2015-16.

### **SPECIAL BUSINESS :**

- (d) To ratify the remuneration payable to the Cost Auditors for the financial year ending 31 Mar 16 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

**"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) therein or re-enactment thereof, for the time being in force), the remuneration payable, as set out in the Statement annexed to the Notice convening this Meeting, to the Cost Auditors appointed by the Board of Directors of the Company to conduct audit of the cost records of the Company for the financial year ending 31 Mar 2016, be and is hereby ratified."**

**RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."**

By Order of the Board  
Garden Reach Shipbuilders & Engineers Limited

Sd/-  
(Sandeep Mahapatra)  
Company Secretary

Date : 31<sup>st</sup> August, 2015  
Place : Kolkata

### **Notes :**

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. Relevant documents referred to in the accompanying Notice and the Statement is open for inspection by the Members at the Registered Office of the Company on all working days, during business hours up to the date of the Meeting.





## **STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

### **Item No. (d)**

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s. Chatterjee & Co., Cost Accountants as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31 Mar 16 at an audit fees of ₹ 60,000/- plus taxes and out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. (d) of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 Mar 2016.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. (d) of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. (d) of the Notice for approval of the Shareholders.

By Order of the Board  
Garden Reach Shipbuilders & Engineers Limited

Sd/-  
(Sandeep Mahapatra)  
Company Secretary

Date : 31<sup>st</sup> August, 2015  
Place : Kolkata



## Directors' Report

To

The Members,

Garden Reach Shipbuilders & Engineers Limited

1. Your Directors have great pleasure in presenting before you the 99<sup>th</sup> Annual Report of your Company for the financial year 2014-15.
2. The audited Financial Statements for the financial year 2014-15, together with the Report of the Auditors of your Company, are appended to this Report.

### PERFORMANCE HIGHLIGHTS

3. **Turnover/Value of Production :** During the financial year 2014-15, your Company registered an all-time high Value of Production ('VOP') of ₹ 1,612.66 crore as against ₹ 1,611.67 crore in the previous year.
4. **Profit Before Tax :** The profit before tax is ₹ 76.02 crore for FY 2014-15 as against ₹ 187.23 crore in the previous Year.

### GRADING UNDER MEMORANDUM OF UNDERSTANDING WITH DPE

5. Your Company has been rated "Excellent" in the MoU 2013-14 by the Department of Public

Enterprises. The composite score for the year 2013-14 was **1.431**.

6. The assessment for the year 2014-15 will be done by DPE on the basis of the Annual Report to be submitted after the Annual General Meeting. As per internal assessment, it is expected that your Company will be rated **"Good"** during this year.

### AWARDS & RECOGNITIONS

7. Your Company has received the following awards/recognitions during the year:

(i) **Rajbhasha Puraskar :** Your Company has been awarded the First Prize (Region-C) of the **Prestigious Indira Gandhi Rajbhasha Puraskar for the year 2012-13. The trophy was handed over by the Hon'ble President of India on 14 Sep 2014.**

(ii) **CSR Award :** Your Company received the **"Most Caring Company Award"** at CSR Congress-2015.

(iii) **Governance Now PSU Awards :** Your Company has also won the **Governance Now PSU Awards 2014** in the Category of Strategic Turnaround.





(iv) **BT Star PSU Excellence Award 2014 :** Director (Finance) of your Company, Shri K. K. Rai won the BT Star PSU Excellence Award 2014, "The Star PSU Director (Finance) for Outstanding Performance" in the Category of Non Maharatna & Navratna PSUs. This Category not only included all Miniratna Companies of the country but also all Large PSUs under State Governments.

(v) **IIIE Performance Excellence Award :** Your Company also won the Indian Institution of Industrial Engineering, Performance Excellence Award in the Golden Category (Financial & Operational Strength), for the year 2012-13.

(vi) **e-Gov Awards :** Your Company has won the e-Gov Awards 2014 in the Category of Technology - Modernisation initiative in PSUs.

### DELIVERY

8. During the year under review, your Company has effected following deliveries in different divisions :

#### Ship Division :

Sl. No.	Type	Nos.
(i)	1st Anti-Submarine Warfare Corvette, "INS Kamorta"	1
(ii)	Mauritius Offshore Patrol Vessel, "CGS Barracuda"	1

#### Engineering Division :

Sl. No.	Product	Nos.
(i)	Bailey Bridge	44
(ii)	Deck Machinery & Pump	79

### Engine Division:

Sl. No.	Product	Nos.
(i)	Engines & Machinery Items	12

### SIGNIFICANT ACHIEVEMENTS DURING THE FINANCIAL YEAR 2014-15

#### Deliveries of Ships:

9. During this glorious year, your Company has delivered the first Indigenous Anti-Submarine Warfare Corvette (ASWC), 'INS Kamorta' to Indian Navy on 12 Jul 14. The ship was commissioned by Shri Arun Jaitley, Hon'ble the then Defence Minister on 23 Aug 2014 at Visakhapatnam in the august presence of Admiral RK Dhowan, PVSM, AVSM, YSM, ADC, Chief of the Naval Staff, Vice Admiral Satish Soni, AVSM, NM, ADC and other dignitaries of the Central & State Governments. With the commissioning of INS Kamorta, your Company has delivered a frontline warship to the Indian Navy with 90% indigenous content.
10. In this eventful year, your Company has also handed over the first Indian export Ship, CGS 'Barracuda', an Offshore Patrol Vessel to the Govt. of Mauritius on 20 Dec 14. The ship was subsequently commissioned at an impressive ceremony held at Port Louis, Mauritius on 12 Mar 15, coinciding with the National Day of Mauritius. The commissioning of CGS Barracuda took place in the august presence of the Hon'ble Prime Minister of India, Shri Narendra Modi and the Hon'ble Prime Minister of Mauritius, The Right Hon Sir Anerood Jugnauth and other dignitaries. This is a historical occasion for India in general and your Company in particular, since CGS Barracuda is the first ever warship built and exported by any shipyard in India.







**New Order:**

11. In the recent past, your Company has bagged an important and prestigious order for the construction of 03 frontline Stealth Frigate Ships (Project-P17 A) for Indian Navy. The contract for same was signed on 20 Feb 15. These ships will be initially built in the Main Unit adopting the Integrated Construction Technology in the newly created modern facilities from Keel Laying to launch. The Ships thereafter will be shifted to FOJ unit for further outfitting jobs and delivery to the Indian Navy.

**Major Project in Progress:**

12. The second Ship of Anti-Submarine Warfare Corvette (ASWC) class, 'INS Kadmat', is in advance stage of construction. Your Company has mobilized large resources and is putting up all effort to hand over this ship to Indian Navy at the earliest.

**Launching:**

13. The second Ship of Landing Craft Utility (LCU)

MK-IV class of ships, was launched from Inclined Berth-I of the Main Unit by Smt. Sharmistha Chatterjee, wife of VAdm P.K. Chatterjee PVSM, AVSM, NM Commander-in-Chief, Andaman & Nicobar Command on 22 Sep 2014. The launching ceremony was witnessed by many high level officials of Indian Navy / Indian Army and other local dignitaries.

14. The third & fourth Ships of Landing Craft Utility (LCU) MK-IV class of ships were launched from new Inclined Berth of the Main Unit on 16 Jan 15 & 23 Mar 15 respectively. After completion of construction of main hull and pre-launch outfittings, the ships were launched by Smt. Reena Lanba, wife of VAdm Sunil Lanba, AVSM, Vice Chief of the Naval Staff and Smt. Seli Pattanaik, wife of VAdm R.K. Pattanaik, PVSM, AVSM, YSM, Deputy Chief of the Naval Staff. The launching ceremony was witnessed by many high level officials of Indian Navy/ Indian Army and other local dignitaries.





#### **Keel Laying:**

15. Keel of fifth & sixth LCUs for Indian Navy was laid on 30 Sep 14 at the old Inclined Berth whereas Keel for the seventh ship was laid on 31 Mar 2015 at newly built Inclined Berth. The keel laying of second & third Follow-On Water Jet Fast Attack Craft (FO-WJFAC) for Indian Navy was also done during this Financial Year at your Company's Raja Bagan Dockyard Unit.

#### **OPERATING RESULTS**

16. The summarized operating results for the year 2014-15 and 2013-14 are given below :

(₹ in crore)

	<b>2014-15</b>	<b>2013-14</b>
Value of Production	<b>1,612.66</b>	1,611.67
Sales	<b>2,308.05</b>	308.19
Profit Before Depreciation, Interest and Tax	<b>104.83</b>	213.68
Interest	<b>1.70</b>	4.38
Depreciation	<b>27.11</b>	22.07
Profit Before Tax	<b>76.02</b>	187.23
Provision for Tax	<b>32.57</b>	65.77
Profit After Tax	<b>43.45</b>	121.46

17. The financial position of your Company as on 31 March, 2015 and 31 March, 2014 is shown below:

(₹ in crore)

	<b>As on 31 Mar 15</b>	<b>As on 31 Mar 14</b>
Capital Employed	<b>908.09</b>	916.67
Gross Block	<b>563.81</b>	533.87
Net Block	<b>365.74</b>	365.48
Working Capital	<b>542.35</b>	551.19
Net Worth	<b>965.66</b>	953.73
Value Added	<b>477.02</b>	504.63
<b>Ratios : (%)</b>		
Profit before interest and tax : Capital Employed (%)	<b>8.56</b>	20.90
Profit after tax : Net Worth (%)	<b>4.50</b>	12.74

#### **VALUE OF PRODUCTION & SALES**

18. During the financial year under review, your Company achieved the highest ever VOP of ₹ 1,612.66 crore as against ₹ 1,611.67 crore during the previous year. The Sales for the year amounted to ₹ 2,308.05 crore as against ₹ 308.19 crore during the previous year.



19. The comparative VOP for the three main Divisions are as follows :

(₹ in crore)

Year	Ship Division	Engineering Division	Engine Division	Total
2014-15	1,531.54	71.62	9.50	1,612.66
2013-14	1,560.44	47.40	3.83	1,611.67
2012-13	1,346.69	54.37	128.09	1,529.15

20. The comparative Sales for three main Divisions are as follows :

(₹ in crore)

Year	Ship Division	Engineering Division	Engine Division	Total
2014-15	2,190.92	54.51	62.62	2,308.05
2013-14	263.69	41.94	2.56	308.19
2012-13	356.14	86.06	22.01	464.21

#### PROFIT BEFORE TAX

21. Your Company earned a Profit Before Tax of ₹ 76.02 crore and recorded Net Profit of ₹ 43.45 crore.

#### NET WORTH

22. During the year under review, the Net Worth of your Company increased to ₹ 965.66 crore from ₹ 953.73 crore in the previous year 2013-14.

#### VALUE ADDITION

23. The Value Added during the financial year under review was ₹ 477.02 crore as against ₹ 504.63 crore during the previous year. The Value Added per Employee was ₹ 16.77 lakh as compared to ₹ 16.11 lakh during the previous year.

#### APPROPRIATIONS & DIVIDEND

24. Considering the financial performance of your Company in the year 2014-15, the Directors are pleased to recommend the following appropriations from the disposable surplus :

(₹ in crore)

Net Profit After Tax	43.45
<b>Less :</b>	
Transfer to CSR Reserve	0.02
Transfer to General Reserve	4.35
Dividend of 20% on the Paid-up Capital	24.77
Dividend Tax	5.04
Balance retained in Statement of Profit & Loss	9.27

#### CONTRIBUTION TO EXCHEQUER

25. Your Company has made a contribution of ₹ 130.62 crore to the National Exchequer during

the financial year 2014-15 as detailed below :

(₹ in crore)

(a) Income Tax, Wealth Tax & Dividend Tax	12.13
(b) Customs Duty	0.03
(c) Excise Duty	3.91
(d) Sales Tax (Including Entry Tax)	111.72
(e) Service Tax	2.83
<b>TOTAL</b>	<b>130.62</b>

*Note : The above figures are inclusive of Education Cess, but exclusive of the Excise Duty & Taxes included in the purchase prices of the inputs.*

#### CAPITAL STRUCTURE

26. The Authorized Equity Share Capital of your Company as on 31 Mar 15 was ₹ 125 crore. During the year under review, the Government of India did not make any fresh investments in the Share Capital of your Company. Consequently, the Paid-up Equity Share Capital as on 31 Mar 15 remained the same at ₹ 123.84 crore.

#### LOANS FROM THE GOVERNMENT

27. Your Company neither had any outstanding loan to the Government of India at the beginning of the year nor did it take any fresh loan during the current year.

#### CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

28. During the year under review, your Company did not enter into any contract / arrangement / transaction with Related Parties in pursuance of Section 188 of the Companies Act, 2013 and the rules framed thereunder.

#### EXPENDITURE ON ENTERTAINMENT AND FOREIGN TRAVEL

29. Expenditure on business promotion during the year was ₹ 1.02 crore. An amount of ₹ 0.44 crore was spent on foreign travel by your Company's Executives for export promotion and for business visits.

#### FOREIGN EXCHANGE EARNINGS & OUTGO

30. The information in respect of Foreign Exchange Earnings and Outgo is contained in Note 29.19 of the Financial Statements.

#### ICD TO HINDUSTAN CABLES LTD.

31. An amount of ₹ 4.58 crore (₹ 2 crore as Principal and ₹ 2.58 crore as Interest) was outstanding as on 31 Mar 02 from Hindustan Cables Ltd. (HCL), which is a sick PSU. As the case was registered by BIFR, full provision was made in the Accounts of 2003-04. As per directive of BRPSE, the revival



scheme as prepared by HCL's consultants was put up before Department of Heavy Industry (DHI), BRPSE & BIFR. DHI made advertisement inviting expression of interest from interested PSUs for joint venture formation. HCL has informed that the Ordnance Factory Board (OFB) under the Ministry of Defence has principally agreed to take over HCL as a whole on "Clean Slate" basis. No modalities however, have been decided yet.

#### **MICRO, SMALL AND MEDIUM ENTERPRISES**

32. Your Company has been providing increased thrust on enhancing procurement from Micro, Small and Medium Enterprises (MSMEs) and has implemented the Public Procurement Policy for MSMEs issued by the Ministry of MSMEs. Your Company extends technical guidance and requisite support to these industries wherever required. Your Company is regularly conducting MSME Vendor Development programmes in association with CII and MSME Ministry, Govt. of West Bengal. Our quality control personnel visit these industries to assist and ensure that the quality of the products meet the requisite standards.
33. During 2014-15, your Company procured items worth ₹ 154.72 crore from the MSMEs, which is over 31% of the total annual procurement value. List of items reserved for MSMEs procurement is available on your Company's website at [http://www.grse.nic.in/mse\\_notice\\_website.pdf](http://www.grse.nic.in/mse_notice_website.pdf)

#### **AUDITORS**

34. The Comptroller & Auditor General of India, under Section 139(5) of the Companies Act, 2013, have appointed M/s. G P Agrawal & Co., Chartered Accountants, Kolkata, as the Statutory Auditors for your Company and M/s. Jain Poddar & Co., Chartered Accountants, Ranchi, as Branch Auditors for the Diesel Engine Plant, Ranchi, for the year 2014-15.
35. The Comments of the C&AG u/s. 143(6) of the Companies Act, 2013, on the Financial Statements of the Company for financial year 2014-15 will be appended on receipt.

#### **COST AUDITORS**

36. Pursuant to Section 148 of the Companies Act, 2013 and the Companies (Cost Record and Audit) Rules, 2014, the Board of Directors of your Company has appointed M/s. Chatterjee & Co., Cost Accountants, Kolkata, as the Cost Auditors of your Company for the financial year 2014-15 to conduct audit of cost records maintained by your Company.

#### **MANPOWER**

37. The total Manpower strength in the permanent role of your Company as on 31 Mar 15 was 2834, which includes 484 Officers. A total of 04 employees (Supervisors) are working in your Company under contractual service. During the previous quarter ended 31 Dec 14, a total of 2860 employees were borne in the roll of your Company including 04 employees on contractual service. Statements showing the representation of SC/ST/Women etc. as on 31 Dec 14 as well as the total recruitment made during the period from Jan 14 to Dec 14 are given at **Appendix - "A" and "B"** respectively.
38. Your Company has no employee covered under Section 197(12) read with Rule (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of the Companies Act, 2013.

#### **CORPORATE GOVERNANCE**

39. Your Company is committed to maintain the highest standards of corporate governance in all spheres of business activity carried out by your Company and continues to lay strong emphasis on transparency, accountability and integrity. Your Company has implemented the Guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises (DPE) vide OM No. 18(8)/2005-GM dated 14 May 2010, both in letter and spirit. The Report on Corporate Governance along with Compliance Certificate from the Practicing Company Secretary of your Company as required under the said Guidelines has been placed at **Appendix - "C"** hereto.

#### **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

40. The Management Discussion & Analysis Report as required under the DPE Guidelines on Corporate Governance for CPSEs is placed at **Appendix - "D"** to this Report.

#### **BOARD OF DIRECTORS**

41. The following Directors ceased to be Members of the Board of your Company during the period under review :
  - (i) Shri K K Rai  
Director (Finance)
  - (ii) VAdm K R Nair, AVSM, VSM, IN  
Controller of Warship Production & Acquisition  
Part time Government Director
  - (iii) Shri Ashok K K Meena, IAS  
Part time Government Director





42. The Board placed on record its deep appreciation for the valuable contributions made by the outgoing Directors during the tenure of their association with your Company.
43. The Board welcomed the appointment of the following new Directors during 2014-15 :
- (i) Shri A V Subhedar, AVSM, VSM, IN  
Controller of Warship Production & Acquisition  
Part time Official Director
  - (ii) Shri Bharat Khera, IAS  
Part time Official Director
  - (iii) Shri Swapan Kumar Mukherjee  
Part time Non-Official Director
  - (iv) Cmde M. Jitendran  
Part time Non-Official Director
  - (v) Shri Ajay Bhattacharya  
Part time Non-Official Director
  - (vi) Shri Sarvjit Singh Dogra  
Director (Finance)
44. Your Company has received declarations from all the Independent Directors of your Company confirming that they meet the criteria of independence as prescribed under both, the Companies Act, 2013 and the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises.

### MEETINGS OF THE BOARD

45. Eight meetings of the Board of Directors were held during the year under review. For further details, please refer to the Report on Corporate Governance placed at **Appendix "C"** to this Report.

### DISCLOSURES

#### CSR & Sustainability Committee

46. The CSR & Sustainability Committee of the Board of Directors comprise of Shri Ajay Bhattacharya, Independent Director, as Chairman, Cmde (Retd.) Ratnakar Ghosh, Director (Shipbuilding) and Shri Ramesh Chandra Nautiyal, Director (Personnel) as Members. For further details, please refer to the Report on Corporate Governance placed at **Appendix - "C"** to this Report.

#### Audit Committee

47. The Audit Committee of the Board of Directors comprise of following Directors :

1	Shri Swapan Kumar Mukherjee	Chairman	Independent Directors
2	Cmde M Jitendran	Member	
3	Shri Ajay Bhattacharjee	Member	
4	Cmde (Retd) R Ghosh	Member	Functional Director

For further details, please refer Report on Corporate Governance placed at **Appendix "C"** to this Report. It is further stated that all the recommendations made by the Audit Committee were accepted by the Board.

#### Vigil Mechanism

48. As a part of its vigil mechanism, your Company has adopted a Whistle Blower Policy to provide appropriate avenues to the employees of your Company to report to the management instances of unethical behavior, actual or suspected fraud or violation of your Company's Code of Conduct. As per the Whistle Blower Policy, a whistle blower can send written communications to the Chairman & Managing Director of your Company (or any person to whom he has delegated his power). Alternatively he may send such Protected Disclosure directly to the Chairman, Audit Committee. Once a Protected Disclosure is received, a Screening Committee comprising the Chairman & Managing Director of your Company, a Functional Director as nominated by C&MD and the Chairman, Audit Committee, will be constituted to investigate into the matter. All employees are encouraged to use this whistle blowing facility and voice their concerns to the Management. Further, all employees have been given access to the Chairman, Audit Committee. The Whistle Blower Policy can be accessed on your Company's website at the following link : [http://www.grse.nic.in/Whistle %20 Blower % 20 Policy.pdf](http://www.grse.nic.in/Whistle%20Blower%20Policy.pdf)

#### EXTRACT OF ANNUAL RETURN

49. The extract of Annual Return of your Company for the financial year 2014-15 in **Form MGT 9**, as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended at **Appendix - "E"** to this Report.

#### DIRECTORS' RESPONSIBILITY STATEMENT

50. Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, your Directors hereby confirm that :



(a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013, had been followed and there are no material departures from the same;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2015 and of the profit of your Company for the year ended on that date;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the Annual Accounts on a 'going concern' basis; and

(e) the Directors had devised proper systems to ensure compliance with the provisions of all the applicable laws and that such systems are adequate and operating effectively.

#### **RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROLS**

51. Your Company has in place a Risk Management Policy in line with the DPE Guidelines on Corporate Governance for CPSEs to ensure the integration and alignment of the risk

management system with the corporate and operational objectives. During the year under review, your Company has set up a new Risk Management Committee which has been entrusted with the responsibility to identify and monitor the risks associated with the business of your Company and take mitigating actions for addressing those risks.

52. Internal control systems in your Company are commensurate with the nature of its business and the size & complexity of its operations. These systems are routinely tested and certified by Statutory as well as Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of your Company's internal control environment and monitors the implementation of audit recommendations.

#### **PERFORMANCE OF SHIP DIVISION**

53. It is a matter of great honour for your Company to have successfully built and delivered the Offshore Patrol Vessel, 'CGS Barracuda', to the Govt. of Mauritius in time. This prestigious export order is the first ship that was built and fitted out in the newly created Inclined Berth at Main Works of your Company with the continuous dedication and expertise of employees of your Company.

54. The newly created facilities are already being used in a big way for the construction of ASW Corvette and LCU projects. In addition, your





Company has also completed the first stage of Integrated Construction in a mega block of yard 2096 (fifth ship of LCU project). The Shipyard has now planned to implement the total Integrated Construction Technology (i.e. Stage 1 & 2) on the next mega block of Yard 2098 (i.e. on seventh ship of LCU project).

55. Your Company has achieved various improvements in performance of ship division primarily because of introduction of new shipbuilding technologies, various productivity improvement tools and continuous effort by all categories of employees. Pre-outfitting at block stage, analysis of detail work package, unremitting monitoring on material status & project activities, continuous interaction with sub-contractors, yard modernization and constant dedication of all employees are the key reasons behind this achievement.
56. Following major cardinal events were achieved during the financial year 2014-15:

#### **Delivered Ships :**

Sl. No.	Ship	Yard	Delivery
1	1st Anti-Submarine Warfare Corvette	3017	12 Jul 14
2	Mauritius Offshore Petrol Vessel	3021	20 Dec 14

#### **Ship Ready for Delivery :**

Sl. No.	Ship	Yard	Delivery
1	2 <sup>nd</sup> ASWC	3018	Delivery planned in Oct 15

#### **Ships Launched :**

Sl. No.	Ship	Yard	Date
1	2 <sup>nd</sup> LCU	2093	22 Sep 14
2	3 <sup>rd</sup> LCU	2094	16 Jan 15
3	4 <sup>th</sup> LCU	2095	23 Mar 15

#### **Keel laying of Ships :**

Sl. No.	Ship	Yard	Date
1	5 <sup>th</sup> & 6 <sup>th</sup> LCUs	2096-97	30 Sep 14
2	7 <sup>th</sup> LCU	2098	31 Mar 15
3	2 <sup>nd</sup> FO-WJFAC	2110	31 Oct 14
4	3 <sup>rd</sup> FO-WJFAC	2111	29 Nov 14

#### **FUTURE OUTLOOK**

57. The overall shipbuilding capacity of your Company has doubled with the completion of major modernization of GRSE wherein a new integrated shipbuilding facility for modular construction of

warships has been created. GRSE can now build 04 large ships and 04 small ships concurrently. The newly created facilities at Main yard will enable the shipyard to introduce the Integrated Construction technology which will result in considerable reduction in build period of ships. It is planned to adopt this technology in the new Project P-17A, construction of which is scheduled to commence from 2017. This approach will help your Company to improve quality and reduce build period, thereby meeting the stiff timelines as being achieved by leading global players in shipbuilding industry.

58. The year under review saw your Company bagging an order for construction of three super sophisticated Frigates under Project P-17A in Feb 2015. This order worth over ₹ 19,200 crore is the largest ever order won by your Company. These Frigates under Project P-17A are planned to be built employing state of the art Modular Shipbuilding Technology created under recently completed Yard Modernization initiatives. This new modernized shipbuilding facility at your Company has all necessary infrastructure required for construction of state-of-the-art Frigates and has paved the way for bagging of the order for the Project P-17A ships.
59. At the same time, your Company is also developing the outsourcing base with adequate quality assurance coverage for hull fabrication, plumbing, cabling, hull outfit, machinery etc, to strengthen the efforts of your Company for meeting delivery schedules and to achieve better customer satisfaction. To meet the demand of Project P-17A ships, steel throughput needs to be increased considerably. Accordingly, new sub-contractors for fabrication and erection of hull blocks are being developed to meet the demand. Use of latest technology for in-house fabrication and erection of blocks is planned to be adopted to increase productivity.
60. To facilitate construction of future projects including Project P-17A by Integrated Construction Technology and also to cater to significant increased demand of steel throughput, your Company is working towards creation of a new mega Hull Block fabrication facility with suitable EOT cranes and other infrastructure facilities for fabricating at least 04 blocks (each weighing up to 250 tons) at a time. The facility will also cater to all needs pertaining to outfitting jobs in these blocks. The facility is planned to be set up at RBD unit of





- your Company. The fabricated & outfitted blocks will be transported through river route to the Main Yard.
61. Contractually, construction of Project P-17A ship is slated to commence only in Feb 2018, which is post one year of commencement of ship construction at Mazagon Dock Shipbuilders Limited ('MDL'), who is jointly involved with your Company in this project. This implies that the VOP from Project P-17A ships would start accruing in a significant manner only from 2020-21. Although 15 ships are presently under construction at your Company's various yards, all these ships are likely to be delivered by 2016-17. Hence, it is expected that there would be a significant dip in the VOP during 2017-20 periods. Therefore, it has been proposed that, construction of Project P-17A ship by your Company commence at an earlier date. Accordingly, during the meeting chaired by Hon'ble Raksha Mantri, it was decided that construction in your Company would commence 06 months after commencement of construction of the first Project P-17A ship at MDL.
62. Further, your Company is also likely to bag the order for five follow on Fast Patrol Vessels for the Indian Coast Guard. The contract is likely to be concluded in Aug 2015. This would also partially off-set the dip in VOP during 2017-18 period. Your Company is also striving to bag further shipbuilding orders to overcome the dip in VOP during 2017-20 period.
63. Buoyed by the response for the first export warship, your Company is seriously exploring the overseas market for its products. Your Company is participating in a global tender for construction of two frigates for the Philippines Navy and is the only Indian Shipyard to have qualified for this international tender with competition from leading global players like Navantia, STX, Daewoo and Hyundai among others. Your Company is also participating in the tender for supplying Patrol Vessels to Vietnam Border Guards. Further, your Company is exploring the possibility of exporting Pre-fabricated Steel Bridges to Peru.
64. Considering the increase in requirements of our customers viz. Indian Navy, with respect to more definitive validations of new designs at tender stage, and as well as to cope up with the requirement of

various specialized design analysis for the on-going projects viz. LCU, P-17A and future projects including ASW-SWC, Fleet Support Ship etc, your Company had made an MoU on 14 Dec 2012 to undertake such specialized analysis / validation with IIT Kharagpur, being a premier institute in the country and is reckoned with as the most prolific center for developmental research in Naval Architecture. This will enable your Company to avail necessary expertise / assistance / specialized technical services in hydrodynamic, aerodynamic, structural design & analysis, short courses / workshops on manpower development etc. from the Institute.

65. In the recent past, your Company has inducted quite a few young officers and deployed them on various shipbuilding assignments. Your Company is also planning to induct operatives for revamping the aging man power base.
66. After creating the world class modern infrastructure facilities, your Company has now embarked upon the task to upgrade the machines / tools in various workshops, up-gradation in planning software, design tools, networking & e-mailing software etc. to achieve higher productivity in the years to come.

#### **ENGINEERING DIVISION**

67. The Value of Production achieved by the Engineering Division during the financial year 2014-15 amounted to ₹ 71.62 crore, which is 51% more than the previous year.

#### **PORTABLE STEEL BRIDGE UNIT**

68. The Bailey Bridge Division of your Company has supplied 44 Bridges during the year under review amounting to approx. ₹ 53 crore as against 33 bridges supplied in the previous year amounting to approx. ₹ 37 crore, which signifies a growth of more than 43%.
69. In view of stiff competition, your Company has decided to cut down the delivery period from our normal 6 months to 2-3 months and in good number of cases, supplies have been affected on ex-stock basis. To facilitate this, the Board has accorded approval to maintain buffer stocks to limited extent. Benefitting from this, the Unit supplied towards





disaster management 18 bridges to J&K and 20 bridges to Uttarakhand within 60 days during Nov-Dec 2014.

70. The sustained efforts initiated during last year to expand business potential and search for new customers resulted in entering into an MOU with RWDs of Government of Odisha & Chhattisgarh for supply of Portable Steel Bridges in bulk quantity.
71. During the year under review, against competitive bidding, the unit has bagged orders worth ₹ 25 crore (consisting of 14 bridges to DGBR and 4 bridges to HPPWD). Further, for supply of 40 Bridges worth ₹ 20 crore to DGBR, your Company stands at L-1 and the order is under finalization.
72. At present, our order book is about ₹ 150 crore, which include 58 bridges to Government of Odisha & Chhattisgarh and the unit expects to cross a VOP figure of ₹ 100 crore during 2015-16.
73. During Feb 2015, the R&D team of your Company has load tested an upgraded version of Portable Steel Bridge 220 ft span & 70R Load Class, with the use of improved "Panel 10'x7' size". Design verification and live load testing of this upgraded version of bridges was done by CSIR-Structural Engineering Research Centre, Chennai, a R&D Unit of Govt. of India. This is the patented design of your Company and first of its kind in India. This development will enable your Company to compete extensively in international market.

