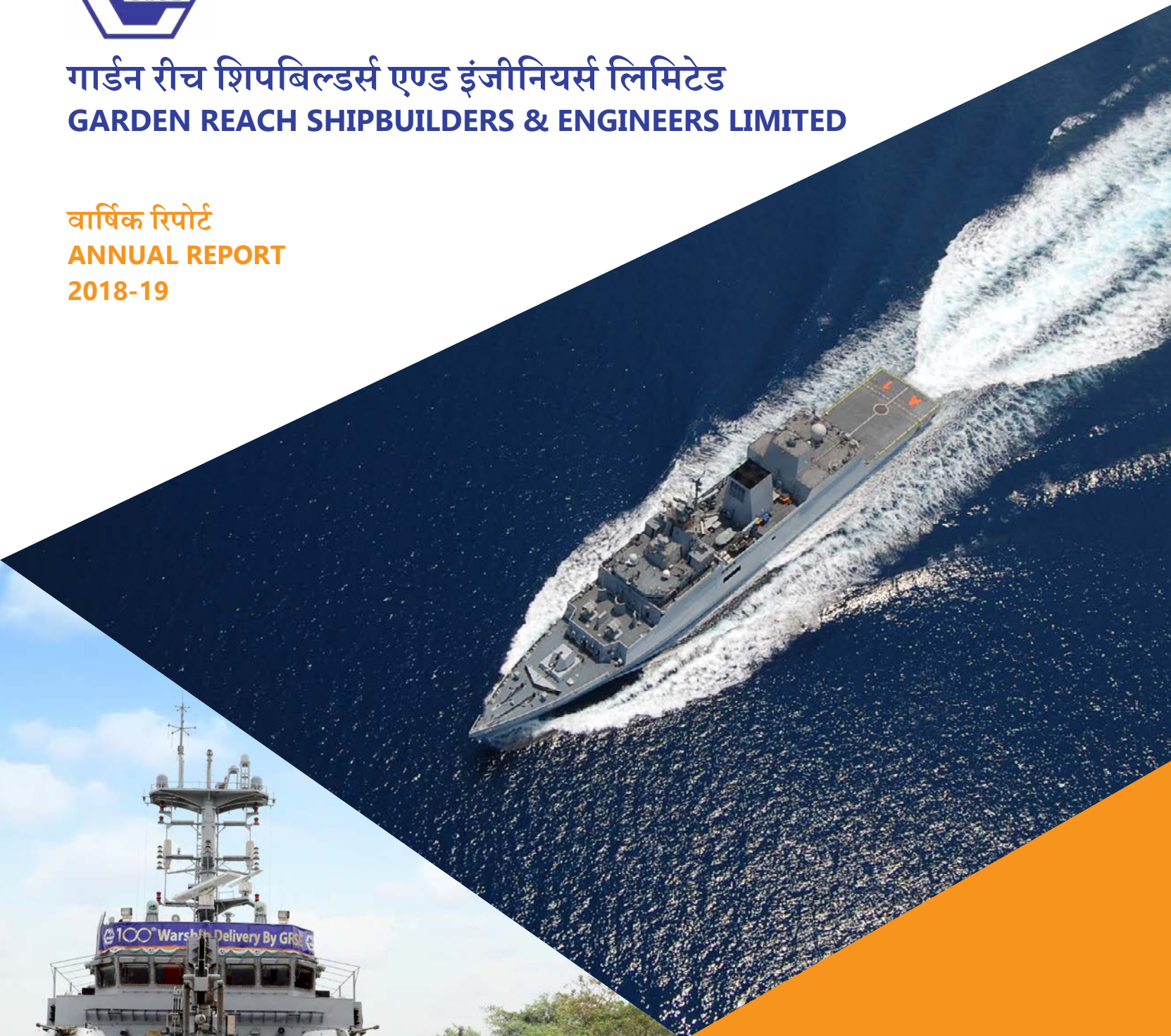




गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED

वार्षिक रिपोर्ट
ANNUAL REPORT
2018-19



Builders of 100 Warships



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GARDEN REACH SHIPBUILDERS & ENGINEERS LTD.

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

Authenticated

Raksha Rajya Mantri



VISION

To become a Global Leader in Warship Construction

MISSION

To be self-reliant in design capability and deploy state-of-the-art manufacturing processes

To build Quality Warships 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

CORPORATE OBJECTIVES

Establish a self-reliant design house

Productivity Improvement

Quality Improvement

QMS & ISO 9001 Certification for Ship Division

Ship repair as a Business Venture & Profit Centre

Business Development through concerted marketing efforts

Marketing Deck Machinery items, Portable steel bridges and Diesel engines

Vendor development & building long term partnership

Building GRSE Brand

Material Management / Supply Chain Management

Human Resource Development

CSR & Sustainability



CHAIRMAN'S ADDRESS

Dear Shareholders

It gives me immense pleasure in welcoming you all to the 103rd Annual General Meeting of Garden Reach Shipbuilders & Engineers Limited.

Since taking over as the Chairman & Managing Director of the Company on 01 Mar 2017, the last two and a half years have been quite exciting and eventful. Before delving into the performance of the Company during the year, I would like to state that this Annual General Meeting holds a very special significance as it is our first AGM after the successful IPO of the Company, wherein the Government of India disinvested 25.50% of its shareholding in the Company. The Public issue was well received and the Shares of your Company are now listed at NSE and BSE. I take this opportunity to extend my gratitude to all our investors for their confidence in our Company, which is further reflected by the increased market capitalization post listing of our shares.





CHAIRMAN'S ADDRESS Contd...

OUR STRATEGIC ENVIRONMENT

The global defence shipbuilding market is expected to turn around given the need to replace older vessels in the naval fleets of major economies and the increase in the level of sophistication in combat technology. The global naval shipbuilding market is also expected to grow further, driven by demands for both surface combatants and submarines. Globally, the average age of warships is as high as twenty-five (25) years and a number of procurement programs are either in the pipeline or under execution in various countries.

For the year 2019-20, India's total Defence Budget is ₹ 4,31,010.79 crore, which is 15.47% of total Central Government Expenditure (₹ 27,86,349 crore). When it comes to Indian Navy, more than 60% of the Naval Budget is dedicated to capital expenditure and nearly 70% of this capital budget has been spent on indigenous sourcing. Since the launch of 'Make in India' initiative in the year 2014, 80% of the AoNs (i.e. Acceptance of Necessity) on cost basis have been awarded to Indian companies.

DEFENCE ORDER POTENTIAL UP TO 2027

In the Indian context, the Defence Shipbuilding segment looks promising on account of the ship acquisition plans of the Indian Navy and the Indian Coast Guard.

Currently, the Indian Navy fleet has close to 140 ships and submarines while the Indian Coast Guard fleet includes another about 130 vessels. The Indian Navy and Indian Coast Guard fleets are each expected to grow to about 200 vessels by 2027. The two defence forces have jointly approved a shipbuilding programme spanning over fifteen years, under which they are expected to place orders for significant number of warships in the next couple of years.

Recently, there has been a noticeable increase in defence orders for shipbuilding and ship repairs. According to industry sources, Indian Navy's estimated capital budget upto 2027 amounts to ₹ 4,50,000 crore approx. and an estimated budget of ₹ 32,000 crore is for Indian Coast Guard's capital procurements.

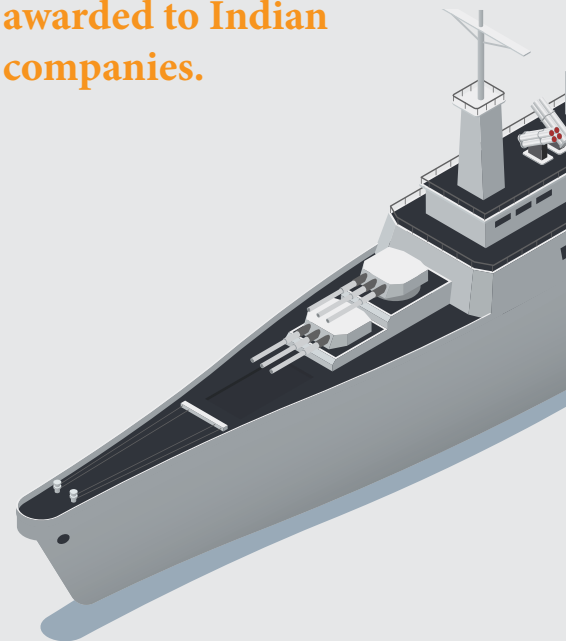
OUR COMPETITIVE STRENGTH

The core purpose of your Company is akin to strengthening India's defence preparedness. With 60 years of experience in warship building and related services, we are a major force behind making India self-reliant in warship building. As India's shipbuilding industry further matures, there is enormous potential to forge strategic partnerships and convert India into a hub for defence shipbuilding exports and repairs to friendly foreign countries. Your Company is well positioned to take advantage of these emerging opportunities within India as well as abroad.

GRSE is predominantly in the defence shipbuilding segment and has gained sufficient expertise in construction of large, medium and small size ships required by Indian Navy and Indian Coast Guard, in particular, and generally enjoys excellent reputation for ships that it has built. GRSE is operating in a highly competitive environment across all its product segments.



When it comes to Indian Navy, more than 60% of the Naval Budget is dedicated to capital expenditure and nearly 70% of this capital budget has been spent on indigenous sourcing. Since the launch of 'Make in India' initiative in the year 2014, 80% of the AoNs (i.e. Acceptance of Necessity) on cost basis have been awarded to Indian companies.



We continue to get shipbuilding and related contracts based on competitive bidding as well. Though the era of awarding contracts on nomination basis is coming to an end, we are able to maintain an edge over the new emerging competitors by way of our capacity, design, technology, processes and cost advantages. Our capabilities and knowledge pool in warship building gained from over five decades of experience are not easily replicable by others. However, we are not complacent and we continue to improve our competitive advantages through augmentation of infrastructure, adoption of latest process management tools and technologies in various areas of operations.

With our unique advantages, the shipyard has recently been awarded two contracts for four Survey Vessels (Large) and eight Anti-Submarine Warfare Shallow Water Crafts from the Indian Navy at an order value of ₹ 8,746 crore on competitive bidding.

OUR STRATEGY TO SUSTAIN & GROW

We intend to pursue the following principle strategies to exploit our competitive strengths and grow our business:

- ▶ Expand our operations through partnerships and collaborations.
- ▶ Diversify through expansion in new growth areas.
- ▶ Further strengthen in-house capabilities to design and develop specialised products.
- ▶ Reskill and upskill the Human Capital
- ▶ Enhancing customer satisfaction

Our Financial Performance

The performance of your Company continued to be strong during the year 2018-19, backed by our good order book position:

- ▶ **Gross Revenue** registered a growth of 1.88% from ₹ 1,52,889.40 lakh in 2017-18 to ₹ 1,55,766.09 lakh in 2018-19.
- ▶ **Value of Production** has increased from ₹ 1,34,552.25 lakh in 2017-18 to ₹ 1,37,877.46 lakh in 2018-19, an increase of 2.47%.
- ▶ **Net Profit (PBT)** has increased from ₹ 12,774.96 lakh in 2017-18 to ₹ 17,896.02 lakh in 2018-19, an increase of 40.09%.
- ▶ **Value Addition per Employee** has increased from ₹ 18.93 lakh in 2017-18 to ₹ 21.05 lakh in 2018-19.
- ▶ **Book Value per Share** has increased from ₹ 89.18 in 2017-18 to ₹ 90.64 in 2018-19.
- ▶ **Net Worth** has increased from ₹ 1,02,153.54 lakh in 2017-18 to ₹ 1,03,830.71 lakh in 2018-19, an increase of 1.64%.



We continue to get shipbuilding and related contracts based on competitive bidding as well. Though the era of awarding contracts on nomination basis is coming to an end, we are able to maintain an edge over the new emerging competitors by way of our capacity, design, technology, processes and cost advantages





CHAIRMAN'S ADDRESS Contd...

I am pleased to inform you that the Board of Directors of your Company has recommended a final dividend of ₹ 5.10/- per equity share of face value of ₹ 10/- each for the financial year 2018-19. This is in addition to the interim dividend of ₹ 1.85/- per equity share of face value of ₹ 10/- each paid on 28 Mar 2019. This marks an increase in Dividend per share from ₹ 4.43 in 2017-18 to ₹ 6.95 in 2018-19.

SUSTAINABILITY FOOTPRINTS

Sustainable economic performance is beyond revenue and profits. Our operational activities positively impact multiple stakeholders in our value chain such as our people, society, MSMEs, other suppliers, investors and those working with us on contract basis. During the year, we paid ₹ 291 crore (approx.) towards employees expenses and ₹ 50.24 crore as contribution to the national exchequer.

Our CSR spend during the year stands at ₹ 265 lakh and this outlay positively impacted over 23,000 people through our various CSR initiatives in broad thematic domains such as Skill Development, Swachh Bharat Initiatives, mainstreaming differently abled persons and health related initiatives for improving the quality of life of the marginalized segment of the society. Our contribution towards fulfilling Hon'ble Prime Minister's commitment of providing hygienic sanitation facilities, GRSE has been engaged in construction and maintenance of more than 200 toilets and other ancillary support structures and items to 28 schools located in the vicinity of the Production Units of GRSE, benefitting around 30,000 students during the last 3 years. Further, GRSE has given a lot of thrust to address the challenging issue of unemployment in the country by undertaking Skill development initiatives, inter alia, by supporting three Government Industrial Training Institutes (ITIs) in developing their training infrastructure and organizing developmental programmes for their students.

During the financial year 2018-19, your Company procured items worth ₹ 164.57 crore from the SMEs, which is 27.42% (approx.) of the total annual procurement value. As on 31 Mar 2019, we have 672 MSE as registered vendors.

By way of adopting energy efficient methodologies such as solar, the Company reduced the consumption of conventional energy and the electricity cost was reduced to the tune of ₹ 78 lakh during the year. Further, this facilitates reduction in emission of greenhouse gas by about 950 Ton.

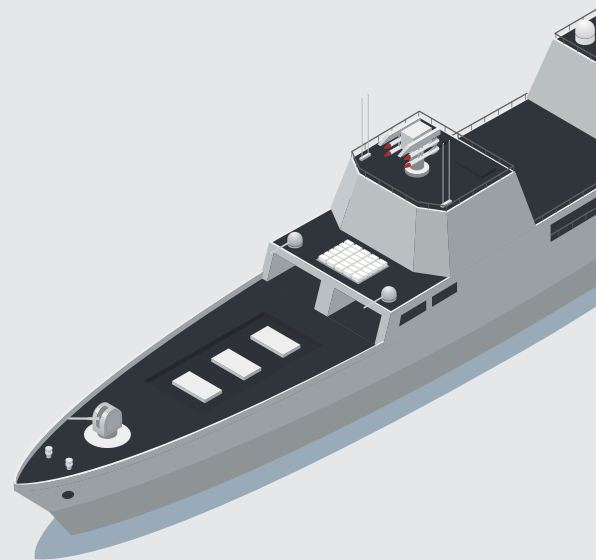
SIGNIFICANT ACHIEVEMENTS AND GROWTH TRAJECTORY

The following are some of the significant achievements of your Company during the FY 2018-19:

- ▶ In terms of parameters contained in the Memorandum of Understanding signed by your Company with the Government of India for the year 2018-19, your Company is expected to be rated as "Excellent" in its performance this year, continuing our track record of 'Excellent' grading from last year as well.



Sustainable economic performance is beyond revenue and profits. Our operational activities positively impact multiple stakeholders in our value chain such as our people, society, MSMEs, other suppliers, investors and those working with us on contract basis.



- ▶ Your Company has delivered 04 Warships to Indian Navy during FY 2018-19
- ▶ During the year under review, your Company has achieved a historic milestone by **delivering its 100th warship** to Indian Navy – a Landing Craft Utility, designed and developed by GRSE with over 90% indigenous content on 30 Mar 2019.

With this, GRSE has become the first shipyard in the country to build and deliver 100 warships to our maritime forces. With this unique feat, the Shipyard boasts of constructing highest number of warships in the country. The journey from the year 1961, when GRSE delivered the 1st indigenously built warship INS Ajay to the Indian Navy to delivery of the 100th warship has been a saga of continuous enhancements in our core competence and augmentation of infrastructure to match world class standards. GRSE has come a long way in developing in-house design capability, enhancing indigenous content in recently built platforms, improving skill sets, quality and ability to handle multiple warships constructions.

- ▶ On 30 Oct 2018, GRSE signed the contract for construction and delivery of four (4) in nos. Survey Vessels (Large) for the Indian Navy for a value of ₹ 2,435 crore under competitive bidding, again a first in the history of the Shipyard.
- ▶ In addition, your Company also signed a contract with the Indian Navy for construction and delivery of eight (8) in nos. Anti-Submarine Warfare Shallow Water Craft on 29 Apr 2019 at an estimated cost of ₹ 6,311.32 crore, through competitive bidding as well.
- ▶ The Company has constructed two bailey bridges near Majerhat, Kolkata which was inaugurated on 12 Oct 2018. The erection followed by installation & commissioning of both the bridges was completed in a record time of 7 days which was hugely appreciated by local populace, media and civil administration during the inauguration ceremony.

ORDER BOOK POSITION

The total order book position of the Company for the three (3) divisions viz. Ship Division, Engineering Division and Engine Division, as on 31 Mar 2019 stands at ₹ 21,644.25 crore.

NEW INITIATIVES

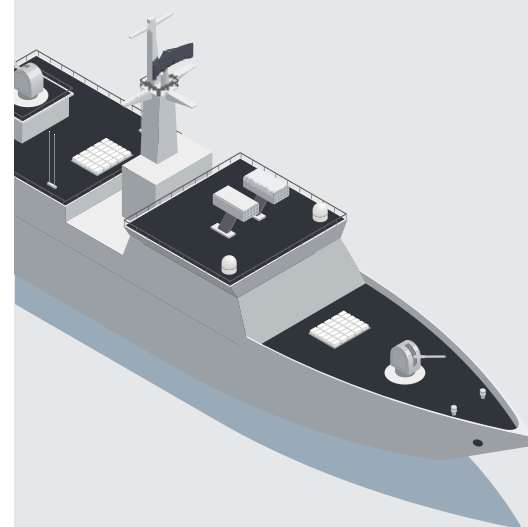
During FY19, your Company signed a MoU with M/s. Elbit Systems, Isreal, for indigenous development and supply of Unmanned Surface Vessels (USV) under the “Make in India” initiative of the Government of India.

MAKE IN INDIA INITIATIVES

Your Company has implemented the “Make in India and Indigenisation” policy whereby indigenous vendors are encouraged to quote with maximum indigenisation content through Licensed production with collaboration, Licensed production by way of Transfer of Technology (ToT), Co-production, Assembling, Design and Manufacture in India with ToT. Your Company has developed in-house capabilities to design & build most



The total order book position of the Company for the three (3) divisions viz. Ship Division, Engineering Division and Engine Division, as on 31 Mar 2019 stands at ₹ 21,644.25 crore.





CHAIRMAN'S ADDRESS Contd...

modern warships in the country. Of these ships, the ongoing ASW Corvettes and LCUs have about 90% indigenous content which is a major step towards achieving self-reliance in state-of-the-art warship design and construction.

Your Company has also indigenised a number of shipbuilding & engineering items of hull & hull outfit, engineering equipment including marine pumps, Deck machinery equipment and spares.

EXPORT INITIATIVES

Our corporate vision is “To become a global leader in warship construction”. Towards this, your Company is participating in global tenders abiding by all Government Policies & Guidelines to build up a healthy order book position and increase in export of defence platforms and products. In addition, your Company is also aggressively marketing its Portable Steel Bridges with neighbouring countries like Bhutan, Myanmar, Nepal etc. Going forward, we aim to continue to explore business opportunities, globally.