#### **DECK MACHINERY AND NAVAL PUMP UNIT**

74. For the Deck Machinery Unit of your Company, the year has been a fruitful one. Subsequent to successful trials on board INS Kamorta (P-28 Project), Indian Coast Guard has consented to award a contract to your Company for supply of Rail less Helo Traversing System ('HTS') for their 06 Nos. CG OPVs being built at M/s. Goa Shipyard Limited. Being the only proven indigenous supplier of such systems, your Company has bagged orders even from private shipyards towards supply of Rail Less HTS from M/s. Pipavav & M/s. ABG Ltd for NOPVs and Naval CTS. Good numbers of further offers are under process wherein your Company has actively participated in the Tender Enquiries for CG OPVs being built at M/s. L&T Shipyard and Twin hangar RLHTS for P-15 B ships being built at M/s. MDL.

75. The Unit has supplied 79 equipment (58 equipment in previous year) to various shipyards and Material Organizations of Indian Navy, apart from production of various deck machineries for in-house consumption. During the year, the Unit registered a VOP / Turnover of approx. ₹ 19 crore as against approx. ₹ 10 crore VOP in the previous year which is about 90% increase over last year.
76. The present order book position for various Deck Machinery items and Naval Pumps is encouraging which amounts to ₹ 86 crore approx.

#### **ENGINE DIVISION (RANCHI)**

77. The VoP achieved by the Engine Division stood at ₹ 9.50 crore during 2014-15. This is mainly because of low order book and aging of assembly & test facilities.
78. Moving in the direction of expanding the business, an order has been placed on M/s. Triveni Infratech to modernize the assembly & test facilities of Marine Engines for a value of ₹ 10 crore (approx.). This includes setting-up of dust & sound proof work area, 20 Ton overhead crane, epoxy flooring, paint booth etc.
79. On completion of this up-gradation, Engine Division will enter in to an extended License Agreement with MTU(F), Germany for production of Marine Engines at SKD level and Service Partner Agreement with M/s. MTU(India) for major overhauling of MTU Engines.
80. During this year, the Engine Division had completed test bed trial of 12 engines of FO-WJFACs within 50 days, which had once again demonstrated its competency & efficiency.

#### **CONSERVATION OF ENERGY**

81. (i) **Steps taken or impact on Conservation of Energy**

The energy conservation initiatives undertaken by a company determines the amount of efficiency with which it conducts its operations. Your Company places significant emphasis on the conservation of energy and has taken various measures in this regard, detailed as below :

(a) Installation of Automatic Voltage Controller for Ship Building & Machine Shop (100kVA for each shop) has reduced the annual energy consumption by 7.92% compared to earlier, which has resulted in saving of ₹ 4.52 lakh per annum. Apart from

improving the power quality, this has also facilitated reduction of GHG emission by about 39 T/annum.

(b) Your Company is replacing T8 (36 Watt) lamp with energy efficient T5 (28 Watt) lamp as the luminous intensity of the T5 lamp is very high compared to the T8 lamps resulting in 23% reduction in energy consumption.

(c) The shipyard is continuing its endeavour towards optimum utilization of conventional energy by extensive use of star rated air-conditioners accredited by Bureau of Energy Efficiency in the Yards. Using battery operated material handling equipment is also part of the above initiative.

(d) The shipyard is maintaining the accreditation on Integrated Management System harmonizing ISO 14001:2004 (Environment Management System), BS OHSAS 18001:2007 (Occupational Health & Safety Assessment Standard), and EN ISO 50001:2011 (Energy Management System) by certification body TUV NORD, Germany.

(e) Efforts are on to minimize distribution loss in compressed air and water supply system.

**(ii) Steps taken by your Company for utilising Alternate Sources of Energy**

As a part of commitment of the shipyard towards green energy for reducing the impact of atmospheric climate change, your Company has already embarked upon solar power project. Accordingly, your Company has implemented 100kWp grid interactive solar power plant on the roof top of Electrical Dept. to cater electrical load of Planning Dept. which has effectively reduced the energy consumption from CESC grid by about 108MWh (annually) and thereby resulting in reduction of energy bill by about ₹ 6.13 lakh per annum. Also the surplus solar power is being exported to CESC grid which would facilitate your Company to earn revenue of approx. ₹ 3.05 lakh per annum. In addition, greenhouse gas (GHG) emission has been reduced to the extent of 88 T/annum.

**(iii) Capital investment on energy conservation equipment**

The capital investment made by your Company on energy conservation equipment are as follows:

- (a) Automatic Voltage Controller : ₹ 10,50,000/-
- (b) 100 KWp solar power plant : ₹ 95,00,000/-

**82. TECHNOLOGY ABSORPTION**

Sl. No	Particulars	Remarks
(i)	The efforts made towards technology absorption	Nil
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	Not Applicable
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	Not Applicable
(iv)	The expenditure incurred on Research and Development	₹ 351.69 lakh

**ERP & IT**

83. The highlights of the year under review in the area of ERP & IT are as follows:

(i) **Wage Revision** of Unionized employee (Office Assistant & Operatives) implemented in SAP.

(ii) Provident Fund of all employees are maintained in SAP.

(iii) To maintain business continuity in case of any **unforeseen natural or man-made disaster** in the main Data Centre, your Company has established a DR System through '**Co-located Managed Solution**' methods at Mumbai.

(iv) To track movement of physical files, a **file tracking system** has been implemented.

(v) **Document management System** has been implemented for online facilities like Leave application, Appraisal Reports, Note sheet Approval, Movement Order any many more.

(vi) **Structured Training on ERP** in batches being provided to all departments of GRSE.

(vii) **Basic level computer training** organized for unskilled employee (Peon, Service Man IV etc).

(viii) **Enterprise Level Project Monitoring System (PMS)** : The PMS project for LCU installed, implemented and has gone live on 30 May 2015. This enterprise level software facility provides monitoring of project progress and PERT chart at any point of time during execution.

84. A drive has been taken to leverage IT for maximum benefit in the production area at docks & berths. Following initiatives are in process to make **Production area more IT enabled** :

(i) **View Drawing in Production area** : The final drawings released by the Design department are



being viewed by the production team through shop floor computers. This facility is enabling production team to view the drawings in 2-D and 3-D mode and getting real time updates of the drawings. They do not have to wait for paper copy of the drawings.

(ii) **Network Availability at the dock and berth area** : Both Wired and Wireless Network connectivity are being provided to the nearest point of the docks and berths. This is facilitating production team to view different status report and updates in SAP, project progress, labour booking and such other advantages.

(iii) **Handheld Tab for Production personnel**: Production personnel will be given 10.5" Tab Handheld to access their email, documents, MIS dashboard and many more on the go. This mobile facility will provide better communication and updates on their day to day activities and control.

(iv) **Biometric Attendance System** : The attendance system is being transformed to Biometric (Smart Card + Finger Print) in place of existing Smart Card System for more secure and personalized attendance system.

(v) **Amplification of SAP Modules** is in progress for Project Restructuring and capturing information at different stages of production process to obtain real-time monitoring of Project Progress, Cost Involved, Alert, Tracking and cost estimation for new projects.

(vi) **Development of MIS Dashboard** with analytical reports for Senior Management is also in progress.

#### **e-PROCUREMENT & REVERSE AUCTION**

85. e-Procurement is the key component of "Mission Mode Project" under National e-Governance Plan. It has several advantages such as cost saving, saving in time, safety, security, speed and above all, transparency in achieving efficiency in procurement. Following milestone were achieved during the year under review:

(i) Value of materials procured through e-mode has been ₹ 325.57 crore. GRSE achieved 90.71% through e-procurement mode.

(ii) Wider participation of vendors in e-procurement has been achieved. Number of Vendors registered with your Company's e-procurement system has risen from 1660 to 1790 during 2014-15, an increase of nearly 7%.

(iii) 624 nos. of tenders have been floated through e-procurement mode during the financial year 2014-15.

(iv) Approximately 400 nos. of vendors obtained on-line training on e-procurement procedure during the year.

#### **e-AUCTION**

86. In order to leverage the technology resources in achieving speed, efficiency, transparency and higher market value, your Company opted for e-Auction platform for transaction of its disposal activities. Total sale through e-Auction in 2014-15 was ₹ 1.83 crore.

#### **QUALITY ASSURANCE**

87. The year 2014-15 has been earmarked as achievements in Quality performance. The First export Ship by your Company, Mauritius OPV, has been delivered after very successful maiden sea trial when all the trials were successfully executed in presence of its Owner, WOT, ABS and RINA. Its accommodation has been to the highest standard achieved by any Indian shipyard.

88. Very satisfactory performance of first of class of ASWC, INS Kamorta after achieving successful sea trial has been significant achievement of Quality in Shipbuilding.

89. The Quality Assurance (QA) team of your Company, with its quality monitoring at each stage of shipbuilding from Plate preparation, Block fabrication, Erection, Plumbing, Cabling, Machinery installation, setting to work, HATs as per predetermined QAP, ensures quality performance of the ships. Ships were built to meet different Naval Standards, Classification Rules and to the utmost satisfaction of Warship Overseeing Team, MTU, ETMU and other Naval Statutory Inspection Agencies, American bureau of Shipping, Indian Register of Shipping as applicable and Third Party Inspection by RINA Services S.p.A.

90. ISO Surveillance Audits were successfully complied.

#### **VENDOR DEVELOPMENT**

91. Your Company has analyzed complete production activities and done comprehensive mapping of activities to be outsourced and accordingly vendor development initiatives like organizing Vendor Mela, participation in fairs, programmes organized by BCCI, CII, other Defence shipyards etc. has been undertaken to induct technically and financially capable vendors from different parts of the country for outsourced jobs. Long term association, joint ventures, strategic partnership etc.





with interested business associates is being explored.

92. During the year, your Company has registered 66 new permanent vendors and as on 31 March 2015 the Shipyard has 1746 available vendors. The manufacturing vendor base, as directed by Ministry of Defence ('MoD') and as a part of the MoU criteria has been increased by more than 8% in 2014-15.
93. Your Company has been actively promoting the participation of SMEs in outsourcing programs for goods and services which are low in cost, generic in nature and less technology intensive as a part of its outsourcing policy. The contribution by SMEs vendors is measured in terms of financial values and it is approximately 36% of total value of non-core products procured by the Shipyard in 2014-15.
94. The existing policy on vendor development has been revamped in line with the guidelines contained in "Approach Paper for Outsourcing & Vendor Development" forwarded by MoD and accordingly Vendor Development Manual incorporating long term outsourcing policy has been prepared.

## QUALITY CIRCLE ACTIVITIES

### Quality Circle :

95. Implementation of Quality Circle concepts has taken place in almost all the departments of your Company. This year, 11 (eleven) Quality Circle Teams from your Company had participated in Chapter Convention on Quality Circles 2014 organized by QCFI Kolkata Chapter. All the eleven teams were Ranked 'Gold' Category.

Level of No. of QC Performance	No. of QC teams participated	Performance Grade achieved by QC teams		
		Gold	Silver	Bronze
CCQC - 2014 (Chapter Convention)	11	11	-	-

96. The National Convention on Quality Concepts 2014 organized by QCFI Head Quarter was held at Pimpri Chinchwad College of Engineering, Pune where 5 (Five) Quality Circle teams from your Company participated. Performance of two teams was judged at 'Par Excellence' Category, two teams were judged in 'Excellent' Category and one in 'Distinguished' Category.



Level of No. of QC Performance	No. of QC teams participated	Performance Grade achieved by QC teams		
		Par Excellence	Excellent	Distin-guished
NCQC - 2013 (National Convention)	5	2	2	1

Cutting Machines has been undertaken which will serve as the main purpose for the quality index of your Company. The drive for implementing TPM at Bailey Bridge has been planned and is at its nascent stage.

#### **SAFETY AT WORK**

99. National Safety Week was observed in all the Units of your Company from 4th to 10th March 2015, when safety banners were displayed. Safety Shield is awarded to the best performing unit for adherence to safety norms and procedures on GRSE Day.

100. Your Company has achieved a safety frequency rate of 4.97 during 2014-15 and has achieved an "Excellent" MoU Grading in this regard.

101. Your Company continued its endeavour to maintain high standard of safety all around the yards. Fire and safety training programmes are conducted regularly in the yard for all categories of employees including business associates to invoke safety awareness.



#### **"5-S" Activities of your Company**

97. Under the initiative of Workplace Management applying "5-S" techniques, Industrial Engineering & Process Control Department has undertaken the drive for improving housekeeping at different units of your Company. The three best Shops/ Departments in each area of Production, Production Support and Service Sector considering all the units including DEP, Ranchi, are awarded the Prizes based on their performance. This year, audit has been completed in two stages with suggestions recommended for further improvement.

#### **TPM Activities**

98. As far as maintenance of machines and other facilities are concerned, the calculation and monitoring of machine availability vis-à-vis the quality of work performed by them is very important. TPM initiative has been started by IE&P Department in three large shops - Ship Building Shop, Plate Preparation Shop and Modern Hull Shop of Main unit of your Company. Calculation of Overall Equipment Effectiveness (OEE) of Plate

#### **HUMAN RESOURCE & ADMINISTRATION**

##### **Industrial Relations**

102. (a) Industrial Relations during the period under review across all the units were more or less peaceful barring few incidents as enumerated below:

(i) The wage settlement in respect of unionized category of employees of West Bengal based units, which was due from 01 Jan 12, had been concluded in the month of Feb 15 after protracted discussions with the unions and for employees of DEP Ranchi Unit the same was concluded in the month of Mar 15. Revised pay and allowances had been implemented with the salary for the month of Apr 15.

(ii) GRSE Ltd. Workmen's Union staged different agitational programmes on wage settlement issue including relay hunger strike with the participation of six to seven workmen followed by indefinite hunger strike by three workmen during the period under report.





(b) The election of 35 delegates to the Board of GRSE Employees' Co-operative Credit Society was conducted through secret ballot by the Co-operative Directorate, Government of West Bengal on 25 Mar 15 in a peaceful manner. The employees having allegiance to the recognized Union won majority of the seats.

#### **Welfare Activities**

103. (a) **Celebration of GRSE Day** : The 56th GRSE Day was celebrated on 23 Apr 15. The function was held in front of Administrative Building of GRSE Main Unit from 1000 hrs. The function started with Vandana, lighting of lamp by CMD, Directors, CVO and Presidents of Associations and Unions, followed by magic show, musical soiree and a short skit by your Company's employees. The retired employees of your Company, who have served your Company for 40 years or more, were felicitated on this occasion. GRSE Shri was conferred on 3 employees and CMD's Commendation to 66 employees for their excellent performance during 2014.

(b) **Merit Awards** : GRSE Merit Awards were conferred on 23 Apr 15 by CMD and Directors to 35 employees' children for their outstanding academic performance in 2014.

(c) **Sports** : The GRSE Football Team participated in the All India Public Sector Football Tournament-2015 hosted by Mahanadi Coalfields at Burla, Sambalpur from 20 Apr to 25 Apr 2015. The team also participated in Inter-Office Football League Tournament, West Bengal.

#### **HR Initiatives**

104. In order to give focus on Human Resource Development, your Company has taken various initiatives during the year. Some of the HR initiatives are as below:-

(a) Conducted Manpower study by an outside Agency in order to formulate your Company's 5 year Manpower Plan keeping in view present and future business scenario and modernization taken place in your Company.

(b) All recruitments were made through online mode portal. This helped your Company in conducting recruitment in a timely and transparent manner.

(c) Online Performance Management System (e-PMS) for executives has been developed and implemented.

(d) A structured three month induction programme was conducted for newly joined Asst. Managers

wherein sessions on activities of different departments, shipbuilding technology, personality development, training at outside Institutes, visit to other defence establishments etc. were included for better exposure.

(e) In training and development thrust was on skill development training, leadership skills, human values & ethics, awareness on Health, Safety and Fire fighting and periodical yoga training.

(f) A structured training need identification done for a period of 5 years covering all functions and all categories of employees across your Company.

#### **CORPORATE SOCIAL RESPONSIBILITY**

105. Corporate Social Responsibility (CSR) is an integral part of your Company's corporate philosophy and your Company is committed to grow its business in a socially responsible way. Towards this end, your Company has adopted a comprehensive CSR Policy that defines the framework for your Company's Social Initiatives Programme. The Policy identifies the focus areas of your Company's CSR and Sustainability activities to benefit the marginalized sections of the local community through different projects that enhance income through creation of sustainable livelihood opportunities and improving the quality of life. Your Company places thrust on the areas of health care, education & skill development and community development under CSR and conservation of natural resources and energy efficient initiatives under Sustainability initiatives. Your Company would also undertake other need based initiatives in compliance with Schedule VII to the Companies Act, 2013. All social interventions are identified keeping in mind the needs and requirements of the community beneficiaries for whom these interventions are intended to be implemented.

106. Your Company's Policy on Corporate Social Responsibility can be accessed on its website link at [http://www.grse.nic.in/pdf/GRSE-CSR-Policy\\_14-Jan-15.pdf](http://www.grse.nic.in/pdf/GRSE-CSR-Policy_14-Jan-15.pdf) The Annual report on your Company's CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure "F"** to this Report.

#### **OFFICIAL LANGUAGE**

##### **Official Language Implementation Committee**

107. Official Language ('OL') work has increased considerably during the period under review. Quarterly meetings of Official Language Implementation Committee were held on





04 June 14, 28 Sep 14, 30 Dec 14 and 27 Mar 15 under the chairmanship of the Chairman & Managing Director, to review the progress made by various departments.

### Rajbhasha Awards / Appreciations

108. (a) Your Company was awarded the prestigious **Indira Gandhi Rajbhasha Puraskar - 1st Prize** for the year 2012-13 for Excellence in Implementation of Official Language. The Award



presented by Honorable President of India, Shri Pranab Mukherjee was received by your CMD at a ceremony held at Rashtrapati Bhawan, New Delhi on 14 Sep 2014.

(b) Government of India, MHA(OL), New Delhi gave an Appreciation Letter to DGM(OL) for her Outstanding Contribution in implementation of Official Language.

(c) Your Company's Hindi Magazine 'Rajbhasha Jagriti' (8th edition) was awarded a prize by Town Official Language Implementation Committee. The Award was presented by Hon'ble Governor of West Bengal, Shri Keshri Nath Tripathi at a ceremony held on 08 Sep 2014.

(d) DGM (OL) has also been awarded Appreciation Letter by TOLIC for Editing of Rajbhasha Jagriti Magazine.

### Special Meeting on Implementation of OL in your Company graced by Secretary (OL) as Chief Guest

109. Secretary (Official Language), Govt. of India, Ministry of Home Affairs, was invited to your Company as Chief Guest in a Special Meeting on

Implementation of OL held on 13 Oct 14, to apprise her about the progress made by your Company in the field, not only in periphery of Company walls, but also popularizing use of OL in adjoining areas, by conducting Hindi Competitions in local schools and also to discuss & seek her guidance & suggestions to further enhance OL activities.

### Hindi Day / Fortnight Celebrations

110. The period from 1-14 Sep 2014 was observed as Hindi Fortnight and 23 Sep 14 as Hindi Day. During the period various competitions viz. Hindi Essay, Hindi Noting-Drafting, Hindi Quiz, Hindi Translation, Self composed Hindi poem, Hindi Speech and Picture Composition were organized. Cash Awards and certificates were distributed to winners by CMD on Hindi Day function.

### Hindi Publication

111. (a) 9th Edition of Hindi Magazine "Rajbhasha Jagriti" was released by CMD on the occasion of Hindi Day Ceremony held on 23 Sep 14.

(b) Hindi Magazine "Rajbhasha Jagriti" has been made Bi-annual from annual during the year 2014-15. 10th Edition of the Hindi Magazine was released by CMD in OLIC Meeting held

on 27 Mar 15, enabling us to compete at National Level. OL implementation activities have further been expanded by involving family members of employees through their articles in 'Rajbhasha Jagriti'.

### Nodal Officers Annual Meet

112. An annual Meet / Sangoshthi of All Nodal Officers was organized on 25 Feb 15, which was also attended by Officers from MHA (OL).

### Hindi Computer Workshops

113. In order to acquaint the employees with Official Language Policies and to train them to work on Computers in Hindi, in-house workshops were conducted in various departments on 09 May 14, 04 Jun 14, 10 Jun 14, 11 Jun 14, 21 Jun 14, 08 Jul 14, 08 Dec 14, 16 Dec 14, 03 Jan 15, 07 Jan 15, 21 Jan 15, 27 Jan 15, 11 Mar 15 and 26 Mar 15.

### Induction Programme

114. During Induction Programme, Rajbhasha Session was conducted on 04 Feb 15 for newly joined Officers, wherein officers were apprised of OL

Policy of Govt. of India and its implementation in your Company.

#### **In-House arrangement for Hindi Training**

115. Seven batches of In-house arrangement for Hindi Training (Praveen / Pragya) have already been completed at Main & 61 Park Units. Therefore, Hindi Training of Employees will be completed in a time bound manner as stipulated by Ministry of Home Affairs, Deptt. of Official Language. With this arrangement we are not only saving productive time but it has also reduced the expenditure in terms of TA/DA to employees.



#### **Hindi Library**

116. During 2014-15 an amount of ₹ 37,271/- was spent on purchase of Hindi books for Hindi Library.

#### **Incentive Schemes**

117. To enhance the use of Hindi and to motivate the employees towards its use, following incentive schemes are in vogue and employees as well as departments were given cash prizes on Hindi Day ceremony on 23 Sep 14 by CMD :
- (a) **Incentive for doing original work in Hindi** - 13 Employees were given cash awards.
  - (b) **Inter Unit Rajbhasha Shield** - Inter Unit Rajbhasha Shield for the year was awarded to FOJ Unit for doing maximum work in Hindi during the year. 1st Runner up Shield was given to TTC Baranagar Unit and 2nd Runner up Shield to Taratala Unit.
  - (c) **Inter Departmental Annual Incentive Scheme to encourage Hindi correspondence/Hindi Noting/Drafting** - Cash awards were given to Medical, Security and Finance Departments.
  - (d) **Incentive Scheme to encourage Hindi writing** - 08 Cash prizes for best entries in Rajbhasha Jagriti were given.

(e) **Inter departmental quarterly incentive to encourage Hindi correspondence/Hindi Noting/Drafting** - Under Inter departmental quarterly incentive scheme to encourage Hindi correspondence / Hindi Noting / Drafting, cash awards were distributed by CMD to winner departments from Service Group, Production Group and Production support Group in the Official Language Implementation Committee meetings held on 04 Jun 14 & 27 Mar 15.

118. During the period following certain new Incentive Schemes has been introduced to encourage employees and to enhance Official Language Implementation in your Company, such as :
- (a) Annual Incentive Scheme for Nodal Officers.
  - (b) Inter Departmental Annual Incentive Scheme for DEP, Ranchi Unit.
  - (c) Cash Prizes to family members of employees for their articles in Hindi Magazine.

#### **Hindi Competitions in Schools to encourage the use of Hindi**

119. Use of Official Language is not restricted within the four walls of your Company but is also publicized outside by regularly conducting Hindi competitions in various schools. During the year, Hindi Essay competitions were conducted on 15 Jul 14, 06 Dec 14 and 11 Mar 15 in schools and prizes were distributed to best three participants.

#### **PUBLICITY & PUBLIC RELATIONS**

120. Your Company has gained immense public visibility and brand promotion through events like delivery of India's first export order - Offshore Patrol Vessel, CGS Barracuda to Mauritius and delivery of the first Anti-Submarine Warfare Stealth Corvette, INS Kamorta, which is arguably India's 1st fully indigenously built major warship with over 90% indigenous content.
121. Extensive coverage of these events by the Press / Media has boosted the image of your Company, nationally and internationally. Publicity of your Company products & achievements through promotional displays on-board INS Kamorta, during her visits abroad, is literally taking your Company places and establishing communication with potential customers / stake holders, thus improving brand visibility of your Company.

#### **IMPLEMENTATION OF RTI ACT**

122. Implementation of RTI matters is being complied in line with the Right to Information Act, 2005. During the year 2014-15 a total of 110 RTI requests were





received and 105 requests were replied. All 12 RTI appeals received were decided and replied by FAA / CMD, GRSE. The Quarterly Returns have been uploaded on the CIC's website within due date by the CPIO and Assistant CPIO.

#### **PUBLIC GRIEVANCES**

123. The prompt acknowledgement is issued upon receipt of Public Grievances and the matter is resolved by thorough examination of facts of the case with due diligence. During the year under review, a total of 05 public grievances were resolved out of a total of 07 grievances received. Details of the Public Grievance Committee and its Officers have been uploaded on your Company's website along with the provision of a link to the PG Portal to enable the public to file grievances online as well. A separate Grievance Policy has been implemented for redressal of staff grievances.

#### **VIGILANCE ACTIVITIES**

124. The thrust of the Vigilance Department is to ensure the existence of a corruption-free environment and also to ascertain that the various guidelines of the CVC, MOD, and DPE etc. are complied with. The role of the CVO is to guide the management to achieve various objectives laid down in this regard.

125. Vigilance activities have been redefined in the



recent year and the insistence is now on **"predictive vigilance and preventive vigilance rather than on punitive vigilance"**. By the terms 'predictive vigilance', we mean that the areas and action which may result in vigilance related enquiry have to be identified and predicted and it has to be ensured in advance that such activities do not take place. Hence, there is a need to understand the entire structure of the organization very carefully and in depth so as to predict the likely occurrence of a vigilance related offence and to ensure that

the same does not happen. This is a proactive measure and the aim is not to detect the offence after it has happened. In the same way, preventive vigilance is aimed at constantly monitoring and evaluating the control systems of the organization and to identify the grey areas and loopholes which may results in activities leading to vigilance inquiries.

126. In order to promote predictive vigilance and preventive vigilance, a number of system improvements were recommended for implementation during the period:

(i) Necessary mechanism / measures to avoid any illegal claiming of service tax by vendors on materials supplied & recovery of illegally claimed Service Tax from defaulting vendors.

(ii) Task of procurement / offloading of contracts of the ES Department be given to the departments which are professionally qualified (i.e. Contract Cell & Procurement Cell).

(iii) Where job executed by a contractor is substantially less than the job order, the project executing authority has to intimate to Finance Department for necessary adjustments at the time of payment.

(iv) Mechanism in SAP by which delay in procurement & execution of contract be monitored & followed up.

(v) Rules for engagement of retired officers in your Company were reframed so as to ensure that only retired officials with the requisite experience and reputation are employed by your Company.

127. It was recommended that various manuals, viz Works Manual, Accounts Manual, Purchase Manual & Internal Audit Manual, due for updation are to be taken up for immediate updation.

128. Structured Meeting with the CMD and CVO were held regularly within the prescribed period. CVO also makes presentation to the Board during the quarterly meeting of the Board. Agreed List and Officers on Doubtful Integrity list were also finalized after due consultation with the CMD.

129. Several activities were organized during the 'Vigilance Awareness Week' (27 Oct 14 to 01 Nov 14). An essay competition was conducted on the topic of "Social responsibility to prevent corruption" by Vigilance Department of your Company in Garden Reach Nut Behari Das Girl's High School located in local area on 31 Oct 14 on the eve of





Vigilance Awareness Week 2014. Prizes were distributed to four winners. During the period of Vigilance Awareness Week - 2014, two vigilance facilitation programs were held on 28 Oct 2014 and 30 Oct 2014 respectively, at FOJ Unit and Main Unit of your Company. Certain vigilance cases and articles were discussed with the employees by CVO.

130. Mrs. Arti Srivastava, Director (Administration), Ordnance Factory Board, Kolkata was the Guest Speaker and had presented her valuable comments in the seminar organized on 30 Oct 14 among senior officers & Directors of your Company to create awareness and curb corrupt practices by the use of technology.

#### **GENERAL**

131. Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review :
  - (i) Detailed reasons for any voluntary revision of financial statement or Board's Report in the relevant financial year in which the revision is made.
  - (ii) Details relating to deposits covered under Chapter V of the Companies Act, 2013.
  - (iii) Issue of equity shares with differential rights as to dividend, voting or otherwise.
  - (iv) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and future operations of your Company.

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

132. In pursuance of Section 4 of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the Internal Complaints Committee operating in your Company has been re-constituted with an outside NGO representative vide Order No. HR/P&RR/91/14 dated 06 Aug 14 and the composition of the Committee has been uploaded on your Company's Website.
133. The following is the summary of sexual harassment complaints received and disposed off during the calendar year 2014:
  - (i) No. of complaints received : Nil
  - (ii) No. of complaints disposed of : Two

#### **ACKNOWLEDGEMENTS**

134. Your Directors express their deep appreciation and place on record their gratitude to the Department of Defence Production and other Departments in the Ministry of Defence for their continued support, assistance and guidance. The Directors also express their sincere thanks to the Ministry of Surface Transport, Govt. of India as also to the Governments of West Bengal, Jharkhand and various other States, for their continued co-operation and valuable support. Your Directors are particularly grateful to the Indian Navy and Coast Guard Headquarters, Ministry of Home Affairs, Ordnance Factory Board, Kolkata Port Trust, Public Works Departments of various State Governments, Police Department of West Bengal & Kolkata and other valued customers as well as business associates for the confidence reposed by them in your Company. We will fail in our duty if we do not acknowledge the cooperation and positive approach of the Warships Production Superintendent and his dedicated team under whose watchful eyes our ships are being built. Also, we thank all classification societies, in particular, IRS & ABS, who have ensured quality and adherence to the standards.
135. The Directors acknowledge with thanks the valuable advice rendered by, and co-operation received from the Comptroller and Auditor General of India, the Principal Director of Commercial Audit, Ex-officio Member of the Audit Board, Bangaluru, Controller of Defence Accounts (Navy), Registrar of Companies, Company Law Board and the Department of Public Enterprises.
136. The Directors wish to place on record their appreciation to its Statutory, Cost and Internal Auditors, Company Bankers, trade unions and all officers and employees at various levels of the organisation for their hard work, dedication and commitment. The enthusiasm and unstinted efforts of the employees have enabled your Company to remain at the forefront of the industry despite increased competition from several existing and new players.