INFRASTRUCTURE ENHANCEMENT

Infrastructure agility is one of our key advantage. We have been expanding our operational capabilities year on year. The key infrastructure expansion initiatives undertaken by your Company during the year are as below:

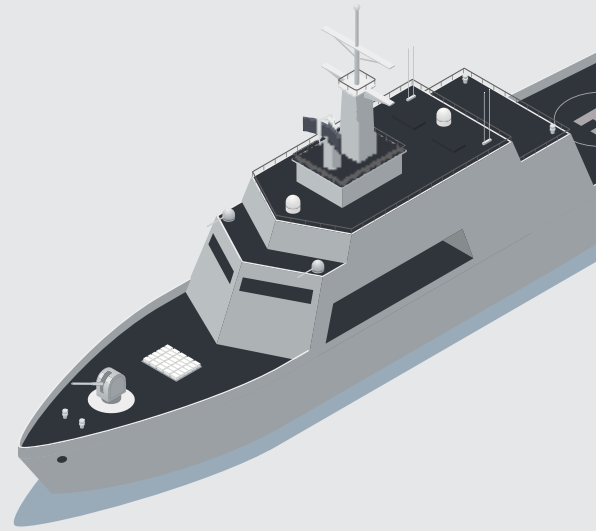
- ▶ The modern 3D Virtual Reality Lab, a capability multiplier essential for design development of modern and strategic warships has been set-up at Central Design Office of your Company at Kolkata.
- ▶ During the year, your Company established a Data Centre, an innovative IT infrastructure in the Central Design Office at its 61 Park Unit, to enhance computing uptime and scalability and provide safe, economical, clean and highly secure operational environment in ship building.
- ▶ A modern Pump Test Bed facility has been created at your Company's Taratala unit. The objective of the new state-of-the-art pump testing facility is to tap the business opportunities available in this sector and future requirements of Naval Shipbuilding.
- ▶ Modernisation of Rajabagan Dockyard is underway, which will ensure that the shipbuilding capacity of your Company increases from 20 to 24 ships in next 3 – 4 years.

MANPOWER & MAJOR HR INITIATIVES

A team of 2100 people on the permanent roll of the Company are our key assets. As part of Human Capability Building initiatives, we have organised various management, functional and behavioural related development programmes during the year.

CORPORATE GOVERNANCE

Your Company has been upholding highest standards of transparent & ethical Governance practices while creating value for all the stakeholders. In testimony, for 10th year in succession, your Company has achieved 'Excellent' grading in compliance with the conditions of Corporate Governance for Central Public Sector Enterprises, Government of India.



During FY19, your Company signed a MoU with M/s. Elbit Systems, Isreal, for indigenous development and supply of Unmanned Surface Vessels (USV) under the “Make in India” initiative of the Government of India.

IN CONCLUSION

The repertoire of ships delivered by your Company is rich and varied, ranging from Frigates, Missile Corvettes, Anti-Submarine Warfare Corvettes, Fleet Tanker, Landing Ship Tank, Landing Craft Utility ships, Survey Vessels, Offshore Patrol Vessels, Inshore Patrol Vessels and Fast Attack Craft. This reposes confidence of our customers on the capability of GRSE and puts us in a unique place to construct and deliver a wide variety of highly sophisticated and futuristic warships.

We are driven by innovation in the production processes coupled with enhanced efficiency and utilisation of capital for resource optimisation. As I mentioned earlier, we will continue to exploit our existing capabilities through our strong design team, process standardization, improving procurement process in line with global standard and developing reliable partnerships.

With respect to our external environment, we will continue to explore all emerging opportunities from the Indian Navy, Indian Coast Guard, Ministry of Home Affairs, Inland Waterways Authority of India and other potential customers including export opportunities from friendly foreign countries.

It will be our endeavour to lead by example as a Shipbuilder of Tomorrow by pursuing growth strategies that will be responsibly competitive, sustainable and inclusive.

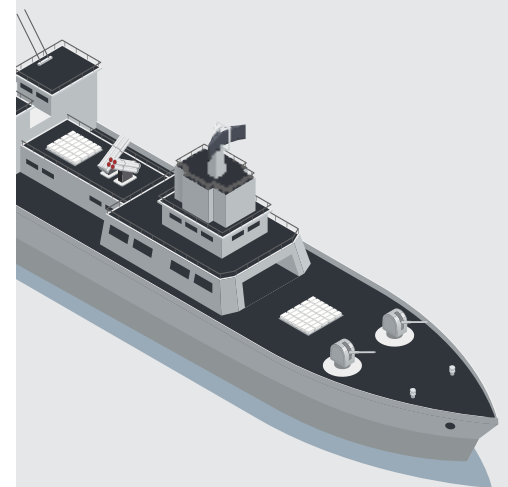
I would like to conclude by thanking the Ministry of Defence, Central and State Government Authorities and Indian Navy & Indian Coast Guard Authorities for their unstinted support and valuable guidance. I would also like to take this opportunity to convey my gratitude to all our esteemed Shareholders for their continued trust and confidence they have reposed in us. Last, but not the least, I appreciate the dedication and hard work put in by all our employees to achieve the goals of the Company and the Board of Directors who have supported and guided the Company to put it on a path of accelerated growth.

Jai Hind,

Sd/-
V. K. Saxena
 Rear Admiral, IN (Retd.)
 Chairman & Managing Director

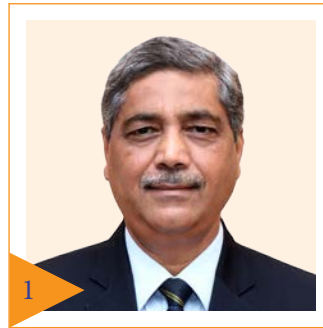


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BOARD OF DIRECTORS



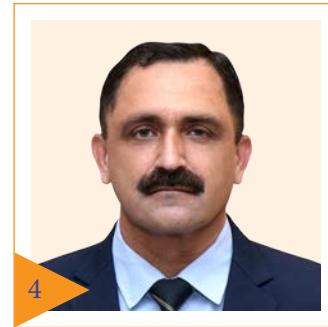
RAdm Vipin Kumar Saxena, IN (Retd.)
Chairman & Managing Director



Sarvjit Singh Dogra
Director (Finance) & CFO



Asit Kumar Nanda
Director (Personnel)



Cmde Sanjeev Nayyar, IN (Retd.)
Director (Shipbuilding)



Ashwani Kumar Mahajan
Government Nominee Director



Bharat Bhushan
Part-Time Non-Official
(Independent) Director



Kanwaljit Deol
Part-Time Non-Official
(Independent) Director



Dr. Ajai Bhandari
Part-Time Non-Official
(Independent) Director



RAdm Inder Paul Singh Bali,
AVSM, VSM, IN (Retd.)
Part-Time Non-Official
(Independent) Director



Dr. Biswapriya Roychoudhury
Part-Time Non-Official
(Independent) Director

▶ 1

Rear Admiral Vipin Kumar Saxena, IN (Retd.)*Chairman & Managing Director*

RAdm Vipin Kumar Saxena, IN (Retd.) (DIN: 07696782), aged 57 years and having an experience of over 34 years, was appointed as the Chairman & Managing Director of the Company w.e.f. 01 Mar 2017 to take charge of the overall management of the organization.

He is an alumnus of Jabalpur University (Bachelor of Engineering, Electrical) and Madras University (Master of Science degree in Defence Studies). He underwent the Staff Course at Defence Services Staff College, Wellington and the prestigious Naval High Command Course in 2005. He was commissioned in the Indian Navy on 05 Mar 1985.

His professional trajectory includes over 31 years of commissioned service in the Indian Navy where he joined on 05 Mar 1985. RAdm V K Saxena is the recipient of commendations by the Chief of the Naval Staff and Commander-in-Chief for his distinguished service to the Indian Navy. He has the distinction of serving for over 6 years on board frontline destroyers Ranjit, Ranvir & Ranvijay during early part of his career. He was selected as Commissioning Electrical Officer of INS Trishul built by Baltic Shipyard at St. Petersburg, Russia and underwent six months of specialized training at Russian Naval Academy. The various senior positions he has held in his long and distinguished career with the Indian Navy have provided, RAdm Saxena with a deep and well-rounded understanding of very many facets of warship building & ship repairs.

As Principle Director (Ship Production) at Naval Headquarters, New Delhi, he has handled various aspects of shipbuilding while managing multiple major contracts for construction of a number of warships both at Indian Shipyards (DPSUs & Private) and foreign shipyards.

On promotion to the Flag Rank, RAdm V K Saxena was appointed as the Additional Director General, Project Seabird, the largest infrastructure project of the Indian Navy. He played a key role in planning the road map for time bound implementation of this mega project. During his tenure as Project Director (Submarine Construction) at HQ ATVP, he was closely associated with the construction of Strategic Submarines, a prestigious project of national importance.

▶ 2

Shri Sarvjit Singh Dogra*Director (Finance) & CFO*

Shri Sarvjit Singh Dogra (DIN: 07052300), aged 59 years and having an experience of over 33 years, joined the Company as Director (Finance) on 31 Dec 2014 to head the Finance operations of the organization.

Shri Dogra is a Fellow Member of the Institute of Cost and Management Accountants of India. Prior to joining GRSE, Shri Dogra was associated with the Fertilizer Corporation of India Limited and has also 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.

▶ 3

Shri Asit Kumar Nanda*Director (Personnel)*

Shri Asit Kumar Nanda (DIN: 07506042), aged 59 years and having an experience of over 33 years, was appointed as Director (Personnel) of the Company from 03 May 2016 and heads the Human Resource function of your Company.

Shri Nanda holds a Bachelor's Degree in Law and a Masters' Degree in Social Work (Specialisation in Personnel Management & Industrial Relations). He is also credited with holding a Post Graduate Diploma in Human Resource Management.

He has worked for over three decades in the field of Human Resources Management in Central Public Sector Undertakings viz. ITI Limited, Hindustan Aeronautics Limited & BEML Limited, both at the Manufacturing & Corporate Level. He has vast experience in the development and implementation of strategic HR, OD Interventions, Change Management, HR policies & handling various HR processes. Prior to joining GRSE, he was working as Chief General Manager (Human Resources) in BEML.