**For and on behalf of the  
Board of Directors**

Sd/-

**(A K Verma )**

Kolkata,

Dated : 25th August, 2015

Rear Admiral (Retd.)

Chairman & Managing Director



**APPENDIX – “A”**

**STATEMENT SHOWING REPRESENTATION OF SC / ST / OBC, EX-SERVICEMEN, PHYSICALLY CHALLENGED AND WOMEN EMPLOYEES AS ON 31 DEC 14 UNDER PERMANENT & CONTRACT CATEGORIES**

Group / Category	Total Strength	SCs	STs	OBCs	Ex-Servicemen	Physically Challenged	Women Employees
Group “A”	435	80	21	77	62	7	27
Group “B”	7	1	-	1	1	1	1
Group “C”	1941	396	87	111	65	21	36
Group “D” (Excluding Safaiwalas)	419	98	25	46	46	20	62
Group “D” (Safaiwalas)	58	53	-	-	-	-	-
<b>Total</b>	<b>2860</b>	<b>628</b>	<b>133</b>	<b>235</b>	<b>174</b>	<b>49</b>	<b>126</b>

**APPENDIX – “B”**

**DETAILS OF RECRUITMENT MADE DURING 2014 UNDER PERMANENT CATEGORY**

Group / Category	Total Strength	SCs	STs	OBCs	Ex-Servicemen	Physically Challenged	Women Employees
Group “A”	9	2	1	2	2	-	1
Group “B”	4	1	-	1	-	-	-
Group “C”	-	-	-	-	-	-	-
Group “D” (Excluding Safaiwalas)	1	-	-	-	-	-	-
Group “D” (Safaiwalas)	-	-	-	-	-	-	-
<b>Total</b>	<b>14</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>1</b>

## APPENDIX – “C”

### CORPORATE GOVERNANCE REPORT (For the Year 2014-15)

#### Philosophy on Corporate Governance :

1. Your Company's philosophy on Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures, legal compliances, transparency in decision making and avoiding conflicts of interest. Your Company gives importance to adherence to adopted corporate values and objectives and discharging social responsibilities as a corporate citizen. Your Company believes in customer satisfaction, financial prudence and commitment to values. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy.
2. To uphold the highest standards of corporate governance, your Company has implemented, both in letter and spirit, the guidelines enunciated by the Department of Public Enterprises, Govt. of India, on Corporate Governance. Your Company believes that good Corporate Governance is a continuous exercise and reiterates its commitment to pursue highest standard of Corporate Governance in the overall interest of all its stakeholders and for creating long term value for our shareholders. It has a strong and well laid down administrative set up to facilitate decentralized and transparent decision making. For effective implementation, the following good governance practices have been put in place :
  - Code of Conduct for Board of Directors and Senior Management
  - Integrity Pact for Vendors
  - Systems in place for ensuring compliance of Applicable Laws, Rules & Regulations
  - Whistle Blower Policy
  - Corporate Social Responsibility Policy

- Conduct, Discipline and Appeal Rules for Employees

#### Board of Directors :

3. The Board of Directors headed by Chairman & Managing Director is the apex body which oversees the overall functioning of your Company. The Board has set goals in terms of Long Term Perspective Plan in order to achieve its "Vision" statement. It is vested with the ultimate responsibility of the management and performance of your Company. The decisions of the Board are aligned to serve in the best interest of your Company.
4. The Board frames policies and programmes and oversees its implementation. It has constituted seven (07) Sub-Committees to assist it in the management of the day-to-day affairs of your Company and to facilitate a smooth and efficient flow of decision-making process.

#### Composition :

5. The Board of your Company consists of an optimum combination of Executive and Non-Executive Directors, which is in line with the Guidelines on Corporate Governance issued by the Department of Public Enterprises, Govt. of India. As on the date of this Report, the Board of Directors consists of 9 Directors comprising 4 Whole-Time Directors, including the Chairman & Managing Director, 2 Part-Time Official Directors and 3 Part-Time Non-Official / Independent Directors.
6. Addl. FA (K) & Joint Secretary, MoD, Director General Naval Design, Indian Navy, Chief Controller (R&D)(NS) DRDO and Addl. FA (RK) & Joint Secretary, MoD are Permanent Special Invitees while the Director General Coast Guard and the Chairman & Managing Directors of Mazagon Dock Shipbuilders Ltd. and Goa Shipyard Ltd. are Special Invitees to all the Board Meetings of your Company.

7. The details of the Members of the Board of Directors of your Company during the period from 01 Apr 14 to 31 Mar 15 are given below :

Name of the Directors	Period of Association during the year	No. of other Directorship	No. of Committee position held in other Companies	
			Chairman	Member
Whole-Time Directors				
RAdm Anil Kumar Verma, IN (Retd), Chairman & Managing Director	01.04.14 to 31.03.15	-	-	-
Shri K K Rai, Director (Finance)	01.04.14 to 31.10.14	-	-	-
Cmde Ratnakar Ghosh, IN (Retd) Director (Shipbuilding)	01.04.14 to 31.03.15	-	-	-
Shri Ramesh Chandra Nautiyal, Director (Personnel)	01.04.14 to 31.03.15	-	-	-
Shri Sarvjit Singh Dogra, Director (Finance)	31.12.14 to 31.03.15	-	-	-





Name of the Directors	Period of Association during the year	No. of other Directorship	No. of Committee position held in other Companies	
			Chairman	Member
Part-Time Official Directors				
VAdm K R Nair, AVSM, VSM, IN	01.04.14 to 18.06.14	1	-	-
Shi Ashok K K Meena, IAS	01.04.14 to 31.07.14	2	-	-
VAdm Ashok Vishwanath Subhedar AVSM, VSM	18.06.14 to 31.03.15	1	-	-
Shri Bharat Khera, IAS	18.12.14 to 31.03.15	2	-	-
Part-Time Non-Official Directors / Independent Directors				
Shri Swapan Kumar Mukherjee	23.07.14 to 31.03.15	2	-	-
Cmde M. Jitendran	23.07.14 to 31.03.15	-	-	-
Shri Ajay Bhattacharya	20.08.14 to 31.03.15	-	-	-

8. Brief Resume of the Directors appointed during the year, nature of their functional areas etc. are furnished below :

**VAdm Ashok Vishwanath Subhedar, AVSM, VSM (IN), CWP&A**

Vice Admiral AV Subhedar, presently appointed as Controller of Warship Production and Acquisition, has held many prestigious assignments during his distinguished career. He has served on five frontline warship including his tenure as Fleet Engineer Officer, Western Fleet in 1998. His important ashore appointments in Flag Rank include Chief Staff Officer (Technical), Eastern Naval Command, Visakhapatnam and Admiral Superintendent, Naval Dockyard, Mumbai. He has been awarded Vishisht Seva Medal and Ati Vishisht Seva Medal by the President of India.

In his present position, Vice Admiral Subhedar is responsible for planning, procuring and acquisition of warships for Indian Navy. He joined the Board of Directors of your Company on 18 Jun 2014 as a Part-time Official Director.

**Other Directorships :**

Name of the Company	Position
Mazagon Dock Shipbuilders Limited	Part time Official Director
Hindustan Shipyard Limited	Part time Official Director

**Committee Membership of other Companies : Nil**

**Shri Swapan Kumar Mukherjee**

Shri Swapan Kumar Mukherjee is a qualified Cost and Management Accountant by profession (Year of Passing - 1975). After passing the final examination of the then Institute of Cost & Works Accountants of India, he joined Balmer Lawrie & Company Limited as a Trainee in Jan 1976 and superannuated as its Chairman & Managing Director in Dec 2011. Some of his major

achievements during his tenure as Managing Director of Balmer Lawrie include achieving the highest ever turnover, profit, dividend, making Balmer Lawrie a debt free company and raising funds for the Company, its joints ventures and a wholly owned UK subsidiary company at the best terms.

Shri Mukherjee specializes in corporate treasury / finance function which, inter alia includes capital structuring, resource generation (equity and debt), optimizing cost of funds and forex risk management. Shri Mukherjee has been appointed as an Independent Director on the Board of your Company from 23 Jul 2014.

**Other Directorships :**

Name of the Company	Position
Riverside Management Academy Private Limited	Director
Nicco Corporation Limited	Managing Director

**Committee Membership of other Companies : Nil**

**Cmde Muthukrishnan Jitendran, VSM, IN (Retd.)**

Commodore M Jitendran, VSM, IN (Retd.) is M.Sc. in Naval Architecture from St. Petersburg Russia. He served as Director of Naval Design, Indian Navy from May 98 to May 2002, subsequent to which he joined Cochin Shipyard Limited (CSL) as Director (Operations) in May 2002. He, thereafter, went on to lead CSL as Chairman & Managing Director from Mar 2005 to May 2010. The highlight of his career was the outstanding performance of CSL delivering 35 ships during his 8 years stint with the shipyard. After his tenure in CSL, he joined Pipavav Shipyard Limited as Chief Executive Officer in Jul 2010. During his tenure till Sep 2011, the shipyard was able to complete balance infrastructure development and launch two big 74500 DWT PANAMAX BULKERS in mid-2011.



Comde Jitendran has been appointed as an Independent Director on the Board of your Company from 23 Jul 2014.

**Other Directorships :** Nil

**Committee Membership of other Companies :** Nil

### Shri Ajay Bhattacharya, IAS

Shri Ajay Bhattacharya is a BE (Mech.) from IIT Roorkee. After passing the Indian Administrative Service in Jul 1977, he handled many prestigious appointments and superannuated as Secretary, Department of Fertilizers, Government of India. Some of the important assignments handled by him include serving Department of Telecommunication, Government of India as Administrator, Joint Secretary Fisheries, Dept. of Animal husbandry, Govt. of India and as Secretary, Dept. of Environment & Forests, Govt. of Tamil Nadu.

Shri Bhattacharya has been appointed as an Independent Director on the Board of your Company from 20 Aug 2014.

**Other Directorships :** Nil

**Committee Membership of other Companies :** Nil

### Shri Bharat Khera, IAS

Shri Bharat Khera is B.E.(Hons), Electrical & Electronics Communication from BITS, Pilani. Shri Khera belongs to the 1995 batch of the Indian Administrative Service from Himachal Pradesh cadre. He has served as Deputy Commissioner of Solan and Kangra districts in Himachal Pradesh. He has also served as the Managing Director of various state owned PSUs such as State Road Transport Corporation, State Industrial Development Corporation, HPMC and as Secretary to the State Government before joining the Government of India as Joint Secretary, Naval Systems, Ministry of Defence.

Shri Bharat Khera was appointed as a Part-Time Official Director of your Company with effect from 08 Dec 2014.

**Other Directorships :**

Name of the Company	Position
Hindustan Shipyard Limited	Part time Official Director

**Committee Membership of other Companies :** Nil

### Shri Sarvjit Singh Dogra

Shri Sarvjit Singh Dogra joined your Company as Director (Finance) on 31 Dec 2014. Prior to joining your Company, Shri Dogra has served in National Aluminium Company Limited (NALCO), a Navratna

CPSE under the Ministry of Mines, Government of India.

In NALCO, in addition to significant contribution in areas of Costing & Cost Control, Corporate Accounts, Budget & Budgetary Control and MIS, he was also closely associated with devising the Product Pricing and Marketing Strategies for boosting product sales in domestic and overseas markets. Shri Dogra was associated in various special initiatives in building better customer relationships and boosting the customer confidence leading to high customer satisfaction.

**Other Directorships :** Nil

**Committee Membership of other Companies :** Nil

### Board Procedure :

- Board meetings are held at least once in every quarter, and more often if considered necessary, focusing on formulation of policies, strategies, exercising control, delegation of powers, reviewing performance of your Company, approving contracts for high value items, half yearly/periodical results, annual accounts, annual operating plan and budgets and also for considering statutorily required matters. Your Company believes that a carefully planned agenda note is pivotal for effective Board Meetings. The agenda notes are backed by comprehensive background information to enable the Board to take decisions. Agenda Notes are generally circulated well in advance to the members of the Board. The Board Members, in consultation with the Chairman, may bring up any important issue for the consideration of the Board. As and when required, Senior Executives of your Company are also invited to attend Board Meetings and provide clarifications. The Part Time Directors play an important role in the deliberations at the Board Meetings and bring to your Company their wide experience in the fields of technology, finance, marketing, public policy and operations.

### Meetings and Attendance :

- During the year 2014-15, eight (08) Board Meetings were held on 23 Apr 14, 15 Jul 14, 31 Jul 14, 25 Aug 14, 24 Sep 14, 22 Oct 14, 12 Dec 14 and 04 Mar 15. The maximum interval between any two Board Meetings held during the year was 82 days. Details of Directors' attendance at the Board Meetings and Annual General Meetings held during the F.Y. 2014-15 are given below :





Name of the Directors	Board Meetings		Attendance at the last Annual General Meeting
	No. of Meetings held during respective Tenure of Directors	No. of Meetings attended	
Whole-Time Directors			
RAdm A K Verma, IN (Retd), Chairman & Managing. Director	8	8	Yes
Shri Kallol Kumar Rai, Director (Finance)	6	5	Yes
Cmde Ratnakar Ghosh, IN (Retd), Director (Shipbuilding)	8	7	Yes
Shri Ramesh Chandra Nautiyal, Director (Personnel)	8	8	Yes
Shri Sarvjit Singh Dogra, Director (Finance)	1	1	NA
Part-Time Official Directors			
VAdm K R Nair , AVSM, VSM, IN	1	Nil	NA
Shri Ashok K K Meena, IAS	3	3	NA
VAdm A V Subhedar, AVSM, VSM	7	2	No
Shri Bharat Khera, IAS	1	1	NA
Part-Time Non-Official Directors / Independent Directors			
Shri Swapan Kumar Mukherjee	6	6	Yes
Cmde M. Jitendran	6	6	Yes
Shri Ajay Bhattacharya	5	5	Yes

**Audit Committee :**

11. The composition of the Audit Committee is in line with Section 177 of the Companies Act, 2013 and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises (DPE Guidelines).
12. With the appointment of 3 Independent Directors during the year, the composition of the Audit Committee as on 31 Mar 15 is as under :

(a)	Shri Swapan Kumar Mukherjee	Part time Non-Official Director	Chairman
(b)	Shri Ajay Bhattacharya	Part time Non-Official Director	Member
(c)	Cmde (Retd.) M Jitendran	Part time Non-Official Director	Member
(d)	Cmde (Retd.) Ratnakar Ghosh	Director (Shipbuilding)	Member

13. Director (Finance) and Statutory Auditors of your

Company are Permanent Special Invitees to the Audit Committee. The Company Secretary is the Secretary to the Audit Committee.

14. General Manager (Finance) and Addl. General Manager (Internal Audit) also attends the Meetings of the Audit Committee regularly.
15. The terms of reference of the Audit Committee are as specified in Section 177 of the Companies Act, 2013 and the rules framed thereunder and the Guidelines on Corporate Governance issued by the Department of Public Enterprises. The primary function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports, your Company's systems of internal controls regarding finance, accounting and legal compliance that management and the Board have established and your Company's auditing, accounting and financial reporting process generally.
16. The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors and discusses their findings, suggestions and other related matters



and reviews the major accounting policies followed by your Company. The Audit Committee reviews the half yearly and annual financial statements before their submission to the Board.

17. The Chairman of the Audit Committee apprises the Board about the observations of the Audit Committee during the Board Meetings. The Minutes of the Audit Committee Meetings are placed before the Board of Directors at their subsequent meetings for information.
18. During the financial year 2014-15, six (06) meetings of the Audit Committee were held on 15 Jul 14, 09 Aug 14, 23 Sep 14, 22 Oct 14, 21 Jan 15 and 27 Mar 15. The attendance of the members of the Audit Committee during the financial year 2014-15 is given below :

Name of the Directors	Meeting held during respective Tenure of Directors	No. of Meetings Attended
Shri Ashok K K Meena	1	1
Shri Swapan Kumar Mukherjee	5	5
Cmde (Retd.) M Jitendran	5	5
Shri Ajay Bhattacharya	4	4
Cmde (Retd.) Ratnakar Ghosh	6	5

19. The Chairman of the Audit Committee was present at the last Annual General Meeting.

#### **HR & Remuneration Committee :**

20. The Composition of the HR & Remuneration Committee is in line with the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises.
21. The HR & Remuneration Committee consists of three Independent Directors. The composition of the HR & Remuneration Committee as on 31 Mar 15 is as under :

(a)	Shri Ajay Bhattacharya	Part time Non-official Director	Chairman
(b)	Shri Swapan Kumar Mukherjee	Part time Non-official Director	Member
(c)	Cmde (Retd.) M Jitendran	Part time Non-official Director	Member

22. Director (Personnel) is a Permanent Special Invitee to the Committee. The Company Secretary is the Secretary to the Committee.

23. The terms of reference of HR & Remuneration Committee are as follows :

- (a) To decide the annual bonus / variable pay pool Performance Related Pay (PRP) and policy for its distribution across the executives (including Board Level executives) and non-unionised supervisors within the prescribed limits for each financial year.
- (b) To examine all the proposals related to HR issue and give its recommendations.
- (c) The recommendations of the HR & Remuneration Committee are placed before the Board of Directors for approval.

24. During the financial year 2014-15, five (05) Meetings of the HR & Remuneration Committee were held on 23 Sep 14, 22 Oct 14, 05 Dec 14, 02 Mar 15 and 27 Mar 15. The attendance of the Members of the HR & Remuneration Committee during the financial year 2014-15 is given below :

Name of the Directors	Meeting held during respective Tenure of Directors	No. of Meetings Attended
Shri Ajay Bhattacharya	5	5
Shri Swapan Kumar Mukherjee	5	5
Cmde (Retd.) M Jitendran	5	5

#### **Procurement Committee :**

25. The composition of the Procurement Committee of the Board of Directors as on 31 Mar 15 is as follows :-

(a)	RAdm (Retd.) Anil Kumar Verma	Chairman & Managing Director	Chairman
(b)	Shri Swapan Kumar Mukherjee	Part time Non-Official Director	Member
(c)	Cmde (Retd.) Ratnakar Ghosh	Director (Shipbuilding)	Member
(d)	Shri Sarvjit Singh Dogra	Director (Finance)	Member

26. The Company Secretary is the Secretary to the Committee.
27. The Procurement Committee has been delegated full powers of the Board in respect of :
  - (i) Approval of proposals in excess of ₹ 30 crore for placement of orders for procurement of materials,



equipment, tools, stores and spares, imports including from Russian Sources, approval of works, sub-contracts and facility hire etc. for sanctioned projects.

(ii) Approval of proposals for capital expenditure in excess of ₹ 5 crore in respect of the items provided for in the Capital Budget approved by the Board / Government.

(iii) The Procurement Committee examines all the procurement proposals in conformity with and compliance of the Purchase Manual of your Company, CVC Guidelines, Government Regulations etc. and gives its approval for such proposals. In the event of any deviations from procedures, the proposal with the recommendations of the Committee is placed before the Board for approval. However, if the Committee feels that a particular proposal requires consideration by the Board, same is submitted to the Board with recommendation(s) of the Committee.

(iv) All the procurement proposals approved by Procurement Committee are placed before the Board for information.

28. The Chairman of the Procurement Committee appraises the Board about the observations of the Procurement Committee during the Board Meeting.
29. During the financial year 2014-15, two (02) meetings of the Procurement Committee were held on 12 Sep 14 and 22 Dec 14. The attendance of the Members of the Procurement Committee during the financial year 2014-15 is given below :

Name of the Directors	Meeting held during respective Tenure of Directors	No. of Meetings Attended
RAdm (Retd.) Anil Kumar Verma	2	2
Shri Swapan Kumar Mukherjee	2	2
Cmde (Retd.) Ratnakar Ghosh	2	2
Shri Sarvjit Singh Dogra	Nil	NA

#### **Business Strategy and Capacity Augmentation Committee :**

30. To formulate future business strategy of your Company, to expand its spheres of activities,

explore possibilities of export, identifying new product which the Company can manufacture and market, imbibe new technologies, identify partners for possible collaboration and identify state-of-the-art equipment and machineries from India and abroad to improve the quality of ships and other products etc., the Board constituted a Business Strategy and Capacity Augmentation Committee of the Board to look into aforesaid aspects and advise the Board on aspects beneficial for your Company's business.

31. The composition of the Business Strategy and Capacity Augmentation Committee of the Board of Directors as on 31 Mar 15 is as follows :-

(a)	RAdm (Retd.) Anil Kumar Verma	Chairman & Managing Director	Chairman
(b)	Cmde (Retd.) M Jitendran	Part time Non-Official Director	Member
(c)	Cmde (Retd.) Ratnakar Ghosh	Director (Shipbuilding)	Member
(d)	Shri Sarvjit Singh Dogra	Director (Finance)	Member

32. The CGM/GM (CCP) is the Secretary to the Committee.

33. The Committee has been tasked with :

- (a) Business Strategy formulation for future growth
- (b) Infusion of new technologies
- (c) Identify Schemes for Productivity improvement
- (d) Finalise the Infrastructure Augmentation / Capacity Enhancement to meet future business strategy and to improve shipbuilding efficiency.

34. The recommendations of the Committee are placed to the Board for consideration and approval.

35. During the year 2014-15, no meeting of the Committee was held.

#### **Project Review Sub-Committee :**

36. The Project Review Sub-Committee of the Board of Directors has been constituted to review all Projects of your Company in a structured manner and to focus on the improvement of the system and augmentation of the infrastructure. The Committee while reviewing analyses the reasons for delay and finds out the ways and means to rectify the same.

37. The Committee submits its report to C&MD and the Board from time to time.



38. The composition of the Project Review Sub-Committee of the Board of Directors as on 31 Mar 15 is as follows :-

(a)	Cmde (Retd.) M Jitendran	Part time Non-Official Director	Chairman
(b)	Cmde (Retd.) Ratnakar Ghosh	Director (Shipbuilding)	Member
(c)	Shri Sarvjit Singh Dogra	Director (Finance)	Member

39. General Manager (Planning) is the Secretary to the Committee.
40. During the year 2014-15, no meeting of the Committee was held.

**Corporate Social Responsibility & Sustainability Committee ("CSR & SD Committee") :**

41. The Board of Directors of your Company has approved the Corporate Social Responsibility and Sustainability Policy formulated as per the Companies Act, 2013 and the rules framed thereunder and the Corporate Social Responsibility & Sustainability Guidelines issued by the Department of Public Enterprises. A CSR & SD Committee under the Chairmanship of an Independent Director has been constituted in terms of the said Policy for planning, implementation and monitoring the CSR & SD activities of your Company. The Company Secretary is the Secretary to the Committee.
42. The terms of reference of the CSR & SD Committee are as follows:
- (a) Formulate and recommend to the Board, a Corporate Social Responsibility and Sustainability Policy which shall indicate the activities to be undertaken by your Company as specified in Schedule - VII of the Companies Act, 2013.
- (b) Recommend the amount of expenditure to be incurred on the CSR activities.
- (c) Monitor the Corporate Social Responsibility and Sustainability Policy of your Company and its effective implementation from time to time.
43. The composition of the CSR & SD Committee of the Board of Directors as on 31 Mar 15 is as follows :-

(a)	Shri Ajay Bhattacharya	Part time Non-Official Director	Chairman
(b)	Cmde (Retd.) Ratnakar Ghosh	Director (Shipbuilding)	Member
(c)	Shri Ramesh Chandra Nautiyal	Director (Personnel)	Member

44. During the financial year 2014-15, two (02) meetings of the CSR & SD Committee were held on 11 Sep 14 and 28 Jan 15. The attendance of the Members of the CSR & SD Committee during the financial year 2014-15 is given below :

Name of the Directors	Meeting held during respective Tenure of Directors	No. of Meetings Attended
Shri Ajay Bhattacharya	2	2
Cmde (Retd.) Ratnakar Ghosh	2	1
Shri Ramesh Chandra Nautiyal	2	2

**Memorandum of Understanding Committee ('MoU Committee')**

45. The MoU Committee of the Board of Directors was constituted at the 319 Board Meeting held on 31 Jul 14. The MoU Committee of the Board of Directors was formed to review the MoU signed by and between your Company and the Department of Defence Production, Ministry of Defence, including reviewing the draft MoU terms and the Annual MoU Performance Evaluation Report, as required by the Department of Public Enterprises.
46. The composition of the MoU Committee of the Board of Directors as on 31 Mar 15 is as follows :-

(a)	Shri Swapan Kumar Mukherjee	Part time Non-Official Director	Chairman
(b)	Cmde (Retd.) M Jitendran	Part time Non-Official Director	Member
(c)	Cmde (Retd.) Ratnakar Ghosh	Director (Shipbuilding)	Member
(d)	Shri Sarvjit Singh Dogra	Director (Finance)	Member

47. Shri K K Rai and Shri R C Nautiyal also served as Members to the Committee during the year. However, post retirement of Shri K K Rai as Director (Finance) the Committee was re-constituted in its present composition.
48. The CGM/GM (CCP) is the Secretary to the Committee.
49. During the year 2014-15, two (02) meetings of the Committee were held on 09 Aug 14 and 05 Dec 14. The attendance of the Members of the MoU Committee during the financial year 2014-15 is given below :





Name of the Directors	Meeting held during respective Tenure of Directors	No. of Meetings Attended
Shri Swapan Kumar Mukherjee	2	2
Cmde (Retd.) M Jitendran	2	2
Shri Kallol Kumar Rai	1	1
Cmde (Retd.) Ratnakar Ghosh	2	2
Shri R C Nautiyal	2	2
Shri Sarvjit Singh Dogra	0	0

#### Annual General Meetings :

50. The details of the last three Annual General Meetings of your Company are given below :

Year	Date & Time	Venue	SR Passed
2011-12	24 Aug 12 1330 hrs.	Palladian Lounge, BCCI, 6, Netaji Subhas Road, Kolkata-700 001	Nil
2012-13	24 Aug 13 1330 hrs.	Palladian Lounge, BCCI, 6, Netaji Subhas Road, Kolkata-700 001	Nil
2013-14	25 Aug 14 1330 hrs.	43/46, Garden Reach Road, Kolkata-700 024	Nil

#### Annual General Meeting for the financial year 2014-15

<b>Date</b>	24 Sep 2015
<b>Venue</b>	43/46, Garden Reach Road, Kolkata-700 024
<b>Time</b>	1300 hrs.

#### Remuneration of Whole Time Directors :

51. Being a Central Public Enterprise, the appointments of Chairman & Managing Director and Whole-Time Directors is made by the Government of India indicating the tenure, remuneration package and other terms and conditions of appointment.

52. The details of remuneration of Whole-Time Directors during the year 2014-15 are given below :-

(₹ in lakh)

Name of Director	Salary*	Company Contribution to PF & Gratuity	Commission	Total
RAdm (Retd.) A K Verma, C&MD	33.58	2.33	Nil	35.91
Shri K K Rai <sup>§</sup> , D(F)	30.25	11.20	Nil	41.45
Cmde (Retd.) R Ghosh, D(S)	29.00	1.95	Nil	30.95
Shri R C Nautiyal, D(P)	24.97	1.85	Nil	26.82
Shri Sarvjit Singh Dogra <sup>#</sup> D(F)	6.05	0.49	Nil	6.54

\* Salary includes Perquisites, arrears.

§ Ceased to be Director (Finance) w.e.f. 31 Oct 14

# Appointed as Director (Finance) w.e.f. 31 Dec 14

#### Remuneration of Part-time Directors :

53. The Independent Directors are not paid any remuneration except the sitting fee for attending the Board and Committee Meetings. Part Time Government Directors are neither paid any remuneration nor any sitting fees.

54. The sitting fee paid to the Independent Directors during the year 2014-15 is as follows:-

(₹ in lakh)

SI No.	Name of Independent Director	Board Meetings	Committee Meetings	Total Remuneration
1	Shri Swapan Kumar Mukherjee	1.20	1.95	3.15
2	Cmde (Retd.) M Jitendran	1.20	1.50	2.70
3	Shri Ajay Bhattacharya	1.00	1.80	2.80

#### Code of Business Conduct and Ethics for Board Members and Senior Management :

55. The Board of Directors of your Company has formulated "Code of Business Conduct and Ethics for Board Members and Senior Management" for better Corporate Governance and fair & transparent practices as per Guidelines issued by the Department of Public Enterprises. A copy of the same has been circulated to all concerned and

posted on your Company's website. The Board members and senior management personnel to whom the said Code is applicable have affirmed compliance of the same for the year ended 31 Mar 15. A declaration to this effect signed by the Chairman & Managing Director of your Company is appended at the end of this report.

#### **Disclosures :**

56. (a) **Conflict of Interest** : During the year 2014-15, your Company has not entered into any transactions with the Directors that may have potential conflict with the interests of your Company at large. The members of the Board, apart from receiving Directors' remuneration (wherever applicable), do not have any material pecuniary relationship or transaction with your Company which, in the judgment of the Board, may affect independence of judgment of the Directors.

(b) **Related Party Transactions** : Your Company does not have any materially significant related party transactions, which may have potential conflict with its interest at large.

(c) **Whistle Blower Policy** : Your Company has in place a Whistle Blower Policy with a view to establish a mechanism for the employees to report to the management about their concerns on unethical behavior, cases of suspected fraud or violation of Company's general guidelines to conduct and ethics. The Whistle Blower mechanism, *inter alia*, contains a provision enabling any personnel to approach the Chairman of the Audit Committee in exceptional cases and no personnel has been denied access to the Audit Committee in the year under review.

(d) **Integrity Pact** : The Central Vigilance Commission (CVC) issued a circular on 04 Dec 07 recommending adoption and implementation of the Integrity Pact (IP) in respect of all major procurements of the Government Organisations. Accordingly, your Company adopted Integrity Pact in procurement of material and / or service for a value above ₹ 100 crore initially. Subsequently, the

value has been reduced to ₹ 20 crore and further reduced to ₹ 2 crore from 01 Jan 14. The Pact essentially envisages an agreement between the prospective vendors / bidders and the Principal (GRSE), committing the Persons/officials of both sides, not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

As recommended by the CVC, your Company has appointed Shri Samar Ray, IA & AS (Retd.) Ex-Deputy Comptroller and Auditor General of India, and Ms. Bulbul Sen, Ex-Chief Commissioner of Income Tax as Independent External Monitors (IEM) for monitoring implementation of Integrity Pact in your Company. The IEM independently and objectively reviews whether and to what extent parties have complied with their obligations under the Pact. IEM takes stock of the on-going tendering process on quarterly basis and conducts review once in every quarter. In case of complaint arising out of tendering process, the matter is examined by the IEM, who looks into the records, conduct an investigation, and submit recommendations to the management. During their visit to the Corporate Office every quarter, the IEMs hold structured meetings with Chairman & Managing Director. So far, 63 Orders/Contracts are covered under Integrity Pact.

(e) **Expenses incurred, which are personal in nature and incurred for the Board of Directors:**

Your Company has not incurred any expenditure which is not for the purpose of your Company's business, nor has your Company incurred any expenditure which is personal in nature for the Board of Directors and top management.



Details of Administrative and Office expenses as a percentage of total expenses vis-à-vis financial expenses are furnished below:

(₹ in crore)

Sl.	Particulars	2014-15	2013-14
(a)	Total Expenditure (Other than materials)	632.09	498.63
(b)	Administrative & Office Expenses	12.37	10.11
(c)	Percentage of (b) on (a)	1.96	2.03

(f) **Means of Communication** : Your Company's communication system with its Shareholders, Directors and other stakeholders is through all means of communication channels including correspondence and the official website of your Company. Your Company has a Website ([www.grse.nic.in](http://www.grse.nic.in)) which provides information on GRSE Management, Chairman's Statement, Director's Report, Financial Status, Corporate Governance, Product Spectrum, Vendor registration procedure, details of tenders, payment status of suppliers' bills etc. The performances of your Company, including unaudited / provisional financial results are communicated to the Administrative Ministry every month. The results are not required to be published in any newspaper.

(g) **Compliance of Accounting Principles** : Your Company continuously strives to maintain accounts in transparent, true and fair manner in conformity with the accounting principles generally accepted in India. During the last fourteen years (1999-2000 to 2013-14) there have been no audit qualifications. Your Company has also received "Nil" comments from the CAG during these years.

(h) **Training of Directors** : The Directors were sponsored for training programmes on Corporate Governance.

(i) **Compliance** : During the last three years, there has been no instance of non-compliance by your Company on any matters related to Companies Act, 1956 / 2013 or any Industrial Law. The guidelines issued by the Department of Public Enterprises, Government of India have also been complied with.

Your Company has complied with the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises, Government of India. Your Company is also submitting Quarterly Compliance Report regularly to the Ministry of Defence, Government of India. Certificate on compliance of the DPE guidelines on Corporate Governance by a Company Secretary in practice is enclosed to this Report.

## DECLARATION

Pursuant to the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE OM No. 18(8)/2005-GM dated 14 May 2010, it is hereby declared that all Board Members and Senior Management Personnel of your Company have affirmed compliance with the Code of Conduct & Ethics for Board Members and Senior Management Personnel of Garden Reach Shipbuilders & Engineers Limited for the year ended 31<sup>st</sup> March, 2015.

For Garden Reach Shipbuilders & Engineers Limited

Sd/-

A K Verma

Rear Admiral (Retd.)

Chairman & Managing Director

Kolkata

Dated : 25th August, 2015





**Maheshwari R & Associates**  
Company Secretaries

“Delta House”  
1<sup>st</sup> Floor , Room No- 1D  
4 Government Place (North)  
Kolkata-700 001  
Ph. 22316640 (O) 26389129( R)  
Mobile : 9432232757  
Email : rashmi3309@rediffmail.com

## **CORPORATE GOVERNANCE**

To  
The Members of  
Garden Reach Shipbuilders & Engineers Limited  
43/46, Garden Reach Road,  
Kolkata – 700024

We have examined the Compliance of the guidelines issued by the Department of Public Enterprises, Government of India on Corporate Governance by Garden Reach Shipbuilders & Engineers Limited, Kolkata, a Government Company within the meaning of Sec 2(45) of the Companies Act, 2013 for the year ended 31st March 2015.

Garden Reach Shipbuilders & Engineers Limited is not a listed Company.

The Compliance of the guidelines on Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the guidelines on Corporate Governance.

In our opinion, and to the best of our information and according to explanations given to us, the Company has complied with the said guidelines on Corporate Governance.

Place: Kolkata  
Date: 15<sup>th</sup> July, 2015

For Maheshwari R & Associates  
Company Secretaries

Sd/-  
Rashmi Maheshwari  
C.P.No.: 3309 of ICSI



## APPENDIX – “D”

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### **A. Industry structure and developments, strengths, weaknesses, opportunities and threats, major initiatives undertaken and planned to ensure sustained performance and growth :**

##### **Industry Structure & Development :**

1. Shipbuilding is highly capital, labour and technology intensive industry which requires a large percentage of its value addition from other industries. Your Company predominantly caters to the defence shipbuilding needs of the nation which is primarily driven by the maritime security requirements. The long gestation periods involved in the construction of frontline warships owing to their complexities makes the sector vulnerable to the dynamic upgradation of technological platforms taking place in the industry. A survey of the global shipbuilding industry revealed that the main advantages enjoyed by some of the top European shipyards building warships for the Navy of various countries, such as DCNS (France), Fincantieri (Italy), Kockums AB (Sweden), Navantia (Spain), TKMS (Germany) etc., are that these shipyards offer latest technology, top quality in construction and quick delivery due to shorter build periods. This is primarily due to the modern shipbuilding infrastructure available and modern shipbuilding processes followed in these yards, besides the ship design & build procedures and work culture prevalent there. Further, the fact that ship design is frozen prior to commencement of construction is one of the most important factors that contribute to reduced build periods abroad.
2. For your Company to compete in the global arena, cost structure and the build period of ships would be the drivers for the shift. Further, the new defence Procurement Procedure promulgated by the Ministry of Defence and 'Make in India' initiative of the Government of India envisions more private participation in the defence shipbuilding industry, which is set to have a direct bearing on the order book position, market environment, performance imperatives and bottom line of your Company. The need of the hour is for your Company to step-up

performance in terms of design, productivity, cost competitiveness, quality, timely delivery etc. Your Company would also be required to upgrade its processes and products in line with latest technology to keep up with the ever changing environmental demands of shipbuilding.

3. The overall shipbuilding capacity of your Company has doubled with the completion of major modernization at Main units of the Company, wherein a new integrated shipbuilding facility for modular construction of warships has been created. Your Company can now build 04 large ships and 04 small ships concurrently. The newly created facilities at the Main Yard of your Company will enable the shipyard to introduce Integrated Construction Technology which will result in considerable reduction in build period of ships. This approach will help your Company to improve quality and reduce build period thereby meeting the stiff timelines as being achieved by leading global players in shipbuilding industry.

##### **SWOT Analysis**

4. In the changing environment, your Company has carried out SWOT analysis and identified following strengths, weaknesses, opportunities and threats:

##### **Strengths**

5. (a) Good infrastructure for shipbuilding facilitating simultaneous construction of several large and small ships.  
(b) Excellent in-house capability for ship design, system integration and Project Management.  
(c) Competent and highly skilled human resource at all levels.  
(d) Fully computerized network encompassing the entire gamut of operations. This is enabling us to monitor production activities closely and process other activities faster.  
(e) e-procurement and e-auction system  
(f) Financially strong Company  
(g) Long standing relationships with main customers like Indian Navy and Indian Coast Guard.



### Weaknesses

6. (a) Shortage of space in the Main Works of the Company, Shortage of manpower in some Units / Departments / Categories and high average age of employees, which is around 52 years.
- (b) Location of the Company in thickly populated residential areas having narrow roads.
- (c) Constraints of a riverine shipyard due to limitations in the depth and width of navigable channel.

### Opportunities

7. (a) Acquisition plan of Indian Navy and Coast Guard for significant increase in fleet size.
- (b) Export potential of small and medium size warships and patrol vessels to Latin America, South East Asia, West Asia and African countries.
- (c) AMC, LTSA, ARC, Repair and Refit of Ships have got significant business potential.
- (d) Offset policy implemented by Govt. in Defence Import Contracts & consequent TOT/new product opportunities.

### Threats, Challenges, Risks and Concerns

8. (a) Increased competition from other players in the field.
- (b) Non-availability of qualified and reliable vendors for outsourced services/works.
- (c) Geographical location and political environment [HP,HS].
- (d) Competition for Engineering Products.
- (e) Serious efforts by private shipyards to enter Naval Shipbuilding and Ship repair market.
- (f) Low profit margins in construction of small ships and boats.
- (g) Prospects of commercial shipbuilding industry are significantly affected.
9. From the above SWOT analysis it emerges that there are great opportunities available for the Company to build Defence and Coastal Security Vessels. Accordingly, Company's efforts are being focused on exploiting such opportunities based on the Company's strength and on minimizing the adverse effect of its weaknesses. The strength of infrastructure and production facilities is leveraged to have strategic alliances to address the emerging

opportunities and reducing the impact of perceived threats.

### Major initiatives undertaken and planned to ensure sustained performance and growth

10. Various initiatives have been undertaken by the Company to ensure sustained growth in the years to come. The initiatives taken are in the areas as enumerated in succeeding paragraphs.

### Research & Development and Technology Absorption, Adaptation & Innovation

11. Your Company continues its efforts in the field of development of design of warships as also development of its engineering products. The core strength of the Company lies in its own in-house design capability. Recently the Company has given an impetus to Research and Development (R & D) activities in indigenous shipbuilding by successfully inducting Water Jet Fast Attack Crafts in the service of Indian Navy. In the area of Ship Design, the Company has made major contribution to the design of ASW Corvettes being built for the Indian Navy.
12. In furtherance of the research and development initiative of the Company, the R&D team of the Company had live load tested an upgraded version of Portable Steel Bridge 220 ft span & 70R Load Class, with the use of improved "Panel 10'x7' size". Design verification and live load testing of this upgraded version of bridges was done by CSIR-Structural Engineering Research Centre, Chennai, and R&D Unit of Government of India. This is the patented design of the Company and first of its kind in India. This development will enable the Company to compete extensively in international markets.

### IT Initiatives - ERP System

13. The Company, in its modernisation drive, has fully made operational the state of the art Information and Communication System in the Company. The hardware and software are in place and the Company has already started deriving rich benefit out of this drive.
14. To maintain business continuity in case of any unforeseen natural or man-made disaster in the main Data Centre, the Company has established a DR System through 'Co-located Managed Solution' methods at Mumbai.





15. The Project Monitor System for LCU installed, implemented and has gone live on 30 May 2015. This enterprise level software facility provides monitoring of project progress and PERT chart at any point of time during execution.
16. To view drawing in production area, the final drawings released by the Design department are being viewed by the production team through shop floor computers. This facility has enabled the production team to view the drawings in 2-D and 3-D mode and get real time updates of the drawings. They do not have to wait for paper copy of the drawings.
17. With a view to consolidate the progress made on the IT front, users are being given training on continuous basis.

#### **Marketing & Business Development**

18. Your Company for the past few years has been expanding both internally and externally. Both these developments have been possible because of increased productivity. It has resulted in the healthy Order Book.
19. The Central Design Office of your Company has been the core area of all round shipbuilding activities and the Company has, over the years, been in a constant process of upgrading the technology. This up-gradation of technology through design efforts has brought laurels as well as capturing order from Navy with sole design efforts. Our input design for LCU submitted to Navy has received wide recognition and acceptance, as a result of which we have been awarded with the orders of LCU.
20. During this year, your Company has delivered the first Indigenous Anti-Submarine Warfare Corvette (ASW), 'INS Kamorta' to Indian Navy and handed over the first Indian export ship, an Offshore Patrol Vessel to the Govt. of Mauritius.
21. Buoyed by the response for the first warship export, your Company is seriously exploring the overseas market for its products. Your Company is participating in a global tender for construction of two frigates for the Philippines Navy and is the only Indian Shipyard to have qualified for this international tender with competition from leading

global players like Navantia, STX, Daewoo and Hyundai among others. Your Company is also participating in the tender for supplying Patrol Vessels to Vietnam Border Guards. Further, your Company is exploring the possibility of exporting Pre-fabricated Steel Bridges to Peru.

22. Further, your Company is also likely to bag the order for five follow on Fast Patrol Vessels for the Indian Coast Guard.
23. Your Company has also established a separate department for looking after business development and marketing activities and the main thrust area of the said department is as follows:
  - (a) Development of business opportunities in India and abroad, including Market Survey for assessing business prospect in India and abroad.
  - (b) Interaction with customers, including broadening of customer base and relation management.
  - (c) Selection and Appointment of Marketing Representatives in India and abroad to explore new market for launching the products of GRSE.
  - (d) Publicity and advertisement for projecting entity profile and product profile of the Company.

#### **Customer Satisfaction**

24. Your Company has received Excellent Grading on Customer Satisfaction in Design Segment of Ship and Very Good in Delivery Segment of Ship conducted by an external agency for the financial year 2014-15.

#### **Quality Assurance**

25. Your Company continues to accord utmost importance to Quality Assurance activities, reflecting its strong commitment for Product quality and customer satisfaction. The Yard has an established Quality Assurance Department with well experienced Inspection team, who are continuously trained in adopting updated inspection methodologies and best practices. The Quality Assurance (QA) team monitors the quality at each stage of shipbuilding from Plate preparation, Block fabrication, Erection, Plumbing, Cabling, Machinery installation, setting to work, HATs as per predetermined QAP ensures quality performance of the ship. Ships were built to meet different Naval



Standards, Classification Rules and to the utmost satisfaction of Warship Overseeing Team, MTU, ETMU and other Naval Statutory Inspection Agencies, American Bureau of Shipping, Indian Register of Shipping as applicable and Third Party Inspection by RINA Services S.p.A. ISO Surveillance Audits were successfully complied.

**Specific Measures with regard to Risk Management, Cost Reduction, Indigenisation, etc.**

**Risk Management**

26. Your Company has in place a Risk Management Policy in line with the DPE Guidelines on Corporate Governance for CPSEs to ensure the integration and alignment of the risk management system with the corporate and operational objectives. During the year under review, your Company has set up a new Risk Management Committee which has been entrusted with the responsibility to identify and monitor the risks associated with the business of your Company and take mitigating actions for addressing those risks.

**Cost Reduction**

27. The Company has initiated measures for cost reduction in production and other areas, viz. in the areas of inventory control, labour productivity, outsourcing, energy conservation, support services and design and progress monitoring.

**Import Substitution / Indigenisation**

28. The Company continues to encourage indigenous manufacturers for production and supply of critical items required for ship construction and manufacture of engineering products.

**Internal Control System and their adequacy**

29. The Company has an effective internal control system supported by Enterprise Resource Planning (ERP) platform i.e. SAP for its main business processes. The internal control system of the Company has withstood the test scrutiny of the Internal Auditors as well as the Statutory Auditors. These cover various important aspects of the business processes pertaining to financial propriety, safety and utilization of the resources of the Company, accurate reporting and compliance with applicable statutes as also the policies laid down

by the Audit Committee and Board of Directors from time to time.

30. The Company prepares an Internal Audit Plan every year, duly approved by the Audit Committee, and conducts reviews covering financial, operational and risk mitigation areas.
31. The Internal Control System in vogue in the Company ensures that the resources of the Company are optimally used for the business purpose and are safeguarded from loss, misuse and physical impairment. It also ensures that the accounting records reflect the true picture and that the financial information is reliable.
32. The role and scope of the Internal Audit is reviewed by the Audit Committee of the Board of Directors. All findings and suggestions are reported to the Audit Committee, which in turn reports its observations to the Board and corrective actions, wherever required, are initiated.
33. The Company, being a Government Company, is also subject to audit by Comptroller & Auditor General of India.

**Financial / Operational Performance Strategy & Objectives**

34. The main objectives of the financing strategy of the Company are as follows:
  - (a) To make available funds through effective cash flow management without resorting to borrowing.
  - (b) To maintain highest credit rating to be able to raise funds at most economical rates.
  - (c) To meet the expectations of various stakeholders.
  - (d) To effectively do tax planning thereby improving the post-tax yield to the shareholders.
  - (e) To prudently invest the surplus funds of the Company.
35. The Company continues to accord the highest priority to each of the objectives listed above.
36. During the year, the funding of incremental working capital requirement and the additional capital expenditure were met entirely from the Company's own resources without resorting to any external borrowing, besides improving the earnings on deployment of short term surplus funds.



**Performance Highlights**

37. The Performance Highlights of the Company during the year ended 31 Mar 15 are as follows:

(₹ in crore)

	<b>As on 31 Mar 15</b>	<b>As on 31 Mar 14</b>
Capital Employed	908.09	916.67
Gross Block	563.81	533.87
Net Block	365.74	365.48
Working Capital	542.35	551.19
Net Worth	965.66	953.73
Value Added	477.02	504.63
Value of Production	1,612.66	1,611.67
Profit Before Tax	76.02	187.23
Sales	2,308.05	308.19
<b>Ratios :</b>	<b>%</b>	<b>%</b>
Gross Profit : Capital Employed	8.61	20.90
Profit Before Tax : Value of Production	4.72	11.62
Value of Production : Capital Employed	1.78	1.76
Sundry Debtors : Sales	6.86	17.06

**Development in Human Resources****Industrial Relations :**

38. During the period under review, Industrial Relations situation across all units of the Company including DEP, Ranchi has been generally peaceful and harmonious barring few incidents. There has been no major incident influencing Industrial Relations of the Company reported during the period. The Company initiated proactive action to address conflict situation thereby reducing the threat of Industrial unrest.

**Environmental aspects and abatement of Pollution**

39. GRSE is committed to prevent pollution and comply with relevant environmental legislations and regulations. The Shipyard is also committed to provide a healthy and safe workplace for our employees, business partners, visitors and to ensure a neutral or positive environmental impact from our operations. Our vision is to continue to be an environmentally responsible organisation through an Integrated Environment Management approach making continuous improvements in the

management of the environmental impact of our operations.

40. The Company has taken following actions in this direction :

(a) Effluent treatment plants of combined capacity 6.5 Cu Mtrs per day installed in the Yard to prevent water pollution is in operation round the clock to treat the automobile waste.

(b) Fume filtration system for CNC air plasma plate cutting machine have been introduced to reduce air pollution in an effort to provide a healthy and safe working environment for our employees, business associates, personnel visiting the Yard and neighbours.

(c) Fume extraction system for extraction of fumes generated during welding process is instituted in structural shops as well as on board ships.

(d) Open blasting that used to cause air pollution has been discontinued; instead vacuum blasting process has been adopted.

(e) Chipping operation that generates high level of noise is being carried out during off working hours and ear plugs are provided to the all the employees who are involved in these activities. Arc gouging is being carried out to the extent possible in lieu of chipping.

(f) Afforestation activity in the shipyard is vigorously followed to provide green and clean environment. A lush green belt in and around the factory is an example of Company's commitment to pollution control, Safety, Health Protection and Environment. 100 saplings have been planted this year in the Yard.

(g) Guard walls and diaphragm walls along the bank of river Hooghly have been constructed to prevent land erosion. Trees are also planted in a systematic, planned and organised manner along the coast line to reduce soil erosion.

(h) Battery operated material handling equipment are introduced to reduce noise and air pollution as also for fuel conservation.

(i) Translucent sheets in workshops are extensively used as a routine activity to utilize natural lighting to the maximum extent possible to reduce energy consumption and in turn CO<sub>2</sub> emission indirectly.





(j) Aluminium roofing and cladding sheets recognized worldwide as green material is used as roofing material in shops.

(k) The average power factor of this Yard has so far been recorded as 99.32%, the maximum and minimum being 99.82% and 98.17% respectively during the present financial year. Performance is being constantly monitored to maintain the optimum power factor and consumption of power to reduce demand and emission of GHG indirectly.

(l) Other energy conservation measures like installation of electronic ballasts, compact fluorescent lamps, TL<sub>5</sub> luminaires, LED luminaires, Solar powered street lighting system, VVVF type control systems, Bureau of Energy Efficiency accredited star rated window AC machines, solid state control system and energy efficient compressors, solar water heating systems etc have been taken in the Yard to reduce CO<sub>2</sub> emission indirectly.

41. Your Company has obtained consent to emit gaseous effluent and to discharge liquid effluent under the provisions of the Air (Prevention and Control of Pollution) Act, 1981, Environmental (Protection) Act, 1986 and Water (Prevention and Control of Pollution) Act, 1974 respectively from West Bengal Pollution Control Board.
42. The Company has also obtained authorization from West Bengal Pollution Control Board for storage, transport and disposal of hazardous waste under the purview of Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008 and in accordance with Environment (Protection) Act, 1986.

#### **Conservation of Energy**

43. As a part of commitment of the Shipyard towards green energy for reducing the impact of atmospheric climate change, GRSE has already embarked upon solar power project. Accordingly, GRSE has implemented 100 kWp grid interactive solar power plant, which has effectively reduced the energy consumption from CESC grid by about 108MWh (annually) and thereby resulting in reduction of energy bill by about ₹ 6.13 lakh/annum.

Also the surplus solar power is being exported to CESC grid which would facilitate GRSE to earn revenue of approx. ₹ 3.05 lakh/annum. In addition, greenhouse gas (GHG) emission has been reduced to the extent of 88 T/annum.

44. The introduction of Automatic Voltage Controller for Ship Building & Machine Shop (100kVA for each shop) has reduced the annual energy consumption by 7.92% compared to earlier, which has resulted in saving of ₹ 4.52 lakh/annum. Apart from improving the power quality, this has also facilitated reduction of GHG emission by about 39 T/annum.
45. The Yard continued its endeavor to conserve the energy. Through energy audit conducted in all the units of the Shipyard in Kolkata, we continue to optimize consumption of energy i.e. coal, electricity, petroleum etc. Power factor of the system is consistently maintained at optimal level.
46. The Shipyard has been rated as excellent in MoU criteria in 2013-14 under the category 'Sustainable Development'.

#### **Corporate Social Responsibility**

47. Corporate Social Responsibility (CSR) is an integral part of the Company's corporate philosophy and the Company is committed to grow its business in a socially responsible way. Towards this end, the Company has adopted a comprehensive CSR policy that defines the framework for your Company's Social Initiatives Programme. The Policy identifies the focus areas of the Company's CSR and Sustainability activities to benefit the marginalized sections of the local community through different projects that enhance income through creation of sustainable livelihood opportunities and improving the quality of life. The Company places thrust on the areas of health care, education & skill development and community development under CSR and conservation of natural resources and energy efficient initiatives under Sustainability initiatives.
48. Details of CSR activities undertaken by the Company during the year are furnished in the Directors' Report.



**APPENDIX - "E"**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on March 31, 2015**

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

**I. REGISTRATION AND OTHER DETAILS**

(i)	CIN	U35111WB1934GOI007891
(ii)	Registration Date	26 Feb 1934
(iii)	Name of the Company	Garden Reach Shipbuilders & Engineers Limited
(iv)	Category / Sub-Category of the Company	Government Company / Private Limited
(v)	Address of the Registered office and contact details	43/46, Garden Reach Road, Kolkata 700 024 Tel: 033-2469 8100 to 8114 Fax: 033-2469 8150 E-mail: secygrse@vsnl.net
(vi)	Whether listed company	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10% or more of the total turnover of the company)

Sl. No.	Name and Description of main products / services	*NIC Code of the Product / service	% to total turnover of the Company
1.	Ship Construction	301/3011 - Building of ships and floating structures	94.97%

\* As per National Industrial Classification - Ministry of Statistics and Programme Implementation.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Not Applicable.

**IV. SHARE HOLDING PATTERN**

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian - Central Govt	-	12,384,000	12,384,000	100%	-	12,384,000	12,384,000	100%	Nil
2. Foreign	-	-	-	-	-	-	-	-	-
Total Promoter Shareholding (A)	-	12,384,000	12,384,000	100%	-	12,384,000	12,384,000	100%	Nil
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)	-	-	-	-	-	-	-	-	-





Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
C. Shares held by Custodian for GDRs & ADRs (C)	–	–	–	–	–	–	–	–	–
<b>Grand Total (A+B+C)</b>	–	12,384,000	12,384,000	100%	–	12,384,000	12,384,000	100%	Nil

ii) Share Holding of Promoters

Sl. No.	Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledge/encumbered to total shares	
1.	Government of India	12,384,000	100%	Nil	12,384,000	100%	Nil	Nil

iii) Change in Promoters' Shareholding

There were no changes in the Promoter's shareholding during the Financial Year 2014-15.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31 Mar 15

Not Applicable since the entire shareholding is with the Government of India.

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Director and Key Management Personnel	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	RAdm A K Verma				
	At the beginning of the year	1	0.00	1	0.00
	Brought during the year	–	–	–	–
	Sold during the year	–	–	–	–
	At the end of the year	1	0.00	1	0.00

**IV. INDEBTEDNESS**

The Company had no indebtedness with respect to secured or Unsecured Loans or Deposits during the financial year 2014-15.



## V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-Time Directors and/or Manager :

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of MD / WTD					Total Amount
		RAdm A K Verma	Shri K K Rai*	Cmde R Ghosh	Shri R C Nautiyal	Shri S S Dogra**	
1.	Gross salary						
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	32.81	30.06	28.68	22.39	5.97	119.91
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.77	0.19	0.32	2.58	0.08	3.94
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission	-	-	-	-	-	-
5.	Others (Contribution to PF & Gratuity)	2.33	11.20	1.95	1.85	0.49	17.82
	<b>Total (A)</b>	<b>35.91</b>	<b>41.45</b>	<b>30.95</b>	<b>26.82</b>	<b>6.54</b>	<b>141.67</b>
	Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.					

\* Ceased to be Director (Finance) w.e.f. 31 Oct 14

\*\* Appointed as Director (Finance) w.e.f. 31 Dec 14

### B. Remuneration to other Directors\*:

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of Independent Director			Total Amount
		Shri Swapan Kumar Mukherjee	Cmde M Jitendran	Shri Ajay Bhattacharya	
1.	Fee for attending Board / Committee Meetings	3.15	2.70	2.80	8.65
2.	Commission	-	-	-	-
3.	Others	-	-	-	-
	<b>Total (B)</b>	<b>3.15</b>	<b>2.70</b>	<b>2.80</b>	<b>8.65</b>
	Overall Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.			
	<b>Total Managerial Remuneration (A + B)</b>	<b>₹ 150.32 lakh</b>			
	Overall Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.			

\* Part-Time Government Directors are not paid any remuneration or sitting fees.



**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Company Secretary
1.	Gross salary	
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12.56
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
5.	Others (Contribution to PF & Gratuity)	0.90
	<b>Total</b>	<b>13.46</b>

**VI. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.



## APPENDIX – “F”

### ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2014 - 15

**1. A brief outline of your Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

Corporate Social Responsibility (CSR) is an integral part of Garden Reach Shipbuilders & Engineers Ltd. (GRSE)'s corporate philosophy. Your Company's Policy on Corporate Social Responsibility and Sustainability was promulgated on 14 Jan 15 in line with the requirements of Section 135 of Companies Act, 2013. As per the Policy, CSR projects will be undertaken as envisaged under Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Baseline Surveys are conducted in the vicinity of our factories to identify the needs and areas of concern of the local community and other stakeholders primarily in the surrounding areas of the factories. The Board Level Committee on CSR & Sustainability headed by an Independent Director recommends various CSR and Sustainability projects for

implementation by your Company. The Committee is also responsible for monitoring the progress of various CSR & Sustainability projects undertaken by your Company.

#### Major CSR Projects Undertaken

**(i) Skill Development / Vocational training - An initiative for harnessing human resource and empowering youth in Garden Reach Areas**

GRSE entered into Tripartite MoU on 09 Jan 14, for a period of 5 years with Indian Institute of Engineering Science and Technology (IIST) and Kolkata Police to provide vocational training to local unemployed youth. In the FY 2014-15, Vocational training has been imparted to about 245 local unemployed youth during the year. In addition training is in progress for about 165 more students. During the training period, the trainees were given an amount of ₹ 80/- for each day of attendance to defray their travelling and tiffin expenses. Placement assistance is provided to all trainees on completion of training.





**(ii) Empowering Differently Abled Children**

GRSE supported 3 classes of Indian Institute of Cerebral Palsy (IICP), Taratala, which comprise approx. 40 children who have severe multiple impairments. Students aged between 14 - 18 years are imparted pre-vocational skill training. A group of 20 children and 10 staff were also made to visit GRSE premises.



**(iii) Women Empowerment**

GRSE has partnered with Sri Sarada Math which works for the development of the women particularly those from economically backward families. Rasik Bhita (Dakshineswar) is the educational and cultural wing of Sri Sarada Math which imparts special career oriented vocational and technical education to the women. GRSE has facilitated in providing computers and other computer related equipment for the vocational training.



GRSE is also facilitating construction of vocational training centre at Ramakrishna Sarada Mission at Thakurnagar, Purba Midnapur. The Ramakrishna Sarada Mission which is a wing of Sri Sarada Math has set up centres in different locations with the object of serving women and children. The Ramakrishna Sarada Mission, Thakurnagar provides weaving, tailoring and knitting training to the village women to enable them to earn their livelihood.