BOARD OF DIRECTORS Contd...

▶ 4

Cmde Sanjeev Nayyar, IN (Retd.)

Director (Shipbuilding)

Cmde Sanjeev Nayyar, IN (Retd.) (DIN: 07973950), aged 57 years and having an experience of over 36 years, assumed charge as Director (Shipbuilding) of the Company w.e.f. 16 Dec 2017. Currently, he heads the Shipbuilding division of your Company.

He holds a Bachelor of Science and a Bachelor of Technology degree in Mechanical Engineering from Jawaharlal Nehru University, Delhi. He went on to obtain a Master of Technology degree in Design of Mechanical Equipment from IIT, Delhi and a Master of Management Studies from Osmania University.

He was commissioned in the Indian Navy on 01 Jul 1982 and has served it for over 35 years. He has been actively involved in the fields of Ship Design, Ship Repair, setting up of Marine Infrastructure and Technical Training. Besides sea service onboard ships of the Indian Navy, he has served at the Integrated Headquarters, Ministry of Defence, as the Director Marine Engineering and the Deputy Director General (Technical) of Project Seabird.

He has rich experience in ship repair and shipbuilding and has served as the General Manager (Refit) of the Naval Dockyard, Mumbai and as the Warship Production Superintendent, Mumbai. During his tenure as the Warship Production Superintendent, Mumbai, he has overseen the construction and commissioning of the three Kolkata class Destroyers, construction and launch of the two Vishakhapatnam class destroyers and commencement of production of the Stealth Frigate project. He has also overseen the construction of auxiliary vessels built by private shipyards on the West Coast.

▶ 5

Shri Ashwani Kumar Mahajan, Addl. FA(AK) & (JS)

Government Nominee Director

Shri Ashwani Kumar Mahajan (DIN: 07483427), aged 56 years and having an experience of over 29 years, was appointed as a Government Nominee Director of your Company w.e.f. 02 Apr 2016.

A qualified MBBS from Medical College, Amritsar, he is a cadre of the Indian Revenue Service (IRS) and has previously worked in the Income Tax Department. Presently, he is working as Addl. FA(AK) & Joint Secretary, Department of Defence Production, Ministry of Defence.

▶ 6

Shri Bharat Bhushan

Part-Time Non-Official (Independent) Director

Shri Bharat Bhushan (DIN: 00262278), aged 53 years and having an experience of over 29 years, was appointed as a Part-Time Non-Official (Independent) Director of the Company w.e.f. 15 Sep 2017.

A Bachelor of Commerce from Punjabi University and a practicing Chartered Accountant by profession, he has over 26 years of continuous experience in the practice of chartered accountancy. He has dealt in the areas of taxation matters, statutory, concurrent, revenue & information systems audits of banks, internal and statutory audits of PSUs and autonomous bodies of different Ministries, company law matters, arbitration matters etc. Presently, he is serving as a Partner in Chandiwala Virmani & Associates since 2004. He also holds a post-qualification certification in Information Systems Audit.

▶ 7

Smt. Kanwaljit Deol

Part-Time Non-Official (Independent) Director

Smt. Kanwaljit Deol (DIN: 03192289), aged 64 years and having an experience of over 38 years, was appointed as a Part-Time Non-Official (Independent) Director of the Company w.e.f. 15 Sep 2017.

With a Master's Honors' degree in Physics and a Bachelor's degree in Law, Smt. Kanwaljit Deol was appointed into the Indian Police Service (IPS) in 1977 and assigned to the Union Territories cadre. During her 38 years of service in the Police Department, she has been posted in Delhi, Goa and Arunachal Pradesh, and has received training in various aspects of policing, vigilance, road traffic & transport and human rights in India and abroad.

In Delhi, she served in various capacities, principal among them being Deputy Commissioner of Police in the Crime against Women Cell and the New Delhi District. As Additional Commissioner and Joint Commissioner, she was posted twice in the Delhi Traffic Police, during which time she served on the Board of Directors of the Delhi Transport Corporation. She was also primarily responsible for setting up the Delhi Police Public School in New Delhi and served as Secretary on its Board for close to 10 years. She also served as Additional Secretary in charge of Parliament Security in the Lok Sabha. In 2010 she headed the police force of the state of Arunachal Pradesh as its Director General of Police. In December 2012 she was appointed as Director General in charge of investigations with the National Human Rights Commission, New Delhi, until her retirement on 31 Oct 2014.

▶ 8

Dr. Ajai Bhandari*Part-Time Non-Official (Independent) Director*

Dr. Ajai Bhandari (DIN: 00322233), IAS (Retired) aged 65 years and having an experience of 36 years, was appointed as a Part-Time Non-Official (Independent) Director of the Company w.e.f. 09 Mar 2018.

He holds a Ph.D. in Life Sciences and Masters' in Science (Botany) degree from the Himachal Pradesh University. He has an experience of thirty-six (36) years in various executive capacities in middle and senior levels under the State Government of Himachal Pradesh. He was Secretary to the State Government and held Secretary level posts. He served as Managing Director and Chief Executive Officer of various Public Sector Undertakings of the State. He also served in various positions in financial, power, legislative, developmental and other sectors in the State.

▶ 9

**Rear Admiral Inder Paul Singh Bali,
AVSM, VSM, IN (Retd.)***Part-Time Non-Official (Independent) Director*

RAAdm Inder Paul Singh Bali, IN (Retd.) (DIN: 07912223), aged 59 years and having an experience of over 34 years, was appointed as a Part-Time Non-Official (Independent) Director of the Company w.e.f. 09 Mar 2018.

He holds a Bachelors of Engineering degree (Electrical) from NITSRI and a Bachelors of Engineering degree in Industrial Engineering from the Institution of Electronics and Telecommunication Engineers, India. He is alumnus of Naval War College (Mumbai). He also holds a Masters of Technology degree in Communication & Radar Engineering from IIT, Delhi.

He has an experience of over thirty-four (34) years in the Indian Navy and Ministry of Defence. During his career, he has held many positions at senior management level in administration, policy formulation & execution, technology evaluation & implementation, management of production work centers as well as management of marine infrastructure in the Navy. He was decorated with the prestigious Ati Vishisht Seva Medal (AVSM) and Vishisht Seva Medal (VSM) awards by the President of India for professional excellence and outstanding contribution to the Service.

▶ 10

Dr. Biswapriya Roychoudhury*Part-Time Non-Official (Independent) Director*

Dr. Biswapriya Roychoudhury, (DIN: 08200896), aged 57 years was appointed as a Part-Time Non-Official (Independent) Director of our Company with effect from 15 Aug 2018. He is a homeopathic doctor by profession.



OUR VALUE SYSTEM

A coherent set of values have been adopted and evolved by GRSE as a standard to guide the organizational behavior in preferences in all situations.



Fairness

GRSE visualizes itself to build a strong reputation for fair dealing by encouraging vendors, independent contractors, business partners and customers to do business with it again and again. The Company is walking strongly on the path of bringing in absolute transparency in all its transaction within as well as outside the organization.



Generosity

Generosity is the principle that each member of the organization share in the Company's success. Rewards & Recognition are to become a way of life, thus increasing employee motivation, loyalty and leading to higher productivity.



Pursuit of Excellence

The Company does not wish to live in its past achievements but continuously tries to develop better products & services, constantly improve customer satisfaction, upgrade operational efficiency and the productivity of everyone in the organization. The emphasis on this value is partially driven by the competitive nature of business being foreseen in the near future.



Community Involvement

GRSE plans to continue being an active participant in improving the quality of life for the communities in which it operates, or society as a whole.



Innovation

Innovators in business are constantly looking for emerging customer needs and designing best-in-class solutions to address those needs. Innovation allows a company to improve the quality of life for its customers. Making constant innovation a core value helps corporations grow in the face of ever-increasing competition because they take advantage of emerging opportunities before competitors can. GRSE plans to imbibe this value system strongly in its current and future plan of actions.



Concern for Employees' Welfare

Employees view their careers as more than a means of earning wages. They want to work for a company that truly cares about them. Employees want supervisors to listen to their ideas and concerns. They want a career path planned out for them, one in which they can continue to learn, acquire new skills and rise within the organization. Managers at all levels of an organization want to be supplied with the resources they need – including technology, human resources and funding – to accomplish their assigned goals. GRSE plans to carry this value system along its way, into the future.

KEY STRATEGIES AND OUTCOMES

Key Strategies

To maintain, retain, and strengthen relationship with Indian Navy and Indian Coast Guard

Initiatives and Outcomes

GRSE continues to be a preferred supplier by Indian Navy and Indian Coast Guard.

The Company plans to spend ₹ 200 to ₹ 250 crore in next 3 to 4 years on various capital projects mainly modernization of existing Ship Building facilities at RBD and other Units to enhance the capabilities of Ships Constructions / Block Fabrication and Ship Repair.

Renovation of Dry Dock No. 1 has been undertaken in RBD. Over the next one and a half years, further modernisation of the Dock has been planned. Concurrently, Slipway No. 1 has been cleaned and consultancy for its rehabilitation over the next 2 years is being aggressively pursued. Also, similar rejuvenation of Slipway No. 2 and Dry Dock No. 3 is planned with a capital outlay of ₹ 200 – ₹ 250 crore.

The RBD Unit is planned to be a hub of construction of small and medium ships and a feeder unit for Hull Blocks of larger P-17A ships and Survey Vessel Large ships.

Order Book value of ₹ 21,344 crore for shipbuilding as on 31 Mar 2019.

Strengthening Ship Repairing Capabilities

With substantial market opportunities and ship repair being an evergreen industry in the coming decade and beyond, the Shipyard is poised to take on ship repair, refits and upgrades for Indian Navy and Indian Coast Guard ships.

Upgrading Technological, Research Capabilities and Manufacturing Facilities

During the year, the Central Design Office of GRSE has been recognised as an “In-House R&D Unit” by the Department of Scientific and Industrial Research (DSIR) under Ministry of Science & Technology. DSIR recognition qualifies GRSE for various recurring Tax Incentives.