**(iv) Cataract Surgery for the Poor and Needy People of Metiabruz Area, Kolkata**

350 nos. of cataract surgeries were conducted through National Eye Care, conforming to the All India Ophthalmology Society (AIOS) Guidelines. In addition to pre-operative check-up with investigations and post-operative check-up with medicines, consumables were provided upto 6 weeks from the date of surgery. Spectacles were also provided after proper binocular refractive correction.



**(v) Support to 20 Anganwadi Centres of Metiabruz Area**

GRSE has adopted 20 anganwadi centres of Metiabruz, Garden Reach for 3 years with the following objectives :

- (a) Provide support in terms of infrastructure, equipment and capacity building to the anganwadi centres.
- (b) To reduce under-nutrition in prenatal and postnatal period upto 6 years of age.





- (c) Provide early childhood education.
- (d) Monitor nutritional growth and development of the beneficiaries.
- (e) Ensure adequate training in early childhood education & nutrition.

Nutrition supplement is being provided for 75-80 children and lactating mothers in 20 centres. In addition, water dispensers, utensils, medical kits, child friendly toys, mats etc. have also been provided. Construction/renovation of child friendly toilets are in progress at 5 centers.



**(vi) Swachh Bharat Initiatives**

Swachh Bharat Mission is a mass movement to bring awareness about cleanliness and a lasting behavioral change. In order to implement Swachh Bharat Mission initiatives in Metiabruz, the National CSR Hub (TISS) was engaged to undertake a study. National CSR Hub (TISS) has conducted a preliminary study of Metiabruz for implementing Swachh Bharat Mission initiatives.

**(vii) Monthly Health Camp and Blood Donation Camp**

(a) Monthly health camp is conducted at 61 Park Unit for the local underprivileged people who are unable to bear medical expenses. Monthly health check-up camps / clinics are held in our 61 Park Unit on the last Saturday of every month in which, on an average, 190 - 200 patients are examined and provided medicines.

(b) Blood donation camp was conducted in which 162 employees donated blood for patients suffering from Thalassemia, Haemophilia or the victims of road accident.

**2. The Composition of the CSR Committee, as also appearing in the Corporate Governance section to the Directors' Report, marked as Annexure "C", is as follows:**

(a)	Shri Ajay Bhattacharya Independent Director	Chairman
(b)	Cmde (Retd.) R. Ghosh Director (Shipbuilding)	Member
(c)	Shri R.C. Nautiyal Director (Personnel)	Member
(d)	Shri Sandeep Mahapatra Company Secretary	Secretary to the Committee

**3. Average Net Profit of your Company for last three financial years :**

2011-12	₹ 108.03 crore
2012-13	₹ 131.54 crore
2013-14	₹ 121.46 crore
Average Net Profit	₹ 120.34 crore

**4. Prescribed CSR Expenditure (i.e. 2% of Average Net Profit of previous 3 years as in Point 3 above):**  
₹ 2.40 crore.

5. Details of amount spent on CSR activities during the financial year is given below:

(a) Total amount to be spent for the financial year : ₹ 2.40 crore

(b) Amount unspent, if any : Nil

(c) Manner in which the amount spent during the financial year is detailed below :

Sl. No.	CSR project or activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Program (1) Local Area or Other (2) Specify the State and district where projects or programs was undertake	Amount Outlay (Budget) Project or program wise	Amount spent on the Projects or Programs Sub Heads : (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2014 - 2015	Amount Spent: Direct or through Implementing Agency
i)	Vocational training to local youth in different modules.	Clause - (ii) Promoting employment enhancing vocational skills.	West Bengal - Kolkata Municipal Corporation, Ward no. 133-141 of Borough - XV (Metiabruz area) and Ward no. 76 - 80 (Garden Reach area). Maheshkala Municipal Corporation, Ward no. 1 - 10 of 24 Parganas(South), West Bengal.	₹ 50.00 lakh	₹ 39.76 lakh	₹ 39.76 lakh	IEST, Shibpur
ii)	Adoption of 3 classes comprising 41 severely disabled children of Indian Institute of Cerebral Palsy (IICP)	Clause - (ii) Promoting education, including special education and employment enhancing vocational skills among the differently abled children.	West Bengal - Kolkata and neighboring districts.	₹ 24.00 lakh	₹ 24.00 lakh	₹ 24.00 lakh	Indian Institute of Cerebral Palsy (IICP)
iii)	Support to Sri Sarada Math - Rasik Bhita towards augmentation of computer training facility and support for construction of vocational training room at RKSM, Thakurnagar, Purba Midnapur.	Clause - (ii) Promoting education and employment enhancing vocational skills for women.	West Bengal - Kolkata Dakshineswar. Thakurnagar, Purba Midnapur, West Bengal	₹ 37.00 lakh	₹ 16.96 lakh	₹ 16.96 lakh	Rasik Bhita Sri Sarada Math Ramakrishna Sarada Mission, Thakurnagar.





Sl. No.	CSR project or activity identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs (1) Local Area or Other (2) Specify the State and district where projects or programs was undertake	Amount Outlay (Budget) Project or program wise	Amount spent on the Projects or Programs Sub Heads : (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2014 - 2015	Amount Spent: Direct or through Implementing Agency
iv)	Cataract surgeries for old and poor people of the locality.	Clause - (i) Promoting preventive health care	West Bengal - Kolkata Municipal Corporation, Ward no. 133-141 of Borough - XV and Ward no. 76 - 80. Maheshtala Municipal Corporation, Ward no. 1 - 10 of 24 Parganas(S), West Bengal.	₹ 18.00 lakh	₹ 30.08 lakh	₹ 30.08 lakh	National Eye Care, Kolkata
v)	Improvement of 20 Anganwadi centres of Metiabruz into model centres.	Clause - (i) Eradicating hunger, poverty and malnutrition, promoting sanitation and making available safe drinking water. Clause - (ii) Promoting education among children	West Bengal - Metiabruz, Garden Reach and surrounding areas of Kolkata.	₹ 56.00 lakh	₹ 8.85 lakh	₹ 8.85 lakh	Confederation of Indian Industry (Eastern Region)
vi)	Preliminary study of Metiabruz by TISS for implementing Swachh Bharat Mission	Clause - (i) Promoting preventive health care and sanitation and making available safe drinking water.	Metiabruz, Kolkata, West Bengal.	₹ 8.00 lakh	₹ 8.00 lakh	₹ 8.00 lakh	National CSR Hub, TISS
vii)	Health checkup camp and blood donation camp.	Clause - (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care.	Metiabruz, Kolkata, West Bengal.	₹ 6.00 lakh	₹ 6.00 lakh	₹ 6.00 lakh	GRSE Ltd.
viii)	CSR events and other misc. CSR expenses.	Clause - (ii) Promoting education, employment enhancing vocational skills among children	Metiabruz, Kolkata, West Bengal.	₹ 5.93 lakh	₹ 5.93 lakh	₹ 5.93 lakh	GRSE Ltd.

Sl. No.	CSR project or activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project or Programs (1) Local Area or Other (2) Specify the State and district where projects or programs was undertake	Amount Outlay (Budget) Project or program wise	Amount spent on the Projects or Programs Sub Heads : (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2014 - 2015	Amount Spent: Direct or through Implementing Agency
ix)	Installation of 100 Kwp grid interactive roof top solar power plant. Monitoring and evaluation of the project through external agency	Clause - (iv) Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of air, water and soil.	Metiabruz, Kolkata, West Bengal.	₹ 100 lakh	₹ 99.49 lakh	₹ 99.49 lakh	GRSE and CII
	<b>TOTAL =</b>			<b>₹ 304.93 lakh</b>	<b>₹ 239.04 lakh</b>	<b>₹ 239.04 lakh</b>	

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Not Applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

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

Sd/-  
**Ramesh Chandra Nautiyal**  
Director (Personnel)

Place : Kolkata

Date : 25th August, 2015

Sd/-  
**Ajay Bhattacharya**  
Chairman, CSR & Sustainability Committee





**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Garden Reach Shipbuilders & Engineers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (in which are incorporated the returns for the year ended on that date audited by the Branch auditor of the Company's Branch at Ranchi).

The Board of Directors had approved the accounts at their meeting held on 17th July, 2015 on which we had given our report of even date. Pursuant to the observations made by the Comptroller and Auditor General of India under Section 143 (6) of the Companies Act, 2013, the said accounts have been revised. The impact of the revision is as stated in para 29.24 of Note no.29 of the financial statements. This report supersedes our earlier report dated 17th July, 2015.

**Management's responsibility for the financial statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015 and its profit and its cash flows for the year ended on that date.



**Other Matter**

We did not audit the financial statements of 1 (One) branch included in the financial statements of the Company whose financial statements reflect total assets of ₹ 7,787.39 lakh as at 31st March, 2015 and total revenues of ₹ 949.46 lakh for the year ended on that date, as considered in the financial statements.

The financial statements of Ranchi branch have been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, is based solely on the report of such branch auditor.

Our opinion is not qualified in respect of this matter.

**Report on other Legal and Regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in Annexure - I a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The reports on the accounts of Ranchi Branch of the Company audited under Section 143 (8) of the Act by branch auditor has been sent to us and has been properly dealt with by us in preparing this report.
  - (d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (f) On the basis of the written representations received from the directors as at 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as at 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 29.16 (a) to the financial statements.
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) No amount was required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by the sub-section (5) of section 143 of the Act, we give in the Annexure - II a statement on the matters contained in directions issued by Comptroller & Auditor General of India in terms of aforesaid section.

**For G.P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

Sd/-

**(CA. Ajay Agrawal)**

Partner

Place : Kolkata

Date : 25th August, 2015 Membership No. 17643





## ANNEXURE-I TO THE AUDITOR'S REPORT

**Statement referred to in our Report of even date to the members of Garden Reach Shipbuilders & Engineers Limited on the Financial Statements for the year ended 31st March, 2015.**

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b) The fixed assets have been physically verified by the management during the year at periodical intervals as per the programme of physical verification of fixed assets. To the best of our knowledge, no material discrepancy was noticed on such verification and in our opinion the periodicity of such physical verification is reasonable having regard to the size of the Company and nature of its assets.
- ii) a) The inventories (other than those in transit and those lying with third parties), have been physically verified during the year by the management at reasonable intervals. In respect of goods lying with third parties, these have substantially been confirmed by them.
- b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- c) On the basis of our examination, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies between physical stocks and book records arising out of physical verification, which were not material, have been dealt with in the books of account.
- iii) a) The Company has not granted loans, secured or unsecured, to a company, firm or other parties covered in the register maintained under section 189 of Act.
- b) As the Company has not granted loans, secured or unsecured, to a company, firm or other parties covered in the register maintained under section 189 of Act, the provision of clause (iii)(a) and (iii) (b) of paragraph 3 of the said order are not applicable to the Company.
- iv) On the basis of the information and explanation given to us, we are of the opinion that the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
- v) The Company has not accepted any deposit within the meaning of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. The directives issued by the Reserve Bank of India are not applicable to the Company.
- vi) We have broadly reviewed the cost records maintained by the Company in respect of products where pursuant to the Companies (Cost Records & Audit) Rules, 2014, prescribed by the Central Government, the maintenance of Cost records has been prescribed under section 148(1) of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We, however, as not required, have not made a detailed examination of such records
- vii) a) According to the information and explanations given to us and based on the examination of the records of the Company as provided to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax and any other statutory dues, to the extent applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, there were no outstanding statutory dues as of 31st of March, 2015 for a period of more than six months from the date they became payable.
- b) The disputed statutory dues aggregating to ₹ 2,592.19 lakh as on 31st March 2015 that have not been deposited on account of matters pending before appropriate authorities are as under:



Sl No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in lakh)	Forum (Where the dispute is pending)
1	West Bengal Value Added Tax Act, 2003	Value Added Tax	2007-08	506.83	West Bengal Taxation Tribunal
2	West Bengal Value Added Tax Act, 2003	Value Added Tax	2011-12	203.48	Additional Commissioner of Commercial Taxes
3	Central Sales Tax Act, 1956	Central Sales Tax	2011-12	18.29	Additional Commissioner of Commercial Taxes
4	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2004-05	8.80	Commercial Tax Tribunal, Jharkhand
5	Central Sales Tax Act, 1956	Central Sales Tax	2004-05	17.48	Commercial Tax Tribunal, Jharkhand
6	Central Sales Tax Act, 1956	Central Sales Tax	2007-08	79.11	Commercial Tax Tribunal, Jharkhand
7	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2009-10	366.08	Commissioner of Commercial Taxes
8	Central Sales Tax Act, 1956	Central Sales Tax	2009-10	58.81	Commissioner of Commercial Taxes
9	Central Excise Act, 1944	Central Excise	2001-02 to 2005-06	17.90	Central Excise and Service Tax Appellate Tribunal
10	Central Excise Act, 1944	Central Excise	2011-12	75.54	Central Excise and Service Tax Appellate Tribunal
11	Finance Act, 1994	Service Tax	2003-04 to 2007-08	121.30	Central Excise and Service Tax Appellate Tribunal/ Income Tax Appellate Tribunal
12	Income Tax Act, 1961	Income Tax	2007-08	515.68	Commissioner of Income Tax (Appeal)
13	Income Tax Act, 1961	Income Tax	2008-09	352.85	Commissioner of Income Tax (Appeal)/Income Tax Appellate Tribunal
14	Income Tax Act, 1961	Income Tax	2009-10	18.56	Commissioner of Income Tax (Appeal)
15	Income Tax Act, 1961	Income Tax	2010-11	120.15	Commissioner of Income Tax (Appeal)
16	Income Tax Act, 1961	Income Tax	2011-12	111.33	Commissioner of Income Tax (Appeal)
		<b>Total</b>		<b>2,592.19</b>	

- c) No amount was required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- viii) The Company does not have accumulated losses exceeding 50% of its net worth at the end of the financial year and has not incurred any cash loss during the year covered by our audit or in the immediately preceding financial year.
- ix) The Company has not defaulted in payment of dues to financial institutions or banks. The Company has not issued any debentures.

- x) On the basis of our examination and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
- xi) On the basis of our examination and according to the information and explanations given to us, the Company has not obtained any term loan during the year.
- xii) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements materially misstated.





**ANNEXURE-II TO THE AUDITOR'S REPORT**

Sl. No.	Directions	Auditor's Comments
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	N. A.
2	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	No such case of waiver of debts/loans/interest etc. have come to our notice nor have we been informed of any such case by the management.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	Records are maintained for inventories lying with third parties. According to information and explanation given to us, no asset was received as gift from Govt. or other authorities.
4	A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	Legal cases are as per <b>ANNEXURE - IIA</b> . Monitoring mechanism for expenditure on all legal cases (foreign and local) is as per delegation of Financial authority.

**For G.P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

Sd/-

**(CA. Ajay Agrawal)**

Partner

Place : Kolkata

Dated : 25th August, 2015      Membership No. 17643

## ANNEXURE-IIA

## Report on Age-wise Analysis of Pending Legal / Arbitration Cases as on 31st March, 2015

## I. PENDING INCOME TAX CASES :

Assessment Year	Period of Pendency	Reasons for pendency
1997-98	8 Years	At the time of giving effect to ITAT's order, Department charged higher interest u/s. 220(2) and disallowed TDS of ₹ 91,383/-. A rectification petition u/s.154 was filed before Assessing Officer along with Indemnity Bond for ₹ 91,383/- for refund of TDS. Modified effect order is awaited even after persuasions.
2001-02	12 Years	In the assessment, TDS (0.34 crore) has been disallowed. A rectification petition u/s.154 was filed before Assessing Officer along with Indemnity Bond for ₹ 0.34 crore for refund of TDS. Modified effect order is awaited even after persuasions.
2004-05	10 Years	In the assessment, TDS of ₹ 14.02 lakh has been disallowed. A rectification petition u/s.154 was filed before Assessing Officer along with Indemnity Bond for ₹ 14.02 lakh for refund of TDS. Modified effect order is awaited even after persuasions.
2007-08	4 Year	GRSE's Return was not selected for scrutiny assessment. Accordingly intimation u/sec 143(1) along with a refund of ₹ 15.25 lakh has been received. Rectification petition was filed before Assessing Officer so as to include ₹ 157.22 lakh in the "opening stock" for A.Y. 2007-08, which was added to "closing stock" for A.Y. 2006-07. As a result profit will be reduced to the extent of ₹ 157.22 lakh. Rectification petition was rejected by the Assessing Officer. Appeal was filed before CIT(A) against the order of AO.
2008-09	4 Years	In the assessment A.O. disallowed Provision for Liquidated damages of ₹ 32.94 crs and added ₹ 1.19 crore in the closing stock on account of slow moving and obsolete inventory and raised demand of ₹ 14.00 crore in spite of the fact that ITAT has allowed such "Provision for Liquidated Damages" as deductible expenses in two occasions. GRSE filed appeal before CIT(A) but the same was also rejected by CIT(A). Against the order of CIT(A) GRSE filed appeal before ITAT and Finally ITAT passed order in favour of GRSE dated 31.03.2014. Effect order is awaited. Income tax authority filed appeal before High Court against the order of the ITAT, Kolkata.
2008-09	1 Year	Commissioner of Income-tax, Kolkata-1, Kolkata vide its order dated 26/03/2013 passed u/s. 263 set aside the assessment order and directed for fresh assessment. The CIT referred to two issues - (1) applicability of Sec 43B in respect of unpaid balance of Excise duty as shown in Tax Audit Report and (2) treatment of Stores-in-transit vis-à-vis consumption of materials. In pursuance of the above-mentioned order u/s.263 the Assessing officer commenced fresh assessment proceedings and passed order u/s.143 (3) /263 dated 31/03/2014. In the order Assessing officer held that there would not be any applicability of sec 43B and did not make any adjustment in respect of the unpaid balance of Excise duty as shown in Tax audit report. In respect of second issue relating to the valuation of stores-in-transit for the purpose of determination of the value of the consumption of raw material, Assessing officer added back ₹ 15,17,16,000/- as alleged excess value of the consumption of raw materials. Appeal was filed before CIT(A) on 15/05/2014 against the order passed by AO u/s.143(3)/263 dated 31/03/2014. Also appeal was filed before ITAT against the order of the Commissioner of Income-tax dated 26/03/2013. No date of hearing has been fixed till date.





Assessment Year	Period of Pendency	Reasons for pendency
2009-10	1 Year.	<p>Commissioner of Income-tax, Kolkata-1, Kolkata vide its order dated 26/03/2013 passed u/s. 263 set aside the assessment order and directed for fresh assessment. The CIT referred to the following issue:</p> <p>Turnover and interest income as stated in Profit &amp; Loss Account is less than the accrued income as per TDS claimed in the Return which resulted under assessment of income of ₹ 46.20 crore.</p> <p>GRSE filed appeal before ITAT against the order of CIT on 02/05/2014. No date of hearing has been fixed by ITAT against the appeal filed by GRSE against the order passed by CIT u/s.263 dated 21/02/2014</p>
2009-10	1 month	<p>In the assessment A.O. disallowed Leave encashment of ₹ 2.95 crore, added ₹ 1.67 crore towards Profit on Sale of Retired Assets as short term capital gain, disallowed claim of advance tax of ₹ 05.00 crore &amp; TDS of ₹ 1.73 crore due to non -appearance in the system of Income-tax department.</p> <p>GRSE filed appeal before Commissioner of Income Tax (Appeal) against the order of Assessing officer on 15/02/2012. GRSE has also filed stay petition for recovery of demand and also filed rectification petition u/s.154 for rectification of the said mistakes on 15/02/2012.</p> <p>CIT(A) in his order dated 10/01/2013 allowed profit on sale of retired assets by directing AO to reduce the total sale proceeds from WDV of the Block of Assets relating to Plant &amp; Machinery and recomputed the depreciation for the AY 2009-10. As per order allowable depreciation reduced only to the extent of ₹ 25.44 lakh, hence net tax liability increased to ₹ 8.65 lakh as against ₹ 56.76 lakh as per order of AO.</p> <p>CIT(A) in his order dismissed GRSE's appeal for allowing provision for leave encashment as an allowable expenses and GRSE preferred no further appeal against the order of CIT(A).</p> <p>Effect of CIT(A)'s order given in full on 28.03.2015 without considering credit on account of TDS for ₹ 68.55 lakh due to non- appearance in 26AS for not filing of TDS Return by the deductors and after considering full credit of advance tax of ₹ 5.00 crore paid in appeal effect order.</p> <p>Further ITAT, Kolkata in his order for AY 2008-09 dated 28.03.2015 directed to increase opening stock by ₹ 1.19 crore which was added in the closing stock of AY 2008-09 by AO, hence taxable income of AY 2009-10 will reduced by ₹ 1.19 crore</p> <p>Effect of ITAT's order is yet to be given.</p>
2010-11	2 Year	<p>Rectification petition was filed for wrong computation of dividend tax payable and for allowing short credit of TDS for ₹ 52.16 lakh.</p>
2011-12	1 Year	<p>Assessment completed u/s. 143(3) with a demand of ₹ 72.49 lakh. In the assessment A.O. added ₹ 3.48 crore towards delayed deposit of employees P.F. Contribution after due date as per P.F. Rules but before filing of Income tax Return. A.O. also disallowed TDS of ₹ 21.53 lakh. GRSE filed appeal before CIT (A) and also filed rectification petition u/s.154.</p>
2012-13	Appeal filed in 2015	<p>Assessment completed u/s.143(3) with a demand of ₹ 79.63 lakh. In the assessment A.O. added ₹ 3.43 crore towards delayed deposit of employees P. F. Contribution and ESI contribution after due date as per P.F. and ESI Rule but before filing of Income tax Return. A.O. also disallowed TDS of ₹ 23.27 lakh. GRSE filed appeal before CIT(A) and also filed rectification petition u/s.154.</p>

## II. PENDING CENTRAL EXCISE AND SERVICE TAX CASES :

Period of Pendency (in No. of years)	Reason for pendency
<b>Excise Duty</b>	
4 Years	Cases related to E.D. Exemption certificates issued by Indian Navy, benefits of which were denied by C.E. Authorities. Reply against SCN issued by C.E. Department has been submitted. Commissioner passed order and reduced the demand from ₹ 26.00 lakh to ₹ 17.90 lakh. Against the order of Commissioner GRSE filed appeal before CESTAT on 25/11/2011. No date of hearing has been fixed by CESTAT till date. Total claim of ₹ 17.90 lakh has been considered as contingent liability.
4 Years	Central Excise Department denied the ED Exemption and demanded duties ₹ 8.83 lakh against supply of goods to shipbuilders without payment of duties as per the ED Exemption certificate issued by Indian Navy to the shipbuilders. Based on the appeal of GRSE, Commissioner of Central Excise (Appeal) issued order in favour of GRSE. Central Excise Dept. filed appeal before CESTAT against the order for further clarification. Hon'ble CESTAT remanded the case to Deputy Commissioner of Central Excise. No date of personal hearing has yet been fixed.
Appeal filed in 2014-15	Central Excise authority issued show cause notice alleging that GRSE had wrongly taken credit in the Return but not utilized Cenvat credit in violation of Rules and demanded the credit amount taken wrongly and reversed subsequently amounting ₹ 75.54 lakh. GRSE submitted reply against the show cause notice but Commissioner of Central Excise did not accept the reply and in the order confirmed the demand. GRSE filed appeal before CESTAT against the order of the Commissioner on 24/03/2015. Total demand of ₹ 75.54 lakh has been considered as contingent liability.
<b>Service Tax</b>	
6	Commissioner of Service Tax has confirmed demand of service tax against Foreign Technicians' fees amounting to ₹ 121.30 lakh towards Service Tax including penalties and interest. The case is pending before CESTAT. Hearing for grant of stay from recovery of demand before CESTAT has been completed and vide order dated 19/12/2011 CESTAT granted unconditional stay from collection of the demand till dispose of the main issue. The said amount has been considered as contingent liabilities.

## III. PENDING SALES TAX CASES :

Financial Year	Reasons for pendency
FY 2004-05 (Under JVAT Act & CST Act)	Assessing Officer enhanced the Gross Turn over by 10% at since there is a difference in Turnover in the Annual Return and Quarterly Returns. Turnover was enhanced by ₹ 1.75 crore under CST and ₹ 1.00 crore under JVAT. Appeal filed before Jt. Commissioner of Commercial Taxes, (Appeal) on June 2009 who has also confirmed the enhancement. Revision petition filed before the Commercial Taxes, Tribunal in August 2010. Awaiting for Final order of the Tribunal. Tax Involved ₹ 26.28 lakh (₹ 17.48 lakh under CST and ₹ 8.80 lakh under JVAT)
F.Y. 2007-08 (Under VAT Act)	Assessment completed and order received. The Assessing Authority wrongly considered the following items as taxable turnover: 1. Cost Plus Sales for ₹ 3,898.06 lakh (specifically excluded under W.B. VAT Act) due to wrong interpretation of the Annual Accounts of the Company, 2. Labour Charge for ₹ 270.42 lakh (exempted); and 3. Excess consideration of Sale of Capital Goods for ₹ 311.10 lakh. Appeal has been preferred before the ACCT. The ACCT acknowledged the excess consideration of sale on account of sale of capital goods for ₹ 311.10 lakh and the same has been set right in his Order. However, the other points in dispute remaining the same, appeal has been filed before the West Bengal Taxation Tribunal. Tax Involved ₹ 506.83 lakh. Date of hearing not yet fixed.





Financial Year	Reason for pendency
FY 2004-05 (Under CST Act)	<p>Departmental auditors raised an audit objection stating that there was an under assessment of tax to the tune of ₹ 79.29 lakh on the grounds that Diesel engine falls under a different schedule for application of tax rate.</p> <p>Petition was filed by GRSE before the DCCT and DCCT passed a favourable order. The departmental auditor setting aside the revised assessment order placed the draft audit Para before JCCT (Administration). JCCT (Administration) supported the views of the auditors and directed DCCT to re-review the original /revised assessment order. DCCT, on the directions of JCCT, upheld the audit observations and directed that the original assessment order / revised assessment order be treated as revised /reviewed .</p> <p>Revised assessment order was passed by DCCT with a notice of Demand of ₹ 79.11 lakh. GRSE's appeal before JCCT (Appeals) was dismissed. DCCT directed GRSE to pay the amount. GRSE has filed a stay petition before DCCT to keep the demand in abeyance till filing of the revision petition before the Tribunal. DCCT has recovered Tax amount on 30.03.15.</p> <p>Appeal was filed in Tribunal on May 2015.</p> <p>Tax Involved ₹ 79.11 lakh under CST.</p>
FY 2009-10 Under JVAT Act & CST Act)	<p>Audit Objection was raised on the declared value as declared in the Road Permit as suppression of Sales &amp; Purchase and demanded interest on differential Sales tax .</p> <p>Revision /Appeal filled before Commissioner of Commercial Tax, Ranchi on June 2015. Tax Involved ₹ 424.89 lakh.( ₹ 366.08 lakh under JVAT and ₹ 58.81 lakh under CST)</p>
F.Y. 2011-12 (Under VAT Act)	<p>The case was under Audit and assessment completed with a demand of ₹ 2.03 crore. The demand raised by the Assessing Authority on account of i) disallowance of labour charges of ₹ 10.72 crore and considered the same under works contract, ii) disallowance of exemption on account of export to Bhutan amounting ₹ 3.65 crore, iii) imposition of purchase tax of ₹ 26.50 lakh, iv) imposed interest of ₹ 39.81 lakh.</p> <p>Appeal has been filed before Additional Commissioner on 12/01/2015.</p>
F.Y. 2011-12 (Under CST Act)	<p>The case was under Audit and assessment completed with a demand of ₹ 18.28 lakh. The demand raised by the Assessing Authority on account of i) disallowance of deduction of freight of ₹ 1.03 crore, ii) imposition of tax on service charges of ₹ 8.51 lakh, iii) imposed interest of ₹ 4.45 lakh. Appeal has been filed before Additional Commissioner on 12/01/2015.</p>

#### IV. PENDING LEGAL CASES :

Number of Cases	Period of Pendency (Years)	Reasons for pendency
01	05	Certificate Case against KPCL - Recovery Process, as required in law, has already commenced - Awaiting disposal upon hearing.
01	06	Writ Petition filed by Western Marine - Yet to be listed for hearing. The Writ Petitioner is also not pursuing the matter for disposal. There is no privity of contract between GRSE and Western Marine.
02	08	<ul style="list-style-type: none"> <li>Case 1 - Criminal case for eviction of a retired officer from company's accommodation. Awaiting disposal upon final hearing.</li> <li>Case 2 - Petition filed by Elastolan Engineers for setting aside of an arbitration award in favour of GRSE. Awaiting disposal upon final hearing.</li> </ul>
01	09	Execution case filed against Sarkar Enterprise for recovery of amount awarded in Arbitration. Attachment order passed on 29/3/12 and writ of attachment issued and served on 20.08.2013.
01	10	Execution case filed against Bronson Marine for recovery of amount awarded in Arbitration. Awaiting order for transfer of the execution order to a different court for attachment of property of the judgment debtor.

Number of Cases	Period of Pendency (Years)	Reasons for pendency
02	12	<ul style="list-style-type: none"> <li>Case 1 - Petition filed for setting aside a "Nil" arbitration award between the company and ICAR. Awaiting disposal upon final hearing.</li> <li>Case 2 - Criminal Case filed against Hydra Impex, Chennai under Negotiable Instrument Act for dishonor of cheque. Process delayed for non-availability of whereabouts of the accused.</li> </ul>
02	17	<ul style="list-style-type: none"> <li>Case 1 - Winding up petition before Delhi High Court against ET&amp;T - Awaiting final order.</li> <li>Case 2- Petition filed by IEG Consultant for setting aside of an arbitration award in favour of GRSE. Awaiting disposal upon final hearing.</li> </ul>
04	19	<ul style="list-style-type: none"> <li>Case 1- Petition filed for setting aside of an arbitral award made in favour of IEG Consultant. Awaiting disposal upon final hearing.</li> <li>Case 2 - Three cases were filed before Employees Insurance Court by GRSE against ESI Corporation, alleging wrong determination of contribution and interest. Awaiting disposal upon final hearing.</li> </ul>
01	04	Petition filed by ESAB India Ltd. For setting aside of the Arbitral Award made and passed in favour of GRSE. Awaiting disposal upon peremptory hearing.
01	20	Suit filed against Peerless Hospital for specific performance and breach of contract. Hearing held up due to delay in service process.
01	21	Suit filed against Chokhani Shipyards before High Court at Calcutta. Not yet been listed for final hearing.
01	19	Sri Pradip Ganguly Vs. GRSE Claim for reinstatement. Company's appeal was not allowed. Filed SLP at Supreme Court. On the ground of determination of Appropriate Government under ID Act.
<b>In High Court at Kolkata</b>		
01	22	Smt. Sabita Mondal -Vs-GRSE Ltd. (10470/93) Claimed for Compassionate appointment. Awaiting disposal upon hearing.
01	20	R.K.Bitthar Vs. GRSE Ltd. Claimed for additional increment. Awaiting disposal upon hearing.
01	18	Shri Dwijendra Narayan Singh - Vs- GRSE Ltd. Demand for reinstatement. Awaiting disposal upon hearing.
01	8	GRSE -Vs- 2nd Labour Court On the matter of appropriate Govt. and interim relief. The case is pending. Awaiting disposal upon hearing.
01	6	Bablu Naskar - Vs - Anand Kumar Gupta & Ors. GRSE is an added Respondents. Awaiting disposal upon hearing.
01	6	Md. Israil - Vs - Sita Ram Yadav & Ors GRSE is an added Respondents. Awaiting disposal upon hearing.
01	6	Debasish Chakraborty ....Petr. - Vs - GRSE Ltd. Claim for employment Awaiting disposal upon hearing.
01	6	Ashim De Chowdhury - Vs - GRSE Ltd. Claim for employment Awaiting disposal upon hearing.
01	6	GRSE Ltd. Workmen's Union & Ors. - Vs - GRSE Ltd. CCA Matter, Awaiting disposal upon hearing.





Number of Cases	Period of Pendency (Years)	Reasons for pendency
<b>In High Court at Ernakulam, Kerala</b>		
01	6	Claim for compassionate appointment. Awaiting disposal upon hearing.
<b>In Supreme Court of India</b>		
01	14	Safai Karmachari Andolan & Ors - Vs.- UOI & Ors GRSE is an added respondent. Awaiting disposal upon hearing.
01	1	Kolkata High Court Vs. GRSE High Court upheld the judgement of 2nd Labour Court that State Govt. is appropriate Govt. Company appealed to Supreme Court against this order of High Court.

#### **V. PENDING ARBITRATION MATTERS :**

01	2 year	Before PMA. Heavy Engineering Corporation - Vs - GRSE. HEC claimed eviction of GRSE from the land occupied by DEP at Ranchi with damages , alternatively to pay Lease - rent. Heard on the issues of non-maintainability of reference of HEC and rejection of claim of HEC. Order is awaited.
01	4 Year	Case: Arbitration between KPCL - Vs - GRSE. KPCL referred the dispute for adjudication there arbitration. Arbitrator was appointed. KPCL questioned the appointment and moved before the High Court for appointment of an arbitrator by High Court. Later on the petition was withdrawn. Arbitration hearings commenced. Pleadings filed by both the parties and hearing is in progress.
01	2 year	Before the Court of Subordinate Judge - I , Ranchi . GRSE -Vs- HEC . Suit filed by GRSE for a declaration that GRSE has acquired irrevocable license coupled with interest in land in lawful possession of GRSE by setting up Diesel Engine Plant Vis-à-vis HEC and for permanent injunction upon HEC.
01	2 year	Surya Alloy Industries Ltd. - Vs - GRSE. Surya Alloy claimed refund of LD deducted plus interest. Pleading completed . Hearing commenced.
04	3 year	<ul style="list-style-type: none"> <li>3 Nos Writ Petitions filed by Central Coalfield Ltd. Challenging the Appellate Awards passed in favour of GRSE. Hearing in progress.</li> <li>Petition filed by KPCL in the District Court at Pune for an interim stay on recovery of claim by GRSE.</li> </ul>



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE  
FINANCIAL STATEMENTS OF GARDEN REACH SHIPBUILDERS &  
ENGINEERS LIMITED, KOLKATA FOR THE YEAR ENDED 31 MARCH 2015.**

The preparation of financial statements of **Garden Reach Shipbuilders & Engineers Limited, Kolkata** for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on these financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their **Audit Report dated 17 July 2015 and revised Report dated 25 August 2015.**

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Garden Reach Shipbuilders & Engineers Limited, Kolkata for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. In view of the revisions made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the **Note No.29.24 of Note No.29 'Other Notes to the financial statements' forming part of financial statements**, I have no further comments to offer upon or supplement to the statutory auditors' report, under section 143(6)(b) of Companies Act, 2013.

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

Sd/-

**(V K Girijavallabhan)**

Pr. Director of Commercial Audit  
& ex-officio Member, Audit Board, Bangalore

Bangalore  
Dated : 26.08.2015





**BALANCE SHEET AS AT 31ST MARCH, 2015**

(₹ in lakh)

Particulars	Note No.	As on 31st March, 2015	As on 31st March, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share capital	2	12,384.00	12,384.00
(b) Reserves and surplus	3	84,390.67	83,196.46
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	4	2,150.08	2,402.86
(b) Deferred tax liabilities (Net)	5	1,396.58	1,404.24
(c) Long term provisions	6	807.17	333.04
<b>(3) Current Liabilities</b>			
(a) Trade payables	7	55,829.41	37,026.89
(b) Other current liabilities	8	561,501.85	493,896.96
(c) Short-term provisions	9	18,436.33	12,411.76
<b>Total</b>		<b>736,896.09</b>	<b>643,056.21</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		36,006.11	35,760.43
(ii) Intangible assets		567.78	787.69
(iii) Capital work-in-progress		1,120.66	1,770.92
		37,694.55	38,319.04
(b) Non-current investments	11	0.44	0.44
(c) Long term loans and advances	12	6,378.53	3,276.83
(d) Other non-current assets	13	2,819.29	3,005.53
<b>(2) Current assets</b>			
(a) Inventories	14	456,066.04	524,099.26
(b) Trade receivables	15	15,172.23	4,655.50
(c) Cash and bank balances	16	197,905.08	44,795.51
(d) Short-term loans and advances	17	18,220.31	22,268.15
(e) Other current assets	18	2,639.62	2,635.95
<b>Total</b>		<b>736,896.09</b>	<b>643,056.21</b>

Significant Accounting Policies  
Other Notes to Financial Statements

1  
29

The notes 1 to 29 referred to above form an integral part of these financial statements.

**As per our report of even date attached.**

**For G. P. AGRAWAL & CO.**  
Chartered Accountants  
Firm's Registration No. - 302082E

Sd/-  
**CA. Ajay Agrawal**  
Partner  
Membership No. 17643

Place : Kolkata  
Date : 25th August, 2015

**For and on behalf of the Board of Directors**

Sd/-  
**Rear Admiral A. K. Verma IN (Retd.)**  
Chairman & Managing Director  
DIN - 05177972

Sd/-  
**S. Mahapatra**  
Company Secretary

Sd/-  
**S.S. Dogra**  
Director (Finance)  
DIN - 07052300

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

(₹ in lakh)

	Particulars	Note No.	For the year ended 31st March, 2015	For the year ended 31st March, 2014
I.	Revenue from Operations (Gross)	19	161,469.13	161,535.13
	Less : Excise duty		573.77	470.56
II.	Other Income	20	160,895.36	161,064.57
III.	<b>Total Revenue (I +II)</b>		<b>167,822.51</b>	<b>169,810.20</b>
IV.	Expenditure :			
	Cost of materials consumed	21	83,357.54	89,551.02
	Purchase of Products for resale	22	15,181.63	10,743.19
	Changes in inventories of work in progress	23	168.57	(923.93)
	Sub-contracting charges		10,636.95	7,790.04
	Other Expenses - project related	24	4,410.07	4,245.30
	Employee benefits expense	25	31,002.78	30,786.04
	Finance costs	26	170.16	438.02
	Depreciation and amortization expense		2,710.63	2,207.07
	Other expenses	27	14,079.64	6,480.57
	<b>Total Expenses</b>		<b>161,717.97</b>	<b>151,317.32</b>
V.	Profit before exceptional and extraordinary items and tax (III-IV)		6,104.54	18,492.88
VI.	Exceptional Items	28	1,497.52	230.53
VII.	Profit before extraordinary items and tax (V+VI)		7,602.06	18,723.41
VIII.	Extraordinary Items		-	-
IX.	<b>Profit before tax (VII-VIII)</b>		<b>7,602.06</b>	<b>18,723.41</b>
X.	Tax expense:			
	(1) Current tax		3,166.15	5,670.43
	(2) Adjustment relating to prior years		8.31	8.48
	(3) Deferred tax		82.33	898.28
XI.	<b>Profit/(Loss) for the year</b>		<b>4,345.27</b>	<b>12,146.22</b>
XII.	Earning per equity share (Nominal value per share ₹ 100/-):			
	Basic and Diluted [Refer Note No. 29 (15)]		35.09	98.08

Significant Accounting Policies

1

Other Notes to Financial Statements

29

The notes 1 to 29 referred to above form an integral part of these financial statements.

**As per our report of even date attached.****For and on behalf of the Board of Directors****For G. P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

Sd/-

**Rear Admiral A. K. Verma IN (Retd.)**

Chairman &amp; Managing Director

DIN - 05177972

Sd/-

**CA. Ajay Agrawal**

Partner

Membership No. 17643

Sd/-

**S. Mahapatra**

Company Secretary

Sd/-

**S.S. Dogra**

Director (Finance)

DIN - 07052300

Place : Kolkata

Date : 25th August, 2015



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**

(₹ in lakh)

		For the year ended 31st March, 2015		For the year ended 31st March, 2014
<b>A. Cash flow from operating activities:</b>				
Profit before exceptional items, extra-ordinary items and taxation		7,602.06		18,723.41
Adjustments for -				
Interest income		(3,316.91)		(7,847.69)
Depreciation & amortisation expense		2,710.63		2,207.07
Retirement of Assets - (Profit ) / Loss		0.13		10.26
Finance cost		170.16		438.02
Unrealized loss/ (gain) on foreign exchange fluctuation		(1,037.85)		464.92
Liability no longer required written back		(226.18)		(187.69)
<b>Operating profit before working capital changes</b>		<b>5,902.04</b>		<b>13,808.30</b>
<b>Adjustments for changes in working capital :</b>				
(Increase)/Decrease in Trade Receivables	(10,583.26)		4,599.45	
(Increase)/Decrease in Loans & Advances	(139,017.21)		2,468.49	
(Increase)/Decrease in Current & Non Current Assets	192.29		61,141.40	
(Increase)/Decrease in Inventories	68,033.22		(114,402.90)	
Increase/(Decrease) in Trade, Other Payables & Provisions	92,628.98		40,154.90	
		11,254.02		(6,038.66)
<b>Cash generated from/ (used in) operations</b>		<b>17,156.06</b>		<b>7,769.64</b>
Taxes paid (net of refunds)		(6,411.12)		(6,067.56)
<b>Net cash from operating activities</b>		<b>10,744.94</b>		<b>1,702.08</b>
<b>B. Cash flow from investing activities:</b>				
Purchase of fixed assets (including intangibles)		(2,346.31)		(4,887.45)
Interest received		3,352.75		8,382.49
<b>Net cash used in investing activities</b>		<b>1,006.44</b>		<b>3,495.04</b>
<b>C. Cash flow from financing activities:</b>				
Repayment of Long term Borrowings		(252.78)		(109.22)
Interest and other borrowing cost paid		(140.16)		(434.77)
Dividend paid		(1,238.40)		(3,869.25)
Dividend tax paid		(210.47)		(657.58)
<b>Net cash used in financing activities</b>		<b>(1,841.81)</b>		<b>(5,070.82)</b>
<b>Net Increase/(Decrease) in cash &amp; cash Equivalents</b>		<b>9,909.57</b>		<b>126.30</b>
<b>Opening cash and &amp; cash equivalents</b>		<b>1,695.51</b>		<b>1,569.21</b>
<b>Closing cash &amp; cash equivalents ( Refer note 16)</b>		<b>11,605.08</b>		<b>1,695.51</b>





**Notes :**

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement as notified under the Companies (Accounting Standards) Rules, 2006.
2. Cash and cash equivalents as at the Balance sheet date consists of :

(₹ in lakh)

		<b>For the year ended 31st March, 2015</b>		<b>For the year ended 31st March, 2014</b>
Balances with banks				
Current accounts		1,399.92		1,590.73
Fixed deposits (Original maturity upto 3 months)		10,200.00		100.00
Cash on hand		5.16		4.78
Cash & cash equivalents		11,605.08		1,695.51

3. Figures in brackets represent cash outflow from respective activities.
4. As break up of cash and cash equivalent is also available in Note 16, reconciliation of items of cash & cash equivalents as per Cash Flow Statement with the respective items reported in the Balance Sheet is not required and hence not provided.
5. Cash and cash equivalents do not include any amount which is not available to the company for its use.
6. Additions to fixed assets include movement of Capital work -in progress during the year.

Significant Accounting Policies -Refer Note 1

Other Notes to Financial Statements -Refer Note 29

The notes 1 to 29 referred to above form an integral part of these financial statements.

**As per our report of even date attached.**

**For and on behalf of the Board of Directors**

**For G. P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

Sd/-

**CA. Ajay Agrawal**

Partner

Membership No. 17643

Sd/-

**S. Mahapatra**

Company Secretary

Sd/-

**Rear Admiral A. K. Verma IN (Retd.)**

Chairman & Managing Director

DIN - 05177972

Sd/-

**S. S. Dogra**

Director (Finance)

DIN - 07052300

Place : Kolkata

Date : 25th August, 2015



## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### I. BASIS OF ACCOUNTING :

- i) The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the Generally Accepted Accounting Principles (GAAP). GAAP comprises applicable accounting standards as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India, relevant applicable provisions of the Companies Act, 1956, and Companies Act, 2013 to the extent applicable.
- ii) In preparing the financial statements in conformity with accounting principles generally accepted in India, Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the accounts of revenue and expenses during the reported period. Actual result could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

#### II. FIXED ASSETS:

- i) Tangible Assets procured by the Company are shown at Cost less accumulated depreciation and impairment, if any. Capital Works executed internally are valued at prime cost plus appropriate overheads. No charges for supervision are levied on civil capital projects.

Cost means cost of acquisition inclusive of inward freight, duties and taxes and incidental

expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs, if any.

- ii) Intangible assets are recorded at the cost incurred for its acquisition and are carried at cost less amortization and impairment. Cost of Intangibles is capitalized where it is expected to provide future enduring economic benefits and the cost can be measured reliably. Capitalization costs include license fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant intangible asset is put to use.
- iii) Retirement of Assets: Unserviceable tangible assets are valued at the net realisable value. In case the net realisable value is not available, the same is considered at 5% of original cost as scrap value.
- iv) Fixed Assets acquired with financial assistance from outside agency either wholly or partially are capitalised at net cost to the Company.

#### III. DEPRECIATION AND AMORTIZATION :

##### A. Depreciation on Tangible & Intangible Assets

Pursuant to the enactment of the Companies Act, 2013 and its applicability for the accounting period commencing 1st April 2014, the Company has reviewed and revised the estimated useful lives of the Tangible assets generally in accordance with the provisions of Part C of Schedule II of the Act. The useful lives of the Tangible assets as prescribed in the Act are applied except for following classes where the Management has estimated the useful lives based on the technical assessment and evaluation.

Particulars	Description	Years
Plant & Machinery	Hand power tools like grinders, chippers, drilling machines; Fastening tools like bottle screws, clamps & slings, hoist /chain-pulley blocks, hooks, shackles, Measuring and testing devices	8
-Do-	Miscellaneous tools /tackles and accessories thereof; Welding Torches, Gas Torches, Portable Electrode Ovens, Masks & helmets; Small instruments, measurements /control devices	5
-Do-	Goliath Crane (250 Ton Capacity)	25
Furniture & Fixture	All electronic /electrical gadgets like refrigerator, MW/ other ovens, TV sets/ entertainment systems/ Geyser/Water heater, Water purifiers & coolers, Air coolers, Electronic Medical gadgets/instruments, Canteen gadgets/utilities	5



Depreciation on assets is provided on straight line method over the respective useful life of the assets. The residual value has been considered at the rate of 5% of the original cost of the respective assets.

- i. Pro-rata depreciation is charged on tangible assets from/up to the date on which such assets are ready to put to use /are deleted or discarded
- ii. Intangible assets are amortized over their respective individual estimated useful life on a straight line basis commencing from the date such asset is acquired for use in the Company. Software, which is not an integral part of the related hardware, is classified as an intangible asset and amortised on a straight line basis over a period of five years, based on the estimated useful life of individual software. License fee for manufacturing right for a specific period is amortized on a straight line basis over the said specific period.
- iii. Pro-rata amortization is charged on intangible assets from / up to the date on which such assets are acquired for use / are deleted or discarded.
- iv. Individual items of tangible and intangible assets valuing ₹ 5,000/- or less is fully depreciated or amortized in the year of acquisition or put to use.
- v. In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life of the assets.
- vi. Air Conditioners have been classified under the head furniture & fixtures and useful life is considered as applicable to furniture & fixtures under Schedule II of Companies Act, 2013.
- vii. Depreciation on second hand assets -  
Depreciation on second hand tangible assets is charged on straight line method to write off 95% of the cost over the estimated useful lives of such asset based on the internal technical assessment and evaluation.

#### **B. Leasehold properties**

Leasehold properties are amortized evenly over the period of the lease.

#### **IV. IMPAIRMENT OF ASSETS:**

On the basis of annual assessment, impairment loss, if any, is provided. Impairment loss is the shortfall of the recoverable amount vis-à-vis the carrying amount. The recoverable amount is determined for defined Cash Generating Units (CGU).

#### **V. VALUE OF INVENTORIES :**

Inventories other than Work in Progress arising under Construction contract are valued at the lower of cost and net realisable value. The cost is determined as under :

- i) (a) Raw materials, stores and spares : Valued at weighted average rates.  
(b) Inplant items : Valued at standard cost.
- ii) Equipment for specific projects : Valued at cost.
- iii) Stores in transit and non-stock items : Valued at cost.

#### **Note :**

- a) Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location. Cost includes taxes and duties and is net of credit under CENVAT and VAT, where applicable.
- b) In-plant items are valued at standard cost for convenience taking into account normal level of activity and regularly reviewed.
- iv) Obsolete, slow-moving and defective inventories are identified at the time of physical verification and where necessary provision is made for such inventories. Project specific stores not moving for 4 years and more from the date of delivery of a vessel are valued at 50% on review. Such valuation at 50% on review is also made in respect of materials not for any specific project which do not move for 4 years or more from the date of receipt.
- v) Scrap : Valued at estimated net realisable value.
- vi) Inter-transfer items (Pending final transfer) : At cost, limited to transfer price.
- vii) Work-in-progress : Valuation of work-in-progress is done on the following basis and the term cost includes all overheads :

#### **1. Recognition of revenue - Valuation of Work in Progress**

##### **A. Construction Contract**

##### **a) Cost Plus Contracts:**

"At cost incurred plus profits accrued up to the reporting date as per Contract / Letter of Intent."

##### **b) Fixed Price Contracts :**

##### **(i) Where profit can be reliably measured :**

"At costs incurred up to the reporting date plus





profits recognized under percentage completion method in the proportion the actual costs incurred bear to the estimated total cost to completion as on that date".

**(ii) Where loss is anticipated :**

"When it is probable that total contract costs will exceed the total contract revenue, the expected loss is fully recognized as an expense immediately, irrespective of physical progress achieved on the reporting date."

**B. Ship Repair Contracts :**

- (i) Work done against contracts extending up to 12 months is valued at cost or realizable value, whichever is lower. Profit, if any, is recognized in the year in which the repair is completed.
- (ii) For contracts extending beyond 12 months, the valuation is done as per policy for construction contracts as stated above.

**C. Others :**

All items other than the above Construction Contracts & Ship Repair Contracts have been valued at lower of cost and net realisable value.

**VI. REVENUE RECOGNITION :**

Revenue is recognized and accounted for if there is no significant uncertainty in collection of the amount of consideration.

**(A) Sales :**

**1. Sales other than Turnkey Projects :**

- a) Sales against contracts are reflected in the accounts of the year in which the deliveries are made to the customer.
- b) Sale values are ascertained in accordance with contractual provisions.
- c) Where the contract prices are not finalized, sales are accounted for on provisional basis.
- d) Additional revenue, in respect of contracts completed in earlier years, is accounted for as sales in the year in which such revenue materializes.
- e) Credit notes issued to customers and deductions accepted are reduced from sales in the year in which they are effected.
- f) Sales include Excise duty and Service Tax, wherever applicable, and excludes Value Added Tax, Central Sales Tax, Works Contract Tax etc.

- g) Revenue Recognition in respect of ongoing construction contracts is done using percentage completion method as stated in para V(viii)(1) above.

**2. Sales in case of Turnkey Projects:**

- a) If part delivery and payment is provided in the contract, sales on part delivery are accounted for.
- b) In case of an indivisible contract, or specific items thereof, sales are considered on completion and handing over of the project.

**(B) Interest Income:**

Interest Income is accounted for on accrual basis in time proportion inclusive of related tax deducted at source.

**VII. GRANTS/SUBSIDY :**

- (i) Capital Grants / Subsidies

Capital grants/Subsidies relating to specific assets are reduced from the gross value of the assets and capital grants for project capital subsidy are credited to Capital Reserve and retained till the requisite conditions are fulfilled.

- (ii) Revenue Grants / Subsidies

Government grants related to revenue items are adjusted with the related expenditure. If not related to a specific expenditure, it is taken as income.

**VIII. BORROWING COST**

Borrowing costs are capitalized as part of qualifying assets. Other borrowing costs are considered as revenue expenditure.

**IX. INSURANCE CLAIMS :**

Amounts due against insurance claims are accounted for on accrual basis; in respect of claims not finally settled by the underwriter, credits are reckoned, based on the company's estimate of the realisable value.

**X. TAXES ON INCOME :**

Current tax is determined as the amount of tax payable in respect of taxable income for the period in accordance with the Income Tax Act, 1961.

Deferred tax is recognized on timing difference between taxable income and accounting income subject to consideration of prudence and provided for as per the tax rates and laws that have been

enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets on unabsorbed depreciation and carrying-forward of losses are not recognized unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

#### **XI. RETIREMENT BENEFITS :**

##### **(i) Provident Fund and Pension :**

a) Retirement benefits in the form of Provident Fund and Family Pension Funds are defined contribution schemes and the contribution is charged to profit and loss of the year when the contributions to the respective funds are due in accordance with the relevant statute.

b) Defined contribution to Superannuation Pension Scheme is made on Annual basis at the applicable rates as per approved Pension scheme.

##### **(ii) Gratuity :**

Gratuity Fund, a defined benefit scheme, is administered through duly constituted independent Trust and yearly contributions based on actuarial valuation as determined by LIC are charged to revenue. Any additional provision as may be required, is provided for on the basis of actuarial valuation as per Accounting Standard -15 on Employee Benefits. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

##### **(iii) Leave Liability :**

Liability towards Earned Leave in respect of all employees is provided based on actuarial valuation as per Accounting Standard -15 on Employee Benefits using Projected Unit Credit method for the unused entitlements that has accumulated at the Balance Sheet date. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

##### **(iv) Voluntary Retirement Scheme:**

Actual disbursement made under Voluntary Retirement Scheme is charged to revenue.

##### **(v) Post Retirement Medical Scheme**

a) The post retirement medical benefits scheme to the existing employees is a defined benefit scheme and are determined based on actuarial valuation as per Accounting Standard -15 on

Employee Benefits using Projected Unit Credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

b) Post retirement medical benefits in the case of the super annuated employees are defined contribution schemes and premium paid to an Insurance company is charged to profit and loss of the year.

#### **XII. VARIATION IN FOREIGN EXCHANGE RATES :**

##### **(1) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### **(2) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using exchange rate at the date of the transaction. Advances paid to foreign suppliers for material / services are treated as non-monetary assets and consequently are reported using exchange rate on the date of transaction.

##### **(3) Exchange Difference**

Exchange differences arising on the settlement of monetary items or on reporting a company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

#### **XIII. LICENCE FEE :**

Licence Fee for manufacturing right for a specified period is amortised over the said specified period.

#### **XIV. RESEARCH AND DEVELOPMENT :**

Capital expenditure on research and development is included in fixed assets and revenue expenditure on research and development is charged as expenditure in the year in which it is incurred.





#### **XV. MISCELLANEOUS :**

##### **i) Loose Tools and Tackles:**

a) Loose Tools and Tackles are charged to revenue, on issue from stores, if the cost of the individual items does not exceed ₹ 5,000/-.

b) Cost of such tools & tackles individually costing over ₹ 5,000/- is written off evenly over a period of five years commencing from the year of purchase.

##### **ii) Materials with contractors:**

Materials, if any, held by the contractors for processing are treated as part of work-in-progress.

##### **iii) Liquidated Damages :**

Provision for liquidated damages is made in the accounts separately as per the contractual provision/proportionate liability basis keeping in view the delay caused by the factors beyond the control of the Company.

##### **iv) Guarantee repair :**

Provision for guarantee liability in respect of delivered ships is made on the basis of actuarial estimates. Such provision for all other products is made, as applicable, on the basis of management estimates.

Values of free supply items are not booked to job/work-in-progress except in the cases permitted by the contracts. However, value added thereon is taken to value of Production and in Sales.

##### **v) Advance from customers :**

Advances from customers are after adjusting dues, if any under sales accounts, and include advances received against placement of order and stage payments.

#### **XVI. CLAIMS :**

Claims against the Company are assessed on the basis of evaluation of facts and legal aspects of the matter involved. Where such assessment indicate probable obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, adequate provision is made otherwise claims against the company are disclosed as claims not acknowledged as debts.

A Contingent Asset is neither recognised nor disclosed in the Financial Statements.

#### **XVII. SEGMENT REPORTING :**

Segments are identified having regard to the dominant source and nature of risk and returns and the internal organization and management structure. The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. Inter-segment revenue are accounted for on the basis of transfer price acceptable to the final customer. Assets pertaining to Corporate Office or not specific to segment activities are separately indicated.

#### **XVIII. PROPOSED DIVIDEND :**

Dividends (including income tax thereon) are provided as proposed by the Directors in the Books of Accounts on accrual basis pending approval at the Annual General Meeting.

#### **XIX. TRADE RECEIVABLES :**

Debts from Government / Government departments / Government Companies are generally not treated as doubtful. However, provisions are made in the Accounts on a case to case review basis excepting those which are not contractually due.

#### **XX. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit/loss before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### **XXI. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash in hand, cheques in hand, balance with banks in current accounts and short term, highly liquid investments with an original maturity of three months or less and which carry insignificant risk of changes in value.

#### **XXII. PROVISIONS IN THE ACCOUNTS AGAINST CONTINGENT LIABILITY**

**(1) In non-tax civil cases:** In the case of non-tax civil cases, creation of accounting provisions will be considered on a review of status of each case as on the reporting date and provisions may be made in the Accounts on the basis given below:



(a) In the Arbitration cases where the Company has not contested or does not intend to contest the adverse outcome of arbitral award, the liability will not be treated as contingent and full provision may be considered.

(b) Where an adverse award / decision is given by the Arbitrator or by the trial court and an appeal is preferred by the Company or intended to be preferred, provision may be made as follows :

i) After the claim is disposed of by the Arbitrator - 25% of the amount in dispute.

ii) After the claim is disposed off by Higher Appeal Court - 50% of the amount in dispute, until disposal by the final appeal court. Revision petition, larger bench of the same court will be considered as part of the relevant appeal process in the said court.

(c) Full provision of the disputed claim may be considered in the case of an award / decision where the Company does not proceed to contest the appellate award.

(d) No provision may be made in case of demands raised by Govt Dept / Statutory Authority/ by Commissioner or Tribunal set up by such Govt Dept / Statutory Authority if the said demand is contested within the set-up of such Govt Dept / Statutory Authority.

(2) **In taxation cases :** In the matter of taxation cases the claimed amount may be considered as contingent liability and no provision may be considered if the decision up to Appeal stage goes against the company and if the Company has contested or intends to contest such decision before the Appellate Tribunal.

However where the decision of Appellate Tribunal is against the Company, full provision of the amount in dispute may be made irrespective of whether the Company contests such decision at any higher forum.

	Particulars	As at 31st March, 2015		As at 31st March, 2014	
		No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
<b>2. Share Capital</b>					
(i) <b>Authorised</b>					
	Equity shares of ₹ 100/- each	12,500,000	12,500.00	12,500,000	12,500.00
(ii) <b>Issued, subscribed and fully paid up</b>					
	Equity shares of ₹100/- each	12,384,000	12,384.00	12,384,000	12,384.00
<b>Total</b>			<b>12,384.00</b>		<b>12,384.00</b>

(iii) **Shareholders holding more than 5 % of the equity shares in the Company :**

Shareholder	2014-15		2013-14	
	No. of Shares	Percentage	No. of Shares	Percentage
President of India including his nominees	12,384,000	100%	12,384,000	100%

(iv) The Company has only one class of equity shares. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share.

(v) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.