MoU signed with M/s. Elbit Systems, Israel in Apr 2018 for manufacturing of Unmanned Surface Vessel.

The Company spends on average 10% to 12% of PAT on R&D activities to enhance Indigenisation, Design Capability and Operational Improvements in the form of reduced wastage and re-work in ship construction

Improving and streamlining the internal processes to gain cost advantage

The Central Design Office to focus on Applied Research and Naval Designs to Develop cost effective and efficient products.

Exploring Export Markets

GRSE is actively exploring export markets. The Company is pursuing export initiatives of its warships / vessels with Seychelles Coast Guard, Philippines Navy, etc. In addition, your Company is also aggressively marketing its Portable Steel Bridges with neighbouring countries like Bhutan, Myanmar, Nepal.



GRSE AT A GLANCE

GRSE is a premier shipbuilding company in India under the administrative control of the Ministry of Defence, primarily catering to the shipbuilding requirements of the Indian Navy and the Indian Coast Guard. GRSE is a diversified, profit making and dividend paying Company and the first Shipyard in the country to export warships and deliver 100 warships to the Indian Navy and Indian Coast Guard.

GRSE derives a significant majority of its revenue from its shipbuilding division. In addition to its ship and warship building capabilities, GRSE is also engaged in engine production and other engineering activities such as manufacturing of deck machinery items, pre-fabricated portable steel bridges and marine pumps.

Majority of the products manufactured by GRSE are supplied to central and state governments and entities owned and controlled by such governments. Significant majority of the Company's revenues are derived from sales of shipbuilding products to the Indian Navy and the Indian Coast Guard.

Over the years GRSE has also supplied various boats, pontoons, barge, sailing dinghy, fishing trawler, fire float, tug, dredger, passenger ferry, motor cutter, deck whaler and launch.



Built the first indigenous warship – INS Ajay in 1961

In 1934, GRSE was incorporated under the Indian Companies Act, 1913, and was later acquired by the Government of India from Macneill & Barry Limited on May 19, 1960. Shortly after becoming a CPSE in 1960, GRSE built India's first indigenous warship – INS Ajay, in the year 1961.



1st Shipyard in the country to deliver 100 warships

On 30 Mar 2019, GRSE became the first Indian Shipyard to build and deliver 100 warships. On that day, the Company's Chairman & Managing Director, Rear Admiral (Retd.) V K Saxena formally handed over the 100th warship "IN LCU L-56" to the Indian Navy.



Total Income FY19

₹ **1,558** Crore



Number of People

2100



Order book*

₹ **21,644** Crore

* As on 31.03.2019



Shipbuilding

Presently, GRSE has 3 separate facilities for shipbuilding, all of which are located in close vicinity of each other in Kolkata. The ships are built at the Main Works Unit and the Rajabagan Dockyard.

GRSE's shipbuilding division is engaged in the construction of warships / vessels for clients mainly in the defence sector, Indian Navy and Indian Coast Guard and interceptor boats for MHA and State Governments towards coastal security.

Vessels Built by GRSE

- ▶ Frigates
- ▶ Anti-Submarine Warfare Corvette
- ▶ Missile Corvette
- ▶ Landing Ship Tank
- ▶ Landing Craft Utility
- ▶ Survey Vessel
- ▶ Fleet Replenishment Tanker
- ▶ Fast Patrol Vessel
- ▶ Offshore Patrol Vessel
- ▶ Inshore Patrol Vessel
- ▶ WJ-FAC
- ▶ Hover Craft
- ▶ Fast Interceptor Boat



Engineering

We offer portable bridges, deck machinery items and marine pumps as our engineering division's products and merchandise. The engineering division at GRSE was primarily set up in order to indigenize sophisticated deck machinery items in the year 1970.

GRSE's Engineering Products

- ▶ Portable Bridges
- ▶ Deck Machinery Items
- ▶ Marine Pumps
- ▶ Anchor Capstan
- ▶ Mooring Capstan
- ▶ Anchor Windlass
- ▶ Boat Davits
- ▶ Rail Less Helo Traversing System



Diesel Engine Plant

The Diesel Engine Plant (DEP) at Ranchi is engaged in the testing and overhauling of marine propulsion engines and assembly of semi-knocked down units of diesel engines, while the Engineering segment is engaged in the manufacturing and fabrication of portable steel bridges, deck machineries for ships and marine pumps.

The engine production division at DEP supplies and overhauls MTU 396-04; MTU 4000; MTU 1163; and MTU 538 class diesel engines. Recently, we modernized the assembly and testing facilities for marine engines unit at DEP which involved an investment of around ₹ 100 million. In the wake of the overhaul, a service partner agreement was signed with MTU (India) for undertaking W6 routines of MTU 4,000, MTU 538 and MTU 396 series engines. We also have a license agreement with MTU Germany for semi knocked down assembly of MTU 12V/ 16V 4000M90 engines and production of certain engine parts.



COMPETITIVE STRENGTHS

Modern Manufacturing Platform and Integrated Shipbuilding Facilities to deliver quality products:

GRSE's state-of-the-art facilities with vast technical expertise gives the Company a significant edge over other domestic defence shipyards. Over the years, the Company has significantly improved its manufacturing and other functional processes by modernisation of its facilities and adoption of Information Technology. The Company can simultaneously produce eight large ships and twelve medium/small ships in its facilities. In addition, the Company has constructed new hull shop, module shop for mega block integration, dry dock and building berth.

Central Design Office:

GRSE has a dedicated Central Design Office (CDO) which undertakes design, research and development, with a highly skilled workforce of 100 members. Its CDO team uses various software ranging from Aveva Marine, NAPA for Naval Architectural design, AutoCAD for drafting work and other softwares for structural analysis. With its dedicated CDO team, it has achieved innovative measures in carrying out complex warship designs. Its ability to provide end-to-end solutions to its customers, ranging from product conceptualization, design, system integration and project management increases its capability to meet customer demands.

Strong and Established Relationships with Indian Navy and Indian Coast Guard:

The company has established relationships with the Indian Navy and Indian Coast Guard since INS Ajay - the first indigenous warship built by GRSE for the Indian Navy in 1961. The Company has also delivered 67 ships to the Indian Navy, and 32 ships to Indian Coast Guard till 30 Mar 2019.

Strong Order Book

As on 31 Mar 2019, the Company has an Order Book of ₹ 21,644 crore which comprises of ₹ 21,344 crore for Shipbuilding division and ₹ 300 crore for Engineering and Engine division. Beyond 31 Mar 2019, the Company has also received an order worth ₹ 6311 crore for 8 nos. Anti-Submarine Warfare Shallow Water Crafts on 29 Apr 2019.

Make in India Initiative:

The Company has an advantage over global shipyards in securing contracts to build vessels for the Indian Navy and Indian Coast Guard because, it qualifies for the 'Make in India' initiative under the DPP. The 'Make in India' initiative grants indigenous manufacturers a competitive advantage when supplying to the domestic market. The MoD has given the highest priority to Indigenously Designed, Developed, and Manufactured ("IDDM") products for capital procurement. The Indian Navy and Indian Coast Guard are the repeat customers of the Company, and these constitute part of the domestic market and therefore, the Company receives preference over global shipyards in certain circumstances.

Business Diversification:

In addition to core manufacturing activities for shipbuilding, the Company offers diversified products, and services to its customers including portable bridges, deck machinery items, pumps, and engines. The Company has a dedicated deck machinery equipment facility or an engine assembling and testing facility, both of which, are essential for the shipbuilding and testing process. This is vertical integration which would enable the Company to produce ships in a more time efficient manner because of its non-reliance on third parties.

Experienced Workforce:

The Company has a qualified and experienced workforce, including its senior management team, which consists of technically qualified and experienced professionals. They have extensive experience in shipbuilding, design and engineering, order management, operations, human resources, finance and after-sales services. The Company boasts of having a large pool of experienced engineers. As of 31 Jul 2018, engineers constitute 21.30% of its total employees.



OUR FACILITIES

SHIPBUILDING



Main Works

Main Works is the epicentre of GRSE's operations. The centrepiece of Main Works is an Integrated Shipbuilding Facility located in Kolkata. The facility which occupies approximately 48 acres of land consists of the following:

- ▶ One dry dock of 10,000 DWT launching capacity and one inclined berth of 4,500 DWT capacity and both comes with portable shelters. This facility also consists of module hall for constructing large pre-outfitted block of upto to 200 tonnes, blast and paint cell, two additional river jetties etc.
- ▶ A 80 × 25 × 8 M fully covered Non-tidal Wet Basin with 2 × 10 tonnes EOT Cranes suited for all weather fitting-out of medium and small ships and 160 × 25 × 8 M Dry Dock with 2 × 40 tonnes Goliath Cranes suited for the construction and repair of ships. The Building Berth Measures 180 × 25 M and is equipped with 2 × 40/10 tonnes Cranes and supporting fabrication shops.



Main Works

Two (2) River Jetties which enable berthing of vessels up to 60 M in length and suited for out-fitting/repair of smaller vessels.

Additional Facilities - Boat Shed for manufacturing of Fast Interceptor Boat.

Two air-conditioned and humidity-controlled shops with six bays ranging from 18 to 40 M in length capable of building crafts up to 20 M.

The Fitting Out Jetty

The Fitting Out Jetty (FOJ) Unit occupies 18 acres of land in Kolkata, India. It is dedicated to fitting out and repair of ships. The facilities at FOJ Unit include:

- ▶ Naval Complex Jetty (229 × 10 × 8 M with one 25 tonnes Tower Crane)
- ▶ Finger Jetty (184.50 × 11.43 × 7 M with one 15 tonnes Level Luffing Crane).

Even though primarily meant for large ships, our FOJ Unit is capable of fitting out small, medium and large ships. The FOJ Unit is capable of fitting out up to four (4) large ships at one time.

Rajabagan Dockyard

Rajabagan Dockyard is spread over 31.15 acres with a 550 M open river front in Kolkata and is capable of pre-launch activities of three (3) 50 M-sized ships and post-launch outfitting of four (4) ships at one time at open river. The facilities at Rajabagan Dockyard include one (1) dry dock which can accommodate ships having draft facility upto 4 M.

OUR FACILITIES

ENGINEERING

**61 Park Unit**

The 61 Park Unit is located on 11.07 acres of land located in Kolkata, India. The 61 Park Unit is our primary unit for portable steel bridge production. It also houses the ship design office and cost estimation & corporate planning and commercial department.

**Taratala Unit**

Taratala Unit: We manufacture our deck machinery items at our Taratala Unit, which occupies 3.39 acres of land in Kolkata.

The Taratala Unit is engaged in production, assembly, test and trials of all types of deck machinery equipment and naval pumps. The deck machinery unit is currently supplying the rail-less helo traversing system for larger ships of the Indian Navy and Indian Coast Guard. Your Company has also recently inaugurated a modern pump test bed facility at Taratala Unit on 11 Jun 2018, for testing the pumps we manufacture.

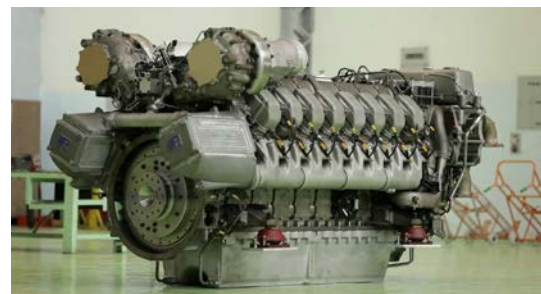
OUR FACILITIES

DIESEL ENGINE PLANT

DEP, Ranchi

We assemble, test and overhaul marine engines at the DEP, which occupies 62 acres of land and is located at Ranchi, Jharkhand. In addition to DEP, we also have the facilities for major overhaul (up to W6 Routines) for MTU 396, 4000 & 538 series engines.

Additional production facilities for portable steel bridges have been established at DEP at Ranchi during May 2016.





OUR BUSINESS

SHIPBUILDING CAPABILITIES

GRSE's shipbuilding division is engaged in the construction of vessels for clients mainly in the defence sector. Majority of the products manufactured by GRSE are supplied to central and state governments and entities owned and controlled by such governments. Significant majority of the Company's revenues are derived from sale of shipbuilding products to the Indian Navy and the Indian Coast Guard.



In addition to the shipbuilding products described below, over the years GRSE has also supplied various boats, pontoons, barge, sailing dinghy, fishing trawler, fire float, tug, dredger, passenger ferry, motor cutter, deck whaler, launch etc. to various other customers.



Fleet Tanker



Offshore Patrol Vessel



Hovercraft



Inshore Patrol Vessel



Water Jet Fast Attack Craft



Fast Interceptor Boat



10 YEARS FINANCIAL HIGHLIGHTS

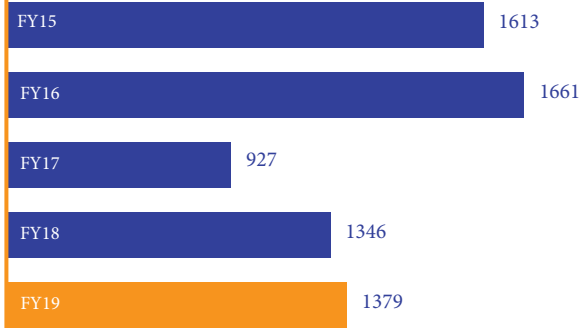
(₹ in Lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Financial Position										
Equity Share Capital	12384	12384	12384	12384	12384	12384	12384	12384	11455	11455
Reserve & Surplus	47255	55947	63872	73948	83196	84391	101042	95767	90698	92376
Net Worth	59639	68331	76256	86332	95580	96775	113426	108151	102154	103831
Capital Employed	47610	55911	60062	75907	91667	90810	110613	98112	102154	103831
Gross Block	26224	29612	30829	42732	53387	56381	56640	60454	47233	39959
Net Fixed Assets	14897	17402	17481	27979	36548	36574	34370	35834	38917	30225
Working Capital	32713	38509	42582	47928	55119	54236	76243	62278	60249	68476
Operating Results										
Sales	42427	54622	54506	46434	30819	230805	30668	22162	239529	93721
Value of Production	87074	105330	129253	152915	161167	161266	166075	92784	134552	137877
Value Added	30771	37868	49613	49609	50463	47702	48182	30018	41923	44217
Profit/(Loss) Before Tax	13075	16276	16935	19315	18723	7602	24915	2089	12775	17896
Provision for Tax	1633	4705	6132	6161	6577	3257	8710	865	3535	6902
Profit/(Loss) after Tax	11441	11571	10803	13154	12146	4345	16205	1223	9240	10994
Appropriation										
CSR Reserve	-	228	10	-	-	2	-	94	-	-
General Reserve	1144	1134	1079	1315	1215	435	1607	15619	6065	6,065
Proposed Dividend on Equity	2477	2477	2477	2631	2477	2477	5322	5408	5080	7,961
Tax on Proposed Dividend	411	402	402	447	421	504	1083	1101	1034	1636
Ratios										
Gross Profit/ Capital Employed	0.27	0.29	0.28	0.26	0.21	0.08	0.22	0.02	0.13	0.17
PBT/ Production (VOP)	0.15	0.15	0.13	0.13	0.12	0.05	0.15	0.02	0.10	0.13
Production (VOP)/ Capital Employed	1.83	1.88	2.15	2.01	1.76	1.78	1.46	0.86	1.32	1.33
Value Added/ Production (VOP)	0.35	0.36	0.38	0.32	0.31	0.30	0.29	0.34	0.31	0.32
No. of Employees	4345	4117	3792	3491	3133	2834	2592	2401	2214	2,100

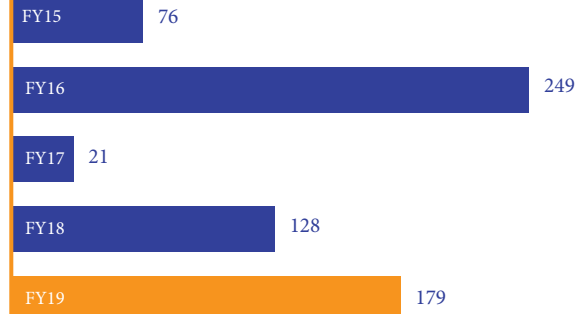
KEY PERFORMANCE INDICATORS

(₹ in crore)

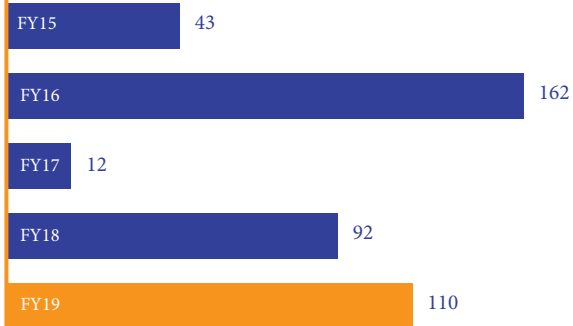
TURNOVER



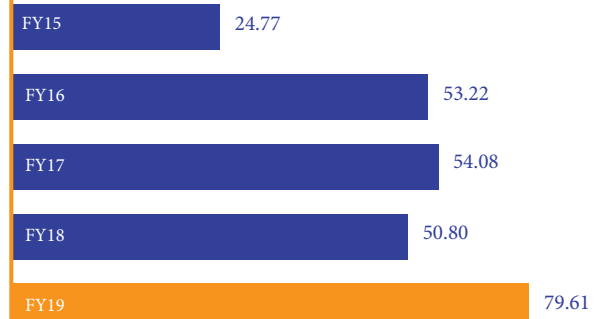
PBT



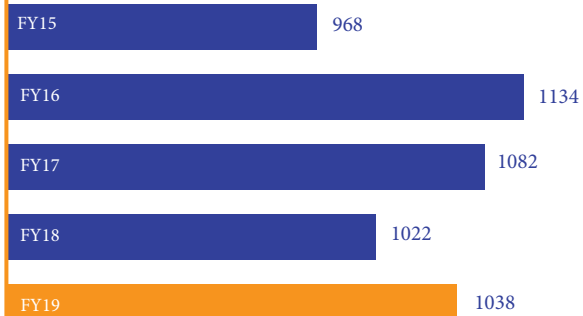
PAT



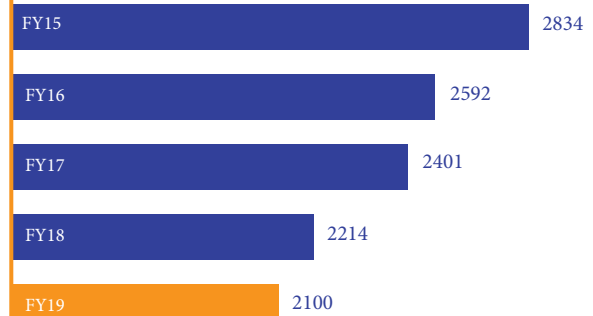
DIVIDEND



NETWORTH



MAN POWER (No.)