Notes forming part of Financial Statements for the year ending 31st March, 2015

(₹ in lakh)

Particulars		As at 31st March, 2015	As at 31st March, 2014
<b>3. Reserves and Surplus</b>			
<b>Capital Reserves</b>			
Balance at the beginning and end of the year	(a)	399.24	399.24
<b>Contract Contingency Reserve</b>			
Balance at the beginning of the year		—	2,100.00
Less: Transfer to General Reserve		—	(2,100.00)
Balance at the year end	(b)	—	—
<b>Corporate Social Responsibility (CSR) Reserve</b>			
Balance at the beginning of the year		207.26	237.86
Add: Transferred from Surplus		1.62	—
Less : Transfer to General Reserve		—	(30.60)
Balance at the year end	(c)	208.88	207.26
<b>General Reserve</b>			
Balance at the beginning of the year		13,746.92	10,401.70
Add: Transferred from Surplus in the Statement of Profit and loss		434.53	1,214.62
Add: Transferred from Contract Contingency Reserve		—	2,100.00
Add: Transferred from CSR Reserve		—	30.60
Less: Transitional Depreciation of earlier years		(170.04)	—
Balance at the year end	(d)	14,011.41	13,746.92
<b>Surplus in the Statement of Profit and Loss</b>			
Balance at the beginning of the year		68,843.04	60,809.18
Add: Profit for the year		4,345.27	12,146.22
Amount available for appropriation		73,188.31	72,955.40
Less: Appropriations			
CSR Reserve		1.62	—
General Reserve		434.53	1,214.62
Interim Dividend		—	1,238.40
Tax on Interim Dividend		—	210.47
Proposed Dividend		2,476.80	1,238.40
Tax on Proposed Dividend		504.22	210.47
Balance at the year end	(e)	69,771.14	68,843.04
<b>Total a+b+c+d+e</b>		<b>84,390.67</b>	<b>83,196.46</b>

Notes:

- Contract Contingency Reserve had been created towards future liability for delayed delivery of ships under cost plus contracts which has now been transferred to General Reserve since the same is not required.(Refer 3(b) above).
- CSR Reserve had been created for unspent amount in the CSR Budget to be utilised exclusively for CSR activities. (Refer 3 (c) above).
- General reserve is primarily created to comply with the requirements of section 123(1) of the Companies Act, 2013. This is a free reserve and can be utilised for any general purpose like issue of bonus shares, payment of dividend, buy back of shares etc. (Refer 3 (d) above).
- During the year ended 31st March, 2015, the Board of Directors has declared an interim dividend of ₹ NIL/- (Previous year ₹ 10/-) per equity share. Further, the Board of Directors has proposed a final dividend of ₹ 20/- (Previous year ₹ 10/-) per equity share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The total dividend appropriation (including tax on dividend) for the year ended March 31, 2015 amounted to ₹ 2,981.02 lakh (Previous year ₹ 2,897.74 lakh) (Refer 3 (e) above).
- Written down value of Fixed Assets whose useful lives have expired as at 1st April, 2014 amounting to ₹ 260.03 lakh have been adjusted in General Reserve to the extent of ₹ 170.04 lakh after adjustment of ₹ 89.99 lakh against deferred Tax of current year.

## Notes forming part of Financial Statements for the year ending 31st March, 2015

(₹ in lakh)

Particulars	As at 31st March, 2015		As at 31st March, 2014
<b>4. Long Term borrowings</b>			
<b>Deferred Credit -Unsecured</b>			
Foreign Suppliers	2,150.08		2,402.86
<b>Total</b>	<b>2,150.08</b>		<b>2,402.86</b>

The outstanding amount is repayable by 01.04.2037 in 22 annual instalments of ₹ 102.39 lakh. (Refer Note No. 29.4). A revaluation of the outstanding deferred credit as on 31.03.2015 has been done in terms of an Reserve Bank of India (RBI) advice received in March 2015 wherein the manner of future SDR indexation has been revised. The yearly instalment amount has been determined on the basis of the SDR rate as advised by RBI being applicable w.e.f. 01.04.2015. Such revalued deferred credit has also been shown as recoverable from Indian Navy (Refer Note no. 13).

<b>5. Deferred Tax Liabilities (Net)</b>			
<b>Deferred Tax Liability</b>			
Depreciation on Fixed Assets	4,506.94		3,720.50
<b>Deferred Tax Assets</b>			
i) Provision for Bad & Doubtful Debts	277.91		317.30
ii) Provision for Leave encashment	1,858.10		1,659.92
iii) Provision for Guarantee period liability	698.21		168.97
iv) Provision for Gratuity liability	276.14		170.07
	<b>3,110.36</b>		<b>2,316.26</b>
<b>Net Deferred Tax</b>	<b>1,396.58</b>		<b>1,404.24</b>

Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

<b>6. Long-term provisions</b>				
Provisions for employee benefits (Refer Note No. 29.12)				
Accrued leave	4,318.48		3,885.72	
Less : Leave fund with LIC	(4,318.48)	-	(3,885.72)	-
Post retirement medical benefits		807.17		333.04
<b>Total</b>		<b>807.17</b>		<b>333.04</b>





Notes forming part of Financial Statements for the year ending 31st March, 2015

(₹ in lakh)

Particulars	As at 31st March 2015	As at 31st March 2014
<b>7. Trade payable</b>		
Micro and small enterprises [Refer Note No.29.11]	168.69	220.66
Others	55,660.72	36,806.23
<b>Total</b>	<b>55,829.41</b>	<b>37,026.89</b>

<b>8. Other current liabilities</b>			
Current maturities of long -term deferred credit (Refer Note No. 4 & 29.4)	102.39		109.22
Interest accrued and due on borrowings	—		48.57
Other payables :			
Advance received from Customers	553,674.18		489,195.41
Security Deposit	471.58		447.69
Accrued salaries and benefits	213.16		91.06
Accrued expenses :			
Power & Fuel	—		83.39
Rent	361.51		141.94
Liquidated damages	4,190.70		1,807.65
Others	855.85		661.30
Statutory liabilities :			
Sales Tax	1,257.85		904.05
Service Tax, Provident Fund, TDS and Works Contract tax etc.	374.63		406.68
<b>Total</b>	<b>561,501.85</b>		<b>493,896.96</b>

<b>9. Short-term provisions</b>			
Provisions for employee benefits (Refer Note No. 29.12)			
Accrued leave	1050.51		997.81
Less : Leave fund with LIC	(859.82)	190.69	(858.48)
Post retirement medical benefit		233.51	
Other provisions:			
Wealth Tax [Net of Advance tax ₹ 0.99 lakh Previous Year - ₹ 0.99 lakh]		0.41	0.46
Guarantee Repair		2,017.49	497.12
Proposed dividend		2,476.80	1,238.40
Tax on proposed dividend		504.22	210.47
Other provisions		13,013.21	10,194.29
<b>Total</b>		<b>18,436.33</b>	<b>12,411.76</b>

## Notes forming part of Financial Statements for the year ending 31st March, 2015

## 10. Fixed assets

(₹ in lakh)

Description	GROSS BLOCK			DEPRECIATION AND AMMORTISATION				NET BLOCK	
	a	b	c	d=a+b-c	e	f	g	h=e+f-g	j=a-e
	Balance as on 01.04.2014	Addition	Deductions/ Adjustments	As at 31.03. 2015	Balance as on 01.04.2014	For the Year	Deductions/ Adjustments	Upto 31.03.2015	As at 31.03.2014
<b>A. TANGIBLE ASSETS</b>									
Land - Freehold	5,125.72	-	-	5,125.72	-	-	-	-	5,125.71
Building	4,204.74	24.65	-	4,229.39	2,128.34	101.00	-	2,229.34	1,844.50
Plant & Equipment	22,938.16	648.04	2.61	23,583.59	7,577.38	1,079.47	2.48	8,654.37	15,588.24
Electrical Installations	489.85	23.14	-	512.99	258.41	102.73	-	361.14	151.85
Docks & Jetties	3,446.03	2,145.12	-	5,591.15	1,951.44	191.47	-	2,142.91	1,496.69
Furniture & Fixtures	1,382.22	53.00	-	1,435.22	1,171.69	30.70	-	1,202.39	232.37
Office Equipments	245.91	18.36	0.15	264.12	192.72	17.87	0.14	210.45	84.91
Computer	2,050.91	23.63	-	2,074.54	1,237.51	229.03	-	1,466.54	869.54
Launches, Barges & Boats	75.35	-	-	75.35	69.00	0.18	-	69.18	6.35
Motor Car	18.25	-	-	18.25	4.35	5.22	-	9.57	16.96
Motor Lorries, Trailers, Mobile Cranes etc	118.84	17.95	-	136.79	91.11	9.68	-	100.79	452.68
<b>Sub-total (1)</b>	<b>40,095.98</b>	<b>2,953.89</b>	<b>2.76</b>	<b>43,047.11</b>	<b>14,681.95</b>	<b>1,767.35</b>	<b>2.62</b>	<b>16,446.68</b>	<b>25,717.95</b>
<b>Assets jointly funded by GRSE &amp; Indian Navy</b>									
Building	4,968.74	-	-	4,968.74	-	-	-	-	-
Less : Funded by Navy	(3,224.69)	-	-	(3,224.69)	-	-	-	-	-
Funded by GRSE	1,744.05	-	-	1,744.05	397.93	54.32	-	452.25	2,781.76
Plant & Equipment	3,611.10	-	-	3,611.10	-	-	-	-	-
Less : Funded by Navy	(861.00)	-	-	(861.00)	-	-	-	-	-
Funded by GRSE	2,750.10	-	-	2,750.10	114.03	176.80	-	290.83	2,653.41
Docks & Jetties	34,540.72	-	-	34,540.72	-	-	-	-	-
Less : Funded by Navy	(28,240.08)	-	-	(28,240.08)	-	-	-	-	-
Funded by GRSE	6,300.64	-	-	6,300.64	237.27	408.76	-	646.03	4,607.31
<b>Sub-Total (2)</b>	<b>10,794.79</b>	<b>-</b>	<b>-</b>	<b>10,794.79</b>	<b>749.23</b>	<b>639.88</b>	<b>-</b>	<b>1,389.11</b>	<b>10,042.48</b>
<b>Total Tangible Assets (a)</b>	<b>50,890.77</b>	<b>2,953.89</b>	<b>2.76</b>	<b>53,841.90</b>	<b>15,431.18</b>	<b>2,407.23</b>	<b>2.62</b>	<b>17,835.79</b>	<b>35,760.43</b>
<b>[ Sub total (1) + (2) ]</b>									
<b>B. INTANGIBLE ASSETS</b>									
Software (Acquired)	2,496.14	42.68	-	2,538.82	1,667.64	303.40	-	1,971.04	787.69
<b>GRAND TOTAL (a+b)</b>	<b>53,386.91</b>	<b>2,996.57</b>	<b>2.76</b>	<b>56,380.72</b>	<b>17,098.82</b>	<b>2,710.63</b>	<b>2.62</b>	<b>19,806.83</b>	<b>36,548.12</b>
<b>Previous Year</b>	<b>42,732.00</b>	<b>10,792.74</b>	<b>137.83</b>	<b>53,386.91</b>	<b>14,753.00</b>	<b>2,207.07</b>	<b>121.28</b>	<b>16,838.79</b>	<b>36,548.12</b>



**Notes forming part of Financial Statements for the year ending 31st March, 2015**

**10. Fixed assets (Contd.)**

**A] Capital Work-in-Progress**

(₹ in lakh)

Description	As at 31st March, 2015	As at 31st March, 2014
Building	—	19.44
Plant & equipments	744.50	591.56
Docks & Jetties	360.03	360.03
Furniture, Fixtures, Office Equipments	0.33	0.33
Softwares	—	3.48
Consultancy Charges	15.79	7.69
<b>TOTAL</b>	<b>1,120.66</b>	<b>982.53</b>

**B] Capital Work-in-Progress (Under Phase II Yard Modernisation - A/C GRSE)**

(₹ in lakh)

Description	As at 31st March 2015	As at 31st March 2014
Building	—	—
Docks & Jetties	—	788.39
Consultancy Charges	—	—
<b>TOTAL</b>	<b>—</b>	<b>788.39</b>
<b>Grand Total (A+B)</b>	<b>1,120.66</b>	<b>1,770.92</b>

10.1. Current year deductions include adjustment for Scrapping of assets only. Retired assets as on 31.03.2015 is ₹ Nil (previous year ₹ 35.71 lakh, original Cost ₹ 730.17 lakh) valued at estimated scrap value being 5% of original Cost.

10.2 Pursuant to the enactment of the Companies Act, 2013, the Company has applied estimated useful lives as specified in Schedule II, except in respect of certain assets as disclosed in para no. III(A) of Significant Accounting Policies. Accordingly, the unamortised carrying value is being depreciated /amortised over the revised/ remaining useful lives of respective asset. The written down value of Fixed Assets whose lives have expired as at 1st April, 2014 have been adjusted in General Reserve amounting to ₹ 260.03 lakh.

Had the Company continued to charge depreciation based on rates and manner as specified under the erstwhile Schedule XIV of the Companies Act, 1956, depreciation expenses for the year ended 31st March, 2015 would have been lower by ₹ 607.01 lakh and profit for the year ended on that date and net value of fixed assets as at that date would have been higher by like amount.

Further, retained earnings would have been higher by ₹ 170.04 lakh and the deferred tax liabilities would have been lower by ₹ 89.99 lakh.

10.3 Asset classes are re-grouped as on 01.04.2014 based on useful lives prescribed by Schedule II of Companies Act, 2013.

10.4 Depreciation includes amortisation in case of software.



### Notes forming part of Financial Statements for the year ending 31st March, 2015

- 10.5 The fixed assets include modern hull shop, a new dry dock, inclined berth, paint cell and other miscellaneous facilities which have been created under modernisation of infrastructure development. These assets have been jointly funded by the Indian Navy to the tune of ₹ 32,325.77 lakh.
- 10.6 Assets exclusively funded by Navy not included in Note No. 10, Original value is ₹ 801.23 lakh.
- 10.7 Building include ₹ 67.29 lakh (Original Cost) for Delhi Shipyard House being one third share in the property jointly held by the company, Mazagon Dock Shipbuilders Limited and Goa Shipyard limited.
- 10.8 The Useful life of 250 T Goliath crane has been considered by the management on the basis of:
- Past experiences of useful life of other Goliath crane (with lower capacity);
  - Assessment by our Engineering department depending on the technological advancements and improved maintenance procedures in vogue and;
  - Useful Life Certificate as given by the manufacturer.

(₹ in lakh)

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>11. Non-current investments (At cost)</b>		
<b>Long term (Other than trade)</b>		
Woodlands Multispeciality Hospital Ltd. (unquoted, fully paid up) :		
6,145 (Previous year 6,145) Equity Share of ₹10/- each (Following a scheme of re-arrangement and conversion)	0.44	0.44
<b>Total</b>	<b>0.44</b>	<b>0.44</b>



Notes forming part of Financial Statements for the year ending 31st March, 2015

(₹ in lakh)

Particulars		As at 31st March, 2015		As at 31st March, 2014
<b>12. Long Term Loan and Advances</b>				
(Unsecured, considered good unless stated otherwise)				
Capital Advances		868.70		868.70
Deposits with Electricity Board and others		329.31		450.93
Inter corporate deposits [Refer Note No.29.5]				
Unsecured, considered doubtful	200.00		200.00	
Less : Provision for doubtful deposits	(200.00)	-	(200.00)	-
Advance Income Tax and TDS [Net of Provisions ₹ 14,440.36 lakhs (Previous Year - ₹ 16,739.74 lakhs)]		5,122.02		1,885.36
Prepaid Expenses (Refer Note No. 29.10)		58.50		71.84
<b>Total</b>		<b>6,378.53</b>		<b>3,276.83</b>
<b>13. Other Non-current assets</b>				
Long term trade receivables				
Unsecured, considered good	669.21		602.67	
Doubtful	803.03		933.52	
	1,472.24		1,536.19	
Less : Provision for doubtful debts	803.03	669.21	933.52	602.67
Interest accrued and due on deposits [Refer Note No.29.5]				
Unsecured, considered doubtful	257.75		257.75	
Less:Provision for doubtful interest	257.75	-	257.75	-
Deferred credit recoverable				
Unsecured, considered good (Refer Note Nos. 4 and 29.4)		2,150.08		2,402.86
<b>Total</b>		<b>2,819.29</b>		<b>3,005.53</b>
<b>14. Inventories</b>				
Raw materials	69,825.46		67,888.35	
Less: Provision for obsolescence	314.53	69,510.93	112.12	67,776.23
Add: In transit		624.60		1,065.47
		70,135.53		68,841.70
Work in progress		384,649.52		454,562.67
Stores and spares		711.62		459.59
Loose tools		364.33		235.30
Scrap		205.04		-
<b>Total</b>		<b>456,066.04</b>		<b>524,099.26</b>



## Notes forming part of Financial Statements for the year ending 31st March, 2015

(₹ in lakh)

Particulars		As at 31st March, 2015		As at 31st March, 2014
<b>15. Trade receivables</b>				
(Unsecured, considered good)				
a) Outstanding for a period exceeding six months from due date		5,330.22		3,293.71
b) Others		9,842.01		1,361.79
<b>Total</b>		<b>15,172.23</b>		<b>4,655.50</b>
<b>16. Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
Balances with banks				
Current accounts		1,399.92		1,590.73
Fixed deposits (Original maturity upto 3 months)		10,200.00		100.00
Cash on hand		5.16		4.78
		<b>11,605.08</b>		<b>1,695.51</b>
<b>Other Bank Balances</b>				
Fixed deposits (Original maturity more than 3 months and upto 12 months)		161,800.00		43,100.00
Fixed deposits (with maturity of more than 12 months)		24,500.00		-
<b>Total</b>		<b>197,905.08</b>		<b>44,795.51</b>
<b>17. Short term loans and advances</b>				
(Unsecured, considered good unless stated otherwise)				
Deposit with Customs, Port Trust		3.29		4.17
Advances recoverable in cash or in kind or for value to be received Suppliers				
Unsecured, considered good	16,669.24		21,033.52	
Doubtful	0.31		0.31	
	<b>16,669.55</b>		<b>21,033.83</b>	
Less: Provision for doubtful advances	0.31	16,669.24	0.31	21,033.52
Employees		106.02		144.54
Excise		388.13		250.54
Sales Tax		293.51		212.09
Prepaid expenses (Refer Note No. 29.10)		760.12		623.29
<b>Total</b>		<b>18,220.31</b>		<b>22,268.15</b>
<b>18. Other Current Assets</b>				
(Unsecured, considered good)				
Interest accrued but not due on deposits		1,686.56		1,743.38
Current portion of long term deferred credit recoverables		102.39		109.22
Assets held for sale		35.72		35.72
Other receivables		814.95		747.63
<b>Total</b>		<b>2,639.62</b>		<b>2,635.95</b>





**Notes forming part of Financial Statements for the year ending 31st March, 2015**

(₹ in lakh)

Particulars	As at 31st March 2015	As at 31st March 2014
<b>19. Revenue from Operations</b>		
<b>Sale of Products :</b>		
Ship construction	201,089.03	12,434.94
Ship repair	0.28	741.63
B & D spares	16,320.22	11,548.90
General engineering	5,070.96	4,188.18
Diesel engines	6,086.04	175.33
<b>Sale of Services :</b>		
Ship repair	1,682.21	1,643.16
General engineering	380.34	5.55
Diesel engines	176.16	80.85
	230,805.24	30,818.54
Add/Less :		
Accretion/ (Decretion) to WIP - Ship construction & Repair	(69,539.57)	130,348.23
	161,265.67	161,166.77
<b>Other Operating Revenue :</b>		
Scrap sales	203.46	368.36
<b>Total</b>	<b>161,469.13</b>	<b>161,535.13</b>

Ship construction above include value of export for construction of an Offshore Patrol Vessel to Govt. of Mauritius amounting to ₹ 13,356.48 lakhs in current year and ₹ 10,626.04 lakhs in previous year.

<b>20. Other Income</b>		
Interest on deposits	3,316.91	8,222.94
Other non-operating income :		
Rent	8.35	8.19
Liquidated damages	2,469.99	353.48
Gain from Exchange Rate Fluctuations	1,037.85	-
Insurance claims	0.89	18.86
Other miscellaneous income	93.16	142.16
<b>Total</b>	<b>6,927.15</b>	<b>8,745.63</b>

<b>21. Cost of materials consumed</b>		
Raw materials	16,545.00	15,469.19
Components	66,812.54	74,081.83
<b>Total</b>	<b>83,357.54</b>	<b>89,551.02</b>

Note: As none of the individual raw materials mentioned above is more than 10% of the value of the consumption made during the year, itemwise break up of the raw materials and components have not been provided.

<b>22. Purchase of Products for resale</b>		
B & D spares	15,181.63	10,743.19
<b>Total</b>	<b>15,181.63</b>	<b>10,743.19</b>



## Notes forming part of Financial Statements for the year ending 31st March, 2015

(₹ in lakh)

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>23. Changes in inventories of work-in-progress</b>		
<b>Opening stock</b>		
Bailey Bridge unit	4,348.21	3,592.27
Engine unit	217.07	49.08
	<b>4,565.28</b>	<b>3,641.35</b>
<b>Closing stock</b>		
Bailey Bridge unit	4,150.94	4,348.21
Engine unit	40.73	217.07
	<b>4,191.67</b>	<b>4,565.28</b>
(Increase) / decrease in Work-in-progress	373.61	(923.93)
(Increase) / decrease in scrap	(205.04)	—
<b>Total</b>	<b>168.57</b>	<b>923.93</b>
<b>24. Other expenses - Project related</b>		
Facility Hire	211.52	173.99
Insurance	127.72	93.68
Travelling Expenses	111.47	143.93
Technicians' Fees	3,522.70	3,621.05
Launching & Commissioning Expenses	133.68	54.29
Miscellaneous Expenses	302.98	158.36
<b>Total</b>	<b>4,410.07</b>	<b>4,245.30</b>
<b>25. Employee benefits expense</b> (Refer Note No. 29.12)		
Salaries and wages	23,708.30	24,976.24
Contribution to provident fund and Other Funds	4,097.84	3,181.41
Staff welfare expenses	3,196.64	2,628.39
<b>Total</b>	<b>31,002.78</b>	<b>30,786.04</b>
<b>26. Finance costs</b>		
<b>Interest expenses :</b>		
Bank borrowings	102.08	375.25
Interest liability to customers	-	30.12
Others	30.00	18.31
<b>Other Borrowing cost :</b>		
Bank charges & Commission	38.08	14.34
<b>Total</b>	<b>170.16</b>	<b>438.02</b>



Notes forming part of Financial Statements for the year ending 31st March, 2015

(₹ in lakh)

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>27. Other expenses</b>		
Consumption of stores and spares parts	134.94	210.09
Power and fuel	1,023.51	989.03
Rent	343.78	195.37
Repair to buildings	487.37	520.97
Repair to plant & equipment	302.57	291.84
Other repairs	679.29	627.17
Insurance	99.88	135.19
Rates and taxes	167.83	136.96
Marketing expenses	119.59	56.56
Guarantee repair expenses	1,520.37	14.79
Stores clearing & despatch expenses	95.29	163.47
Liquidated damages	6,765.00	323.14
Transport hire charges	470.09	461.65
Travelling expenses	286.84	315.09
Advertisement & publicity	452.96	381.68
Printing & stationary	3.33	11.77
Postage & courier	7.42	9.60
Telephone & fax	74.94	83.35
Loss in exchange rate fluctuations	—	491.73
Legal expenses	73.36	40.08
Corporate social responsibility	139.58	242.74
Auditors' remuneration :		
(a) Statutory audit	3.00	3.00
(b) Tax audit	0.80	0.40
Prior period adjustment*	47.48	199.65
Provision for bad debt	—	13.51
Service tax	102.31	40.31
R & D expenses	351.69	291.69
Other miscellaneous expenses	326.42	229.74
<b>Total</b>	<b>14,079.64</b>	<b>6,480.57</b>

\*Includes

i) Sales reversal of earlier year	13.43	179.10
ii) Value of Material supplied/consumed in earlier years	34.05	20.55
<b>Total</b>	<b>47.48</b>	<b>199.65</b>

<b>28. Exceptional Items</b>		
Written down value of Inventories	71.47	53.10
Settlement of old due <sup>#</sup>	1,200.00	—
Profit/(Loss) on Retired Assets ( net)	—	(9.68)
Fixed Assets written off	(0.13)	(0.58)
Liability/Provision written back	226.18	187.69
<b>Total</b>	<b>1,497.52</b>	<b>230.53</b>

# ₹ 1,200.00 lakh received from M/s. GAIL (India) Ltd. against dues payable to GRSE in full and final settlement arrived amicably on the Appellate Award relating to Arbitration.



## Notes forming part of Financial Statements for the year ending 31st March, 2015

### 29. Other Notes to the Financial Statements

**29.1** The classification of assets and liabilities, wherever applicable, are based on normal operating cycles of different business activities of the Company, which are as under :

- (a) In case of Shipbuilding and Ship repair and Refit activities, normal operating cycle is considered vessel wise, as the time period from the effective date of contract/ Letter of Intent to the date of expiry of guarantee period.
- (b) In case of other business activities, normal operating cycle is 12 months.

**29.2** The estimated cost to completion of an un-delivered ship is comprised of costs incurred till the reporting date as also further costs to be incurred till the projected date of delivery. Such further costs to be incurred are computed on an estimated basis for all elements of costs including for guarantee repair obligations after delivery.

### 29.3. Disclosure pertaining to Accounting Standard (AS-7) (Construction Contract)

(₹ in lakh)

		For the year ended/ As at 31.03.2015	For the year ended/ As at 31.03.2014
(i)	Contract revenue recognized for the year ended 31st March 2015	137,730.31	144,510.63
(ii)	Aggregate amount of costs incurred and recognized profit (less recognized losses) upto 31st March 2015 for all contracts in progress as at that date.	380,457.85	450,049.34
(iii)	Amount of customer advances outstanding for contracts in progress as at 31st March 2015	361,270.96	478,141.51
(iv)	Amounts retained by customers for contracts in progress as at 31st March 2015	Nil	Nil

### 29.4 Russian (USSR) deferred State Credit :

An inter-governmental agreement between Russian Federation and Government of India was reached for restructuring of Russian deferred state credit in Rouble in connection with procurement of weapon systems for cost-plus P25 ships built and delivered by the Company to Indian Navy. As per the said agreement, the outstanding debt in Rouble as on 01.04.1992 was converted to Indian Rupees at the difference in Rupee-Rouble exchange rate between 01.04.1990 and 01.04.1992 and such amount of exchange rate difference was rescheduled by Government of India under a deferred rupee payment arrangement payable over 45 years till 2037. These rescheduled payments are also reimbursable by Indian Navy. Such amount is accordingly held as Foreign Suppliers Deferred Credit as at 31.03.2015 and aggregated to ₹ 2,252.47 lakh (Previous year ₹ 2,512.08 lakh).

**29.5 ICD to Hindustan Cables Ltd. :** An amount of ₹ 457.75 lakh (₹ 200 lakh as Principal and ₹ 257.75 lakh as interest) was outstanding as on 31<sup>st</sup> March, 2002 from Hindustan Cables Ltd. (HCL), which is a sick PSU. As the case was registered by BIFR, full provision was made in the Accounts of 2003-04. As per directive of BRPSE, the revival scheme as prepared by HCL's consultants was put up before Dept. of Heavy Industry, BRPSE & BIFR. Dept. of Heavy Industries (DHI) made advertisement inviting expression of interest from interested PSUs for joint venture formation. HCL has informed that recently Ordnance Factory Board (OFB) under the Ministry of Defence has principally agreed to take over HCL as a whole on "Clean Slate" basis. No modalities however, have been decided yet.

**29.6** a) The Company follows a general practice of undertaking physical verification of fixed assets in every 3 years. Such physical verification is carried out in a phased manner following verification programme. In the current year, such physical verification has been done in the RBD, Taratala and DEP ( Ranchi ) units. Discrepancies found have been dealt with in the Accounts.

b) Out of three docks and two slipways taken over from CIWTC Ltd. on 1st July 2006, Dry Dock No.2 has been capitalized. Dry dock No. 1 although technically operational cannot be exploited for production until the rectification of leaking valves gets completed, hence the expenditure incurred in Dry dock No. 1 have been carried in Capital



Work-in-progress. Other facilities are still under repair and have remained non-operational, due to which cost of acquisition of these assets and subsequent capital expenditure have continued to be carried forward as capital work-in progress.

c) The land for setting up the Diesel Engine Plant at Ranchi was obtained free of cost from Heavy Engineering Corporation Ltd., Ranchi (HEC) in 1966 as a part of industrialization drive at the behest of MoD, Govt. of India and Govt. of Bihar. GRSE is in uninterrupted possession of the land since then and has created permanent structures thereon. Various assets of the Diesel Engine Plant, Ranchi having written down value of ₹ 460.06 lakh (original value ₹ 1,972.05 lakh) as on 31st March, 2015 have been installed/ placed on the said premises. Ignoring the right of GRSE in the said land, the then Govt. of Bihar executed a Deed of Conveyance in favour of HEC in Feb, 1996. Later, HEC vide a letter of 07 Aug 1999 raised a claim for a 30 year lease effective from 01.04.1999 of ₹ 1,488 lakh as one-time premium and a sum of ₹ 148.80 lakh p.a. being 10% of the said premium as annual lease rent which GRSE repudiated. HEC in April 2013 unilaterally referred the disputes to PMA, DPE, Govt. of India for arbitration and subsequently inter alia prayed before PMA for directing GRSE to enter into lease agreement for totally baseless, frivolous and absurd lease rent and premium for further period and to declare GRSE as "unauthorized occupant" etc. GRSE raised preliminary objection regarding maintainability and sustainability of the alleged reference of HEC and rejection of claim as the same are not sustainable on facts as well as in law. The matter is under adjudication before the PMA.

GRSE has also filed a Civil Suit before a competent Civil Court at Ranchi, HEC and the Govt. of Jharkhand being the defendants, with prayer for declaration by the Court that GRSE has acquired irrevocable licence coupled with interest in the subject-land by setting up Diesel Engine Plant permanently thereon free of cost as per the law of the land and for permanent injunction restraining HEC from interfering with the possession of land by GRSE and running industry thereon. The hearing of the case is in progress.