CORPORATE INFORMATION

Board of Directors

RAdm Vipin Kumar Saxena, IN (Retd.)
Chairman & Managing Director

Sarvjit Singh Dogra
Director (Finance) & CFO

Asit Kumar Nanda
Director (Personnel)

Cmde Sanjeev Nayyar, IN (Retd.)
Director (Shipbuilding)

Ashwani Kumar Mahajan, IRS
Government Nominee Director

Bharat Bhushan
Part-Time Non-Official
(Independent) Director

Kanwaljit Deol, IPS (Retd.)
Part-Time Non-Official
(Independent) Director

Dr. Ajai Bhandari, IAS (Retd.)
Part-Time Non-Official
(Independent) Director

**RAdm Inder Paul Singh Bali,
AVSM, VSM, IN (Retd.)**
Part-Time Non-Official
(Independent) Director

Dr. Biswapriya Roychoudhury
Part-Time Non-Official
(Independent) Director

Chief Vigilance Officer

Shri Dipankar Mahato, IP&T AFS

Company Secretary and Compliance Officer

Shri Sandeep Mahapatra

Senior Management

Arup Ratan Pal
Chief General Manager (ERP, YM & CM)

Cmde P R Hari, IN (Retd.)
Chief General Manager (PP & C)

D Vijayam
Chief General Manager
(Engineering & DEP)

Siddhartha Ray
Chief General Manager (Finance)

Capt. Jagmohan, IN (Retd.)
Chief General Manager (Design)

Venkatesh Murthy
General Manager (Commercial)

Cdr Soumya Choudhury, IN (Retd.)
General Manager (FOJ)

Cdr B Sengupta, IN (Retd.)
General Manager (QA and IE & P)

A K Mohapatra
General Manager (HR & Admin)

DIG Subrato Ghosh, ICG (Retd.)
General Manager (RBD)

Capt. P Sunilkumar, IN (Retd.)
General Manager (CE&CP)

Cdr A K Mahapatra, IN (Retd.)
General Manager (Main Works)

Cdr B Mishra, IN (Retd.)
Addl. General Manager (Taratala Unit)

Sandeep Mahapatra
Company Secretary and Compliance Officer

Independent External Monitors

Shri Girish Shankar, IAS (Retd.)
Shri R. Kuppam, IRSME (Retd.)

Bankers

State Bank of India
IDBI Bank
ICICI Bank
PNB
HDFC Bank
Axis Bank

Statutory Auditors

M/s. A. Kayes & Co.
Chartered Accountants

Branch Auditor

M/s. Sinha & Ghelani
Chartered Accountants

Secretarial Auditors

M/s. Vinod Kothari & Company
Practicing Company Secretaries

Cost Auditors

M/s. Mou Banerjee & Co.
Cost Accountants

Registrar & Transfer Agent

M/s. Alankit Assignments Limited

Registered Office

43/46, Garden Reach Road
Kolkotta - 700 024
CIN No. L35111WB1934GO1007891
Website: www.grse.in

DIRECTORS' REPORT



Dear Shareholders,

Your Directors have pleasure in presenting the Annual Report of your Company for the financial year 2018-19 together with the Audited Financial Statements for the year ended 31st March, 2019.



DIRECTORS' REPORT

FINANCIAL PERFORMANCE

The performance of your Company continued to be good during the financial year 2018-19. The turnover for the year was ₹ 1,378.77 crore as against ₹ 1,345.52 crore in the financial year 2017-18. The profit before tax was ₹ 178.96 crore as against ₹ 127.75 crore in the previous year. The net profit was ₹ 109.94 crore as compared to ₹ 92.40 crore for the previous year.

The summarized operating results for the financial years 2018-19 and 2017-18 are given in **Table 1**.

The financial position of your Company as on 31 Mar 2019 and 31 Mar 2018 is shown in **Table 2**.

Net Worth

During the year under review, your Company reported Net Worth of ₹ 1,038.31 crore as at 31 Mar 2019 against ₹ 1,021.54 crore as reported at 31 Mar 2018.

Value of Production

During the financial year under review, your Company achieved Value of Production ('VoP') of ₹ 1,378.77 crore as against ₹ 1,345.52 crore during the previous year. The comparative VoP for the three Divisions are as shown in **Table 3**.

Value Addition

The Value Added during the financial year under review was ₹ 442.17 crore as against ₹ 419.30 crore during the previous year. The Value Added per Employee was ₹ 21.06 lakh as compared to ₹ 18.94 lakh during the previous year.

Appropriations

Considering the financial performance of your Company in the year 2018-19, the Directors

Table 1 Summarized Operating Results

(₹ in crore)

Particulars	2018-19	2017-18
Value of Production	1,378.77	1,345.52
Total Revenue from Operation	1,386.42	1,349.66
Profit Before Depreciation, Interest and Tax	211.15	164.40
Finance Cost	1.96	2.79
Finance Cost due to discounting	3.15	4.90
Depreciation	27.08	28.96
Profit Before Tax	178.96	127.75
Provision for Tax	69.02	35.35
Profit After Tax	109.94	92.40
Other Comprehensive Income (Net of Tax)	(6.37)	7.55
Total Comprehensive Income	103.57	99.95

Table 2 Financial Position

(₹ in crore)

Particular	As on 31 Mar 19	As on 31 Mar 18
Capital Employed	1,038.31	1,021.54
Gross Block	399.59	472.33
Net Block	302.25	389.17
Working Capital	684.76	602.49
Net Worth	1,038.31	1,021.54
Value Added	442.17	419.30
Value of Production	1,378.77	1,345.52
Profit Before Tax	178.96	127.75
Ratios: (%)		
Profit before interest and tax : Capital Employed	17.73	13.26
Profit after tax : Net Worth	10.59	9.05
Gross Profit : Capital Employed	17.24	12.51
Profit Before Tax : Value of Production	12.98	9.49
Value of Production : Capital Employed	132.79	131.72
Sundry Debtors : Value of Production	15.94	15.02

Table 3 Value of Production

(₹ in crore)

Year	Ship Division	Engineering Division	Engine Division	Total
2018-19	1,337.66	40.64	0.47	1,378.77
2017-18	1,267.67	72.03	5.82	1,345.52

are pleased to recommend the following appropriations from the disposable surplus as shown in Table 4.

Contribution to Exchequer

Your Company has made a contribution of ₹ 50.24 crore to the National Exchequer during the financial year 2018-19 by way of Income Tax, Dividend Tax and GST.

Dividend

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top five hundred listed entities shall formulate a dividend distribution policy. The said Regulation is not applicable to your Company. However, your Company is declaring minimum dividend as stipulated by Government of India for the Central Public Sector Enterprises.

Pursuant to the approval of the Board of Directors on 24 Mar 2019, your Company paid an interim dividend of ₹ 1.85/- per equity share of face value of ₹ 10/- each, to Shareholders who were on the register of members as on 28 Mar 2019, being the record date fixed for this purpose. Thereafter, the Board, at its meeting held on 29 May 2019 has recommended a dividend of ₹ 5.10/- per equity share of face value of ₹ 10/- each for the financial year 2018-19. Thus, the total dividend for the financial year 2018-19, if approved by the Shareholders, would be ₹ 6.95/- per equity share.

Disinvestment and Initial Public Offer

The Cabinet Committee on Economic Affairs, on 12 Apr 2017, had approved disinvestment of the

Table 4 Appropriations

(₹ in crore)

Particular	As on 31 Mar 19
Profit After Tax	109.94
Other Comprehensive income for the year, net of tax	(6.37)
Total Comprehensive income for the period	103.57
Less:	
Transfer to General Reserve	-
Dividend on the Paid-up Capital	50.80
Dividend Tax	10.44
Interim Dividend	21.19
Interim Dividend Tax	4.36
Balance retained in Statement of Profit & Loss	16.78

Company's shares through IPO and its subsequent listing.

Your Company's Initial Public Offer through Offer for Sale of 2,92,10,760 equity shares of face value of ₹ 10/- each by the Government of India opened on 24 Sep 2018 and closed on 01 Oct 2018. The IPO was fully subscribed and the shares of your Company has been listed both on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") on 10 Oct 2018. The Government of India has raised ₹ 343.95 crore against

disinvestment of 25.50% of their holding in your Company.

MoU RATING

Your Company has been rated "Excellent" as per MoU Rating for FY 2017-18 by the Department of Public Enterprises. Further, on the basis of actual achievements vis-à-vis parameters laid down in the MoU signed with the Government of India for the year 2018-19, your Company expects "Excellent" rating for its performance during 2018-19 as well.



Listing Ceremony at NSE on 10 Oct 2018

DIRECTORS' REPORT

PERFORMANCE OF THE COMPANY IN FY19

A. SHIPBUILDING

Ship Production & Delivery

Deliveries of Ships: Your Company has delivered four (4) ships to the Indian Navy / Indian Coast Guard during the financial year 2018-19 as per details given in Table 5.

During the year under review, your Company has achieved a historic milestone by **delivering its 100th warship** to Indian Navy – a Landing Craft Utility (LCU), (IN LCU L-56), designed and developed by GRSE with over 90% indigenous content on 30 Mar 2019 in the august presence of Shri Sanjay Mitra, IAS, Defence Secretary, Government of India. With this, your Company has become the first Shipyard in the country to build and deliver 100 warships to our maritime forces.

The third of Class of Eight LCU ships, named “IN LCU L-53” built by GRSE was commissioned by Vice Admiral B. K. Verma, AVSM, ADC, Flag Officer Commander-in-Chief, Andaman & Nicobar Command at Port Blair on 25 Apr 2018. This ship has the honor of having successfully completed her weapon & sensor trials prior to delivery. This ship has been delivered with ‘Zero’ Shipbuilders’ Liability.

The fourth ship of eight LCU ships, constructed by GRSE, “IN LCU L-54”, was commissioned by Vice Admiral GS Pabby, AVSM, VSM, Chief of Materiel (COM), Indian Navy at Port Blair on 25 May 2018.

The fifth in the series of eight LCU Class ships “IN LCU L-55”, constructed by your Company, was commissioned by Vice Admiral Ajit Kumar P, AVSM, VSM, the then

Table 5 Ship Production & Delivery

Sl. No.	Ship	Yard	Delivery
1	L-54 (4 th Landing Craft Utility)	2095	06 Apr 18
2	L-55 (5 th Landing Craft Utility)	2096	28 Sep 18
3	ICGS Priyadarshini (1 st FPV)	2113	27 Mar 19
4	L-56 (6 th Landing Craft Utility)	2097	30 Mar 19



Delivery of IN LCU L-55



Launching of two FPVs for Indian Coast Guard

Vice Chief of Naval Staff, Indian Navy at Port Blair on 19 Dec 2018.

The entire design of these LCU Class Mark-IV ships has been developed in-house by your Company as per the requirements specified by the Indian Navy. The ships boast of over 90% indigenous content, proving once again, your Company's commitment towards successful implementation of 'Make in India' initiative of the Government of India.