Accordingly, since status quo is being maintained, a sum of ₹ 4,315.2 lakh has been shown as contingent liability being not acknowledged as debt. {Refer Note no 29.16.a.(i)}

- 29.7** Expenditure on sustainable development of ₹ 99.49 lakh for the year is entirely in the nature of capital expenditure. During the previous year, out of total expenditure of ₹ 50.94 lakh on sustainable development, ₹ 15.53 lakh was in the nature of capital expenditure.
- 29.8** Letters seeking confirmation of balances in the accounts of sundry creditors were sent to vendors. On the basis of replies received from certain vendors, adjustments wherever necessary have been made in the accounts.
- 29.9** a) The Company has sent letters seeking confirmations of balances in respect of its Debtors. Requisite actions and adjustments have been made in the books of accounts arising out of responses received. In the opinion of the Company, the balances have realizable values equal to the amount as stated in the books in the ordinary course of business, unless otherwise stated.
- b) The amount received from customers are mainly received in respect of ship division, customers being Indian Navy and Coast Guards. In respect of other divisions, advance from customers are received mainly from Government departments.
- 29.10** Rent under Other expenses includes Amortisation of Leasehold Land (under operating Lease) ₹ 13.34 lakh (Previous year ₹ 13.34 lakh). Accordingly, Prepaid expenses under Note no. 12 represents unamortised amount of Leasehold Land. Also Prepaid expenses under Note no. 17 includes unamortised amount of Leasehold Land of ₹ 13.34 lakh (Previous year ₹ 13.34 lakh).
- 29.11** Based on the information/documents available with the Company, information as per the requirement of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follow:



(₹ in lakh)

Sl. No.	Description	2014-15	2013-14
a)	The principal amount remaining unpaid to suppliers as at the end of accounting year	168.69	220.66
b)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	6.92	2.93
c)	The amount of interest paid in terms of section 16, along with the amount of payment made to the suppliers beyond the appointed day during the year	-	-
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	23.08	15.38
e)	The amount of interest accrued during the year/period and remaining unpaid at the end of the accounting year	52.13	22.13
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid	-	-

**29.12 As per Accounting Standard 15 “Employee Benefits”, the disclosure on employee benefits is given below :**

#### Defined Contribution Plans

Employee benefits in the form of Provident Fund and Family Pension Funds are defined contribution schemes and the contribution is charged to profit and loss of the the year when the contributions to the respective funds are due in accordance with the relevant statute . There are no obligations other than the contribution payable to the respective funds.

(₹ in lakh)

Defined Contribution Plan	Year ended 31st March, 2015	Year ended 31st March, 2014
Employers' Contribution to Provident Fund and Family Pension Fund	1,484.49	1,547.51

Apart from above, post retirement medical benefits to the super annuated employees are defined contribution schemes and premium of ₹ 412.57 lakh (Previous year ₹ 490.40 lakh) paid to an Insurance company is charged to profit and loss of the year. There are no other obligations to employees other than the contribution payable to the Insurance Company.

Pension Scheme has been introduced for Officers and Non-unionized supervisors w.e.f 1st January, 2007. As per the Scheme Life Insurance Corporation of India (LIC) would be the Fund Manager and Annuity Service Provider. The Scheme will be administered by a Trust. The Company has transferred an amount of ₹ 1,494.99 lakh to LIC towards employer's contribution for the period from 1st January, 2007 to 31st March, 2014.

The pension scheme for unionised employees has been introduced w.e.f. 01 Jan 12. Pension liability of ₹ 1,379.40 lakh has been provided in the accounts for the period 01.01.2012 to 31.03.2015. An amount of ₹ 295.26 lakh has also been provided for the financial year 2014-15 for Officers and Non-unionized supervisors as per approved pension scheme.

#### Defined Benefit Plans:

The present value of the obligations under defined benefit plan comprising of gratuity, leave encashment and post retirement medical benefits to exsiting employees are determined based on actuarial valuation using Projected Unit Credit method , which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.





The amount recognised in the Accounts in respect of Employees Benefit Schemes based on actuarial reports are as follows:

Particulars		2014-15			2013-14			(₹ in lakhs)	
		Gratuity	Leave Encashment Benefits	Post Retirement Medical Benefits	Gratuity	Leave Encashment Benefits	Post Retirement Medical Benefits		
		Funded	Non Funded	Non Funded	Funded	Non Funded	Non Funded		
I	Components of Employer Expenses :								
1	Current Service Cost	429.47	304.57	513.72	437.63	283.55	142.01		
2	Past Service Cost	-	-	-	-	-	-		
3	Interest Cost	850.46 (808.45)	342.42	37.18	860.43 (914.08)	350.14	44.13		
4	Expected return on Plan Assets		-	-		-	-		
5	Actuarial (Gain) /Loss recognised in the year	1,153.70	1044.98	25.05	700.60	548.19	(240.66)		
6	Expense recognised in the Statement of Profit and Loss	2,283.57#	1,257.88@	575.95	1,100.18 #	788.16@	(54.52)		
	# Expense recognized in the statement of Profit and Loss towards Gratuity Scheme is based on the actual contributions made by Company.								
	@ Expense recognized in the statement of Profit and Loss towards Leave Encashment is net of interest earned from the earmarked investment.								
II	Change in Present Value of Defined Benefit Obligation :								
1	Present value of Defined Benefit Obligation at the beginning of the year	10,630.71	4,883.53	464.73	10,755.46	4,537.01	519.25		
2	Acquisition Adjustment	-	-	-	-	-	-		
3	Interest Cost	850.46	342.42	37.18	860.43	350.14	44.13		
4	Past Service Cost	-	-	-	-	-	-		
5	Current Service Cost	429.47	304.57	513.72	437.63	283.55	142.01		
6	Employees Contribution	-	-	-	-	-	-		
7	Benefits Paid	(2,436.11)	(1,206.51)	0.00	(2,123.42)	(835.36)	0.00		
8	Actuarial (Gain) / Loss	1,153.70	1,044.98	25.05	700.60	548.19	(240.66)		
9	Present value of Defined Benefit Obligation at the end of the year	10,628.23	5,368.99	1,040.68	10,630.70	4,883.53	464.73		
III.	Change in Fair Value of Plan Assets during the year :								
1	Plan Assets at the beginning of the year	10,111.54	-	-	11,193.04	-	-		
2	Acquisition Adjustment	-	-	-	-	-	-		
3	Expected return on Plan Assets	808.45	-	-	914.08	-	-		
4	Contributions paid	2,282.13	-	-	1,100.18	-	-		
5	Benefits paid	(2,436.11)	-	-	(2,123.42)	-	-		
6	Actuarial Gain / (Loss)	Nil	-	-	Nil	-	-		
7	Plan Assets at the end of the year	10,766.01	-	-	11,083.88	-	-		
IV.	Net Asset / (Liability) recognised in the Balance Sheet as at year end :								
1	Present value of Defined Benefit Obligation	10,628.23	5,368.99	1,040.68	10,630.70	4,883.53	464.73		
2	Fair value of Plan Assets	10,766.01	0.00	0.00	11,083.88	0.00	0.00		
3	Funded Status [Surplus/(Deficit)]	137.78	(5,368.99)	(1,040.68)	453.18	(4,883.53)	(464.73)		
4	Net Asset / (Liability) recognised in Balance Sheet	137.78	(5,368.99)	(1,040.68)	453.18	(4,883.53)	(464.73)		
- Current		-	(1,050.51)	(233.51)	-	(997.81)	(131.69)		
-Non Current		-	(4,318.48)	(807.17)	-	(3,895.72)	(333.04)		

(₹ in lakh)

Particulars	2014-15			2013-14		
	Gratuity	Leave Encashment	Post Retirement Medical Benefits	Gratuity	Leave Encashment	Post Retirement Medical Benefits
	Funded	Non Funded	Non Funded	Funded	Non Funded	Non Funded
<b>V. Actuarial Assumptions :</b>						
1 Discount Rate (per annum) %	8.00%	8.00%	8.00%	8.00%	8.50%	8.50%
2 Expected return on Plan Assets (per annum) %	9.15%	NA	NA	9.05%	NA	NA
3 Expected Rate of Salary increase %	6.50%	6.00%	NA	6.50%	6.00%	NA
4 Retirement/Superannuation Age (Year)	60	60	60	60	60	60
5 Mortality Rates	-	IALM (2006-2008) Ultimate	IALM (2006-2008) Ultimate	-	IALM (2006-2008) Ultimate	IALM (2006-2008) Ultimate
<b>VI. Major Category of Plan Assets as a % of the Total Plan Assets as at year end :</b>						
1 Administered by Insurance Companies	See Note	NA	NA	See Note	NA	NA
2 Public Financial Institutions / Public Sector Companies bonds	NA	NA	NA	NA	NA	NA
3 Central / State Government Securities	NA	NA	NA	NA	NA	NA
4 Private sector bonds	NA	NA	NA	NA	NA	NA
5 Others (Cash and Cash Equivalents)	NA	NA	NA	NA	NA	NA
Note : In the absence of detailed information regarding plan assets which is funded with the Insurance Companies, the composition of each major category of plan assets, the percentage or amount of each category to the fair value of plan assets has not been disclosed for Gratuity.						
<b>VII. Basis used to determine the expected Rate of return on Plan Assets :</b>						
In the absence of detailed information regarding plan assets which is funded with the Insurance Companies, the basis used by them to determine the expected return of Plan Assets has not been disclosed.						

(₹ in lakh)

**VIII. Net Assets / (Liability) recognised in Balance Sheet (Including experience impact)**

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
<b>Gratuity (Funded)</b>					
Present value of defined benefit obligation	10,628.23	10,630.70	10,755.46	10,208.04	9,560.22
Fair value of plan assets	10,766.01	11,083.88	11,193.04	10,609.35	9,980.06
(Deficit)/Surplus	137.78	453.18	437.58	401.31	419.84
<b>Leave encashment (Non Funded)</b>					
Present value of defined benefit obligation	5,368.99	4,883.53	4,537.01	4,313.37	3,964.09
Fair value of plan assets	-	-	-	-	-
(Deficit)/Surplus	(5,368.99)	(4,883.53)	(4,537.01)	(4,313.37)	(3,964.09)
<b>Post Retirement Medical Benefits (Non Funded)</b>					
Present value of defined benefit obligation	1,040.68	464.73	519.25	572.32	651.95
Fair value of plan assets	-	-	-	-	-
(Deficit)/Surplus	(1,040.68)	(464.73)	(519.25)	(572.32)	(651.95)



**IX. Other disclosures :**

- i) The estimates of rate of escalation in salary, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
- ii) The Gratuity liability is a defined benefit obligation and is being administered by a Trust. Such liability is determined on the basis of actuarial valuation done by the Life Insurance Corporation of India (LIC). Gratuity fund is maintained with India First Life with a contribution of 20 % and balance with LIC by the Trust.
- iii) Leave Liability fund is maintained with Life Insurance Corporation of India (LIC) based on the actuarial valuation done by a actuary.
- iv) The Gratuity and Provident Fund Expenses have been recognised under “Contribution to Provident and Other Funds” and Leave Encashment under “Salaries and Wages” under Note No. 25.
- v) The following disclosures as required by AS-15 could not be made as the relevant information is not available in the actuarial valuation report :
  - (i) Expected Employer’s contribution for next year
  - (ii) Experience adjustments of plan assets Gain/(Loss)
  - (iii) Experience adjustments of Obligation (Gain)/Loss

**29.13 Information given in accordance with the requirements of Accounting Standard 17 on Segment Reporting:**

The Company has identified four primary business segments viz. Ship, Base and Depot Spares (B & D Spares), Engineering and Engine. Segments have been identified and reported taking into account the nature of the products, the differing risks and returns, the organisational structure and internal business reporting system.

- a) Revenue and Expenses have been identified to a segment on the basis of direct relationship to operating activities of the segment. Expenditure which are not directly identifiable but has a relationship to the operating activities of the segment are allocated on a reasonable basis.
- b) Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as “Unallocable”.
- c) Segment assets and segment liabilities represent assets and liabilities of respective segment. Investments, tax related assets/ liabilities and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as “Unallocable”.
- d) Inter segment transfer consists of material, labour and overhead which are recorded at cost.



e) Information about Primary Business Segments : (₹ in lakh)

Particulars	Ship		B & D Spares		Engineering		Engine		Unallocable		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<b>Revenue</b>												
Gross Turnover	136,833.92	144,495.16	16,320.22	11,548.90	7,162.07	4,739.80	949.46	382.91	203.46	368.36	161,469.13	161,535.13
Less : Inter segment turnover	(185.99)	(29.16)	0.00	0.00	185.99	8.82	0.00	20.34			-	-
<b>External Turnover</b>	<b>136,647.94</b>	<b>144,466.00</b>	<b>16,320.22</b>	<b>11,548.90</b>	<b>7,348.06</b>	<b>4,748.62</b>	<b>949.46</b>	<b>403.25</b>	<b>203.46</b>	<b>368.36</b>	<b>161,469.13</b>	<b>161,535.13</b>
Less : Excise duty & Service Tax	0.03	0.00	0.00	0.00	559.45	390.53	0.00	0.20	14.30	79.83	573.77	470.57
<b>Net Turnover</b>	<b>136,647.92</b>	<b>144,466.00</b>	<b>16,320.22</b>	<b>11,548.90</b>	<b>6,788.62</b>	<b>4,358.09</b>	<b>949.46</b>	<b>403.05</b>	<b>189.16</b>	<b>288.53</b>	<b>160,895.36</b>	<b>161,064.56</b>
<b>Segment result</b>	<b>9,239.35</b>	<b>19,601.38</b>	<b>1,138.59</b>	<b>805.71</b>	<b>(123.22)</b>	<b>(483.48)</b>	<b>(1,621.07)</b>	<b>(1092.85)</b>	<b>203.46</b>	<b>368.36</b>	<b>8,837.11</b>	<b>19,199.12</b>
Less : Unallocable expenditure net of unallocable/(Income)	-	-	-	-	-	-	-	-	2,562.41	268.22	2,562.41	268.22
Operating Profit / (Loss)											6,274.70	18,930.90
Interest and Financial Charges											170.16	438.02
<b>Profit / (Loss) before Exceptional Items and Extraordinary items</b>												
Exceptional Items											6,104.54	18,492.88
<b>Profit / (Loss) before Extraordinary Items</b>											1,497.52	230.53
Extraordinary Items											7,602.06	18,723.41
<b>Profit / (Loss) before tax</b>											-	-
<b>Tax expenses</b>											7,602.06	18,723.41
Current tax											3,166.15	5,670.43
Deferred tax											82.33	898.28
Adjustment relating to prior years											8.31	8.48
<b>Profit after tax</b>											4,345.27	12,146.22

f) Other information (₹ in lakh)

Particulars	Ship		B & D Spares		Engineering		Engine		Unallocable		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Segment assets	500,116.37	540,138.10	-	26.12	24,635.17	8,636.47	7,787.39	12,718.62	204,357.17	81,536.90	736,896.09	643,056.21
Segment liabilities	596,206.30	478,139.43	-	-	12,114.89	1,257.23	8,086.29	12,246.03	23,713.94	55,833.06	640,121.42	547,475.75
Capital expenditure	2,017.24	4,450.21	-	-	8.17	3.18	240.35	14.25	80.54	419.81	2,346.31	4,887.45
Depreciation and amortisation	2,075.62	1,632.54	-	-	48.15	36.19	55.93	33.41	530.94	504.93	2,710.63	2,207.07

**Notes :**

Transactions between segments are primarily for materials which are transferred at cost.

g) **Information about Secondary Segments - Geographical Segments**

The Company considers Geographical segments- Sale within India and Sale Outside India as Secondary Segments. However information on Geographical segments have not reported since sale to external customers outside India is less than 10 per cent of the total revenue of the Company.



**29.14** As per Accounting Standard 18 “Related Party Disclosures”, the disclosures are given below :

**a) Name of the related party and description of relationship :**

Key Managerial Personnel	A.K.Verma	Chairman cum Managing Director
	K. K. Rai (upto 31-10-2014)	Director(Finance)
	S. S. Dogra (w.e.f. 31-12-2014)	Director(Finance)
	R. Ghosh	Director(Shipbuilding)
	R. C. Nautiyal	Director(Personnel)
	S. Mahapatra	Company Secretary

**b) Transactions with Related party :**

(₹ in lakh)

Nature of transaction	Key Managerial Personnel	
	2014-15	2013-14
Receiving of Services : Managerial remuneration		
A. K. Verma	35.91	40.52
K. K. Rai (upto 31-10-2014)	41.45	36.95
S. S. Dogra (from 31-12-2014)	6.54	-
R. Ghosh	30.95	36.65
R. C. Nautiyal	26.82	15.76
S. Mahapatra	14.22	12.53
Balance Outstanding	-	-

**c)** No amount has been written back/written off during the year in respect of dues to related party.

**29.15** As per Accounting Standard 20 “Earnings per Share” - the numerators and denominators used to calculate Basic / Diluted Earnings per Share are computed as under:

Particulars		As at 31st March, 2015	As at 31st March, 2014
a) Profit after tax (₹ in lakh)	A	4,345.27	12,146.22
b) Weighted average number of Equity Shares outstanding used as the denominator for computing Basic and Diluted Earnings per Share - (₹ in lakh)	B	123.84	123.84
c) Nominal value per Equity Shares (₹)		100.00	100.00
d) Basic & Diluted Earnings per Share (₹)	(A/B)	35.09	98.08

**29.16** As per Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets, the disclosure are given here under :

(₹ in lakh)

a)	Contingent Liabilities	As at 31st March, 2015	As at 31st March, 2014
i)	Claims against the Company not acknowledged as debts	6,034.65	5,273.91
ii)	Guarantees		
	a) Guarantees given by Banks	3,052.42	1,615.75
	b) Indemnity Bonds for performance & Warranties	173,641.91	64,578.12
	c) Unexpired Letters of Credit	4,019.92	6,341.17
iii)	Liquidated damages	14,254.55	15,732.00
iv)	Other Money for which the company is contingently liable		
	a) Sales Tax	1,258.88	785.84
	b) Excise Duty	93.44	17.90
	c) Service Tax	121.30	121.30
	d) Income Tax	1,118.57	654.39

- a) Contingent liability on account of Sales Tax amounts to ₹ 1,258.88 lakh (Previous Year ₹ 785.84 lakh) towards assessment dues for the years 2004-05, 2007-08, 2009-10 and 2011-12. All these amounts have not been acknowledged as debts and accordingly not provided for in the accounts as all the demands are under different stages of appeal.
- b) Central Excise Authorities have raised a demand of ₹ 93.44 lakh (Previous Year ₹ 17.90 lakh) against clearance to goods to Naval Stores Dept of Indian Navy (₹ 17.90 lakh) and for alleged imposition of duty for wrong interpretation of Return filed by GRSE (₹ 75.54 lakh). Since the company has made appeal before CESTAT, EZB, and Kolkata against the impugned demand, the same has not been acknowledged as debt and accordingly not provided for in the accounts.
- c) Service Tax Authorities have raised a demand of ₹ 121.30 lakh (Previous Year ₹ 121.30 lakh) against imposition of Service Tax on technical fees paid to foreign technicians prior to 18.04.2006. Since the company has made appeal before the CESTAT, EZB, Kolkata against the impugned demand with due approval of CoD, the same has not been acknowledged as debt and accordingly not provided for in the accounts.
- d) Contingent liability on account of income tax amounts to ₹ 1,118.57 lakh (Previous year ₹ 654.39 lakh)

towards disallowance made by Income tax authority for the A.Y. 2008-09 on account of addition of consumption of raw material (₹ 515.68 lakh), arbitrary increase in taxable income based on Form 16 for the A.Y. 2009-10 (₹ 352.85 lakh), excess dividend tax liability computed for AY 2011-12 (₹ 18.56 lakh), addition for delayed deposit of P.F contribution for AY 2011-12 (₹ 120.15 lakh) and addition of delayed deposit of employees P.F. contribution for A.Y. 2012-13 (₹ 111.33 lakh). All disputes has not been acknowledged as debt and accordingly not provided for in the accounts as all the issues are under different stages of appeal.

- e) **Yard 3018 & 3019 :** The contractual delivery date of Yard 3017 was October 2012. Due to various reasons not attributable to and beyond the control of the Company, including certain factors entirely extraneous to the contract guiding the construction of the said vessel, the contractual delivery date could not be adhered to. The vessel was delivered on 12th July 2014. The issue of such delay was taken up with the Indian Navy for appropriately addressing such delay and re-fixing the date of delivery of the ship.

The case of delivery extension was scrutinized at IHQ and liquidated damage of 2% of basic cost of ship (equivalent to delay of 2 months attributable to the shipyard) has been imposed. Liquidated





damages amounting to ₹ 3,067.54 lakh has been charged in the books for the financial year 2014-15. Similarly, the contractual delivery date of Yard 3018 and Yard 3019 were July 2013 and July 2014 respectively. Yard nos. 3018, 3019 & 3020 being series ships of yard no. 3017, after considering the normal time lag between contractual deliveries of each yard, the contractual delivery of Yard 3018 does not fall within FY 2014-15 (gap between contractual delivery of Yard 3017 and 3018 being 9 months). The LD for the Ship is considered in financial year in which the contractual delivery falls.

The case of delivery extension in respect of Yard 3018 & 3019 is presently being reviewed at IHQ/ MoD(Navy). The company has taken up in right earnest with Indian Navy with regard to expected consequential delay in delivery of Yard 3018 which is now slated for delivery in the third quarter of 2015-16. Though WOT has made full recommendation of the extension in time sought by GRSE, there may be a situation where GRSE may be held accountable for some delay during final assessment at IHQ/ MoD(Navy) like the case of Yard 3017 where GRSE was made accountable for 02 months delay.

However, case of Yard 3017 and all other series ship is different and the assessment of the delays will also be made independently depending on facts and circumstances of each case post delivery of each Ship. There is no measure to quantify such unforeseen delays and hence due to this uncertainty, no provision has been made in the Accounts in this regard.

In view of the above, contingent liability to the extent of 5% of basic cost of Ship for Yard 3018 & 3019 amounting to ₹ 6,965.30 & 7,289.25 lakh respectively, however, have been shown under (a) (iii) above.

- f) **Yard 3021:** As per the contract, the ship was scheduled to be delivered in Nov 14 considering grace period of 2 months. The readiness of the Ship

was communicated to the concerned authorities at Mauritius by end Nov 14. However, due to some emerging internal political compulsions at Port Louis, final delivery of the Ship was made on 20 Dec 14, which was the date indicated and agreed by concerned authorities from the buyer side.

The contract for MOPV provides for extension of delivery date for permissible delays mutually agreed between the parties on account of force majeure or otherwise.

Accordingly, GRSE has requested Govt. of Mauritius for non-imposition of any liquidated damages in view of large number of modification carried out and supply of additional items without any time allowance as well as extra time taken by them in deciding the early date for delivery of the Ship. This request of GRSE has been recommended by Ministry of Defence, Govt. of India to Govt. of Mauritius for a favourable consideration. The contract operating authority i.e. the Office of Commissioner of Police at Port Louis vide their letter no. PHQ3/NCG/MOPV/ 2015 dated 15th July, 2015 has intimated that GRSE's request is being examined.

In view of the above, we are confident of getting favourable consideration from concerned authorities.

- g) The amounts shown under above contingent liabilities represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be estimated accurately. The Company does not expect any reimbursement in respect of above contingent liabilities.
- h) In the opinion of the Management, no provision is considered necessary for the disputes mentioned above on the grounds that there are fair chances of successful outcome of appeals.

**b) Commitments :**

(₹ in lakh)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,349.50	1,945.82
Advance paid against above	868.70	868.70

**c) Movement of Provisions :**

(₹ in lakh)

Particulars	Guarantee Repair	Others*	Total
Balance as at 1st April, 2014	497.12	10,194.29	10,691.41
Provided during the year	1,724.33	2,818.92	4,543.25
Amount used during the year	-	-	-
Reversed during the year	203.96	-	203.96
Balance as at 31st March, 2015	<b>2,017.49</b>	<b>13,013.21</b>	<b>15,030.70</b>
Balance as at 1st April, 2013	598.33	5,791.00	6,389.33
Provided during the year	14.79	6,499.29	6,514.08
Amount used during the year	-	2,096.00	2,096.00
Reversed during the year	116.00	-	116.00
Balance as at 31st March, 2014	<b>197.12</b>	<b>10,194.29</b>	<b>10,691.41</b>

\* Other provisions as referred to above represent employee related provisions.

It is not possible to estimate the timing/uncertainties relating to the utilisation /reversal from the provisions. Future cash outflow in respect of the above is determinable only upon settlement/disposal of claims.

The Company does not expect any reimbursements in respect of the above provisions.

**29.17** The Board of Directors in the 308 meeting held on 12 December, 2012 approved capitalization of ₹ 619,200,000 out of Company's Free Reserves by issuing 6,192,000 bonus equity shares of ₹ 100 each in the ratio of 1:2 to the President of India. The Department of Defence Production, MoD also conveyed its approval of the said bonus shares through a letter dated 25 October, 2013.

Meanwhile, the projected profitability and capital expenditure position for future years based on changing business perspectives have been reviewed by the Board of Directors in its 317th meeting held on 23 April, 2014.

After consideration of various aspects, the Board directed that the Company should approach the Government for consideration of postponement of said bonus issue of shares for 2 years after which the matter would be reviewed again. Further, the Board has suggested that a study be undertaken by a consultant and the report of such consultant be evaluated while approaching Government for postponement of bonus issue of shares.

Accordingly, Government is being approached for postponement of such bonus issue, as per Board's directive.



**29.18 Value of imports on CIF basis :**

(₹ in lakh)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
1. Raw Materials	257.95	11.19
2. Components	20,311.38	29,628.19
3. Spare Parts	5,083.70	2,136.86
4. Capital Goods	-	50.73
	<b>25,653.03</b>	<b>31,826.97</b>

**29.19 (a) Expenditure in Foreign currency**

(₹ in lakh)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
1. Consultation / Service Fees	1,342.13	2,113.49
2. Deferred payment to foreign suppliers	102.39	109.22
	<b>1,444.52</b>	<b>2,222.71</b>

**(b) Earning in Foreign currency**

(₹ in lakh)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
1. Export of Ship to Mauritius	7,788.87	1,947.23

**29.20 Consumption of raw materials and components**

(₹ in lakh)

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	Percentage	Amount	Percentage	Amount
a) Imported	25.12%	20,940.58	32.35%	28,972.95
b) Indigenous	74.88%	62,416.96	67.65%	60,578.07
<b>Total</b>	<b>100%</b>	<b>83,357.54</b>	<b>100.00%</b>	<b>89,551.02</b>



**29.21 Consumption of spare parts\* :**

(₹ in lakh)

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	Percentage	Amount	Percentage	Amount
a) Imported	-	-	-	-
b) Indigenous	100.00%	134.94	100.00%	210.09

\* Spare parts include store items also.

**29.22** DPE had issued a guideline for creation and contribution to a corpus fund to the extent of not more than 1.5% of PBT to cater to the medical and other emergency needs of employees retired prior to 01.01.2007. No provision has, however, been made in the Accounts as the related DPE guideline is subject to directive / guideline from the concerned Administrative Ministry, i.e. MoD and no guideline / directive for mechanism and operation of the scheme has been received from MoD.

**29.23 Expenditure on Corporate Social Responsibilities (CSR) Activities**

The various heads under which the CSR expenditure was incurred during the year is detailed as follows:

Sl. No.	Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR Activities	Amount Spent (₹ In lakh)
1	Clause (i)	Eradicating hunger, poverty and malnutrition, promoting preventive healthcare, sanitation and make available safe drinking water	58.86
2	Clause (ii)	Promoting education, including special education and employment enhancing vocational training and livelihood enhancement projects	80.72
3	Clause (iv)	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, Animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water	99.49

**29.24** Consequent upon the observations of Comptroller and Auditor General of India on the audited financial statements of the Company for the year 2014-15 during Phase - III Audit under Section 143(6) of the Companies Act, 2013, the significant Accounting Policy and the Financial Statements as approved by the Board of Directors at its 326th Board Meeting held on 17th July 2015 have been revised. Effect of such modification in the Accounting Policy and revision in the financial statements are as follows :-

- Significant Accounting Policy :** There is no financial impact due to modification of Accounting Policy para III(A) (vi) on Depreciation & Amortisation on Air Conditioners which states that "Air Conditioners have been classified under the head Furniture & Fixtures and useful life is considered as applicable to Furniture & Fixture under Schedule II of Companies Act 2013."
- Financial Statements :** Due to reduction of Work in Progress by ₹ 2,496.22 lakh there is decrease in Revenue from Operations (VOP) by ₹ 2,496.22 lakh, Profit Before Tax (PBT) by ₹ 121.58 lakh, Profit After Tax (PAT) by ₹ 77.11 lakh and Reserves & Surplus by ₹ 77.11 lakh. Stock of Raw Materials has increased by ₹ 2,374.64 lakh under the head Inventories and Advance Income Tax & TDS (net of Provision for Income Tax) has increased by ₹ 44.47 lakh under the heading Long Term Loan and Advances.



**29.25** Figures for the previous year have been re-grouped/re-arranged wherever necessary to correspond to those of the current year. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

**As per our report of even date attached.**

**For G. P. AGRAWAL & CO.**  
**Chartered Accountants**  
**Firm's Registration No. - 302082E**

Sd/-  
**(CA. Ajay Agrawal)**  
**Partner**  
**Membership No. 17643**

**Place : Kolkata**  
**Date : 25th August, 2015**

**For and on behalf of the Board of Directors**

Sd/-  
**Rear Admiral A. K. Verma IN (Retd.)**  
Chairman & Managing Director  
DIN - 05177972

Sd/-  
**S.Mahapatra**  
Company Secretary

Sd/-  
**S. S. Dogra**  
Director (Finance)  
DIN - 07052300