Launching of ships

Two (2) ships were launched during the FY 2018-19. Details as per table [Table 6](#):

The third & fourth ships of the Fast Patrol Vessel (FPV) class were launched by Smt. Veena Naravane, in the august presence of Lt Gen M M Naravane, AVSM, SM, VSM, General Officer Commanding-in-Chief, Eastern Army Command. Shri Ranjan Bargarotra, PTM, TM, Inspector General, COM Coast Guard was also present during the ceremony.

Keel Laying

Keel of the first P-17A ship (Yard 3022) was laid on 10 Nov 2018 by the then Vice Admiral K B Singh, the then Flag Officer Commanding, Eastern Naval Command.

Start Production

Start Production of the second Frigate of the P-17A Project (Yard 3023) and 1st ship of the Survey Vessel (Large) project (Yard 3025) commenced ahead of schedule which were the credible achievements during the FY 2018-19.

Major Projects Near Delivery

Details of Major Projects nearing delivery are given at [Table 7](#).

New Initiatives

- ▶ With the intent to provide the Indian Navy with a unique



GRSE signed MoU with ELBIT Systems Ltd., Israel

Table 6 Launching of ships

Sl. No.	Ship	Yard	Date
1	AMRIT KAUR (3 rd FPV)	2115	22 Nov 18
2	KAMLA DEVI (4 th FPV)	2116	22 Nov 18

Table 7 Major Projects Near Delivery

Sl. No.	Ship	Yard	Status
1	P-28 ASWC	3020	Physical progress achieved is 91.34%. The ship is likely to be delivered in Sep 2019.
2	L-57 (7 th LCU) & L-58 (8 th LCU)	2098 2099	Trials of auxiliary machinery & systems in progress. Ship is being readied for BT & CST. Both the ships likely to be delivered during FY 2019-20.
3	FPVs	2114 to 2116	Post launch outfitting works are in progress. Ships are likely to be delivered during FY 2019-20.

force multiplier in countering the threat environment with limited budget, GRSE has signed a MoU with M/s. Elbit Systems, Israel, for indigenous development and supply of Unmanned Surface Vessels (USV).

- ▶ The MoU between GRSE and M/s. Khulna Shipyard Limited ('KSY'), Bangladesh, an independent commercial enterprise under Ministry of Defence, Government of Bangladesh, was signed in order to develop shipbuilding skill and know-how of KSY. The MoU authorises GRSE to jointly participate with KSY for

shipbuilding projects of customers of KSY.

- ▶ The MoU for promotion of export business and cooperation on mutual interests was signed between GRSE and M/s. Larsen & Toubro Ltd. The MoU is specially intended for participation in upcoming requirement of Corvettes by Philippines Navy. Further, GRSE and M/s. L&T have mutually agreed to share their experience and expertise to develop products to meet changing requirements of prospective international customers.



DIRECTORS' REPORT

PERFORMANCE OF THE COMPANY IN FY19

B. ENGINEERING

The Value of Production achieved by the Engineering Division during the financial year 2018-19 amounted to ₹ 40.64 crore.

Portable Steel Bridge Unit

The Value of Production achieved by the Bailey Bridge Unit during the financial year 2018-19 amounted to ₹ 26 crore [consisting of thirty-five (35) Bridges with combined 3250 MT] as against ₹ 68 crore [consisting of sixty seven (67) Bridges with combined 4305 MT] during the previous year 2017-18.

This drop in VoP is mainly because of reduced receipt of Supply Orders due to increase in competition. Suppliers of Bailey type Bridges registered with CQA (EE) is now around sixteen (16) Nos. as against five (5) Nos. two years back. Further, value of orders received during 2018-19 was about ₹ 48.57 crore.

During 2018-19, your Company exported five (5) Bailey Bridges to Nepal.

To meet the latest requirements of prospective customers, the following R&D initiatives were taken:

- ▶ Indigenous development of Cable Gripper used in Suspension Bridges.
- ▶ Development of Double Lane Bridge using 7 ft. Panel.
- ▶ Development of Portable Pedestrian Bridge (i.e. Assault Bridge) using Carbon Fiber Reinforced Polymer Composites to meet the requirements of IHQ (Army).

Deck Machinery and Naval Pump Unit

The Taratala Unit of your Company is engaged in manufacturing and supply of various Deck Machinery equipment comprising of Anchor Capstan, Anchor Windlass, Mooring Capstan, Dock Capstan, General Purpose Davits, Ammunition Davit/ Rocket Launcher Davit, Electric Boat Davits, Electro-Hydraulic Boat Davits, Survey Motor Boat Davits, Hydrographic Davits, Oceanographic Winch, Anchor cum General Purpose Winches for beaching operations, Helo traversing system (both Rail based and Rail Less type) & various types of Naval Pumps consisting of marine fresh water and sea water pumps of different discharge and capacity based on application.

During FY 2018-19, a total of forty-eight (48) Nos. of different Deck Machinery equipment and pumps have been supplied to various new construction yards as well as to operational ships of Indian Navy and Indian Coast

Guards. The Ground Support Equipment of Rail Less Helicopter Traversing System for Advance Light Helicopter (ALH) has been indigenously designed and manufactured for use onboard Indian Navy and Indian Coast Guard ships.

With this, the Value of Production of the Deck Machinery and Naval Pump Unit for the financial year was ₹ 14.64 crore.

C. ENGINE DIVISION

During the year under review, your Company has delivered three (3) MTU 16V4000M90 engines after assembly and testing for Yard 2117 ship of Indian Coast Guard which is under construction at your Company. The Company has also successfully completed setting to Work and Commissioning of main engines and controls of Yard 2113, the first ship of five (5) FPV ships of Indian Coast Guard, which was delivered as 99th warship by your Company on 27 Mar 2019. This unit of your Company got its re-certification under ISO Standards with up gradations for ISO 9001:2008 to ISO 9001:2015.



Portable Steel Bridge to Government of West Bengal

DIRECTORS' REPORT

ORDER BOOK POSITION

The total order book position of the Company for the three (3) divisions as on 31 Mar 2019 is as follows:

(in ₹ crore)

Sl. No.	DIVISION / DEPTS	Closing order Value as on 31.03.2019
A	Ship Division	
	Ship (including B&D Spares)	21,344.72
	Engineering Division	
	Bailey Bridge	32.02
	Deck Machinery & Pump	48.81
B	Total Engineering Division	80.83
C	Engine Division	218.70
	Total (A+B+C)	21,644.25

The no. of ships under construction in your Company as on 31 Mar 2019 is as follows:

Project / Vessel Type	Outstanding Ships as on 31.03.19
Anti-Submarine Warfare Corvettes	01
Landing Craft Utility (LCUs)	02
Fast Patrol Vessel	04
Project P-17A	03
Survey Vessel (Large)	04
Total	14

MAKE IN INDIA INITIATIVES

Your Company has implemented the "Make in India and Indigenisation" Policy whereby indigenous vendors are encouraged to quote with maximum indigenisation content through Licensed production with collaboration, Licensed production by way of Transfer of Technology (ToT), Co-production, Assembling, Design and Manufacture in India with ToT. Your Company has developed in-house capabilities to design & build most modern warships in the country. Of these ships, the ongoing ASW

Corvettes and LCUs have about 90% indigenous content which is a major step towards achieving self-reliance in state-of-the-art warship design and construction.



1st Shipyard to Export Warship - Offshore Patrol Vessel to Mauritius

Your Company has indigenised numerous Shipbuilding & Engineering items of hull & hull outfit, engineering equipment including marine pumps, electrical equipment and spares during the financial year 2018-19.

Your Company has signed MoU with M/s. Elbit Systems Ltd., Israel, for indigenous development of Unmanned Surface Vessels. Your Company is studying the feasibility to enter into Agreements with M/s. MTU, Germany for indigenous manufacturing of Diesel Engine components / parts at DEP Unit at Ranchi.

EXPORT INITIATIVES

Your Company is participating in global tenders abiding by all Government Policies & Guidelines to build up healthy order book position and increase in export of defence platforms. The Shipyard is pursuing export initiatives of its warships / vessels with friendly countries. In addition, your Company is also aggressively marketing its Portable Steel Bridges with neighbouring countries like Bhutan, Myanmar, Nepal etc.



DIRECTORS' REPORT

CREATION AND RENOVATION OF INFRASTRUCTURE

Virtual Reality Lab of Central Design Office

A modern 3D Virtual Reality Lab, a capability multiplier essential for design development of modern and strategic warships has been set-up at Central Design Office of your Company at Kolkata. The objective of setting up of Virtual Reality Lab is to undertake:

- ▶ Line Out Inspection on the CAD Model.
- ▶ User Reviews of critical compartments at a much earlier stage of design.
- ▶ Marketing of future ship designs
- ▶ A new Profit Centre, extending the facility for further utilisation by Indian Govt. & Private Industries.

Data Centre of Central Design Office

A Tier-2 Data Center, an IT Infrastructure to enhance Computing Uptime, Scalability and provide safe, clean and highly secure environment with Integrated Infrastructure Management System essential for design development of modern and strategic ships & warships was inaugurated at the Central Design Office of GRSE 61 Park unit. This Data Centre is one of its kind, mainly emphasized on promoting 'Green Concept', thereby contributing to Energy Saving. The Data Centre has been designed to meet the future IT Loads and cater to any further upgradation/ scaling up.

Modern Pump Test Bed Facility at GRSE's Taratala unit

A modern Pump Test Bed facility of GRSE has been created at your Company's Taratala Unit. The objective of the new state-of-the-art pump testing facility is to tap the huge business opportunities prevailing in this sector and future requirements of Indian Armed Forces especially the requirements of Indian Navy projected through 'Indian Naval Indigenisation Plan (INIP) 2015 – 2030'. With commissioning of this facility, GRSE's Taratala Unit is poised to take up work on next generation pumps and also move ahead on manufacture of different types of pumps under 'Make in India' programme.

Modernisation of Rajabagan Dockyard

Major Modernization was completed at GRSE in the year 2013 and at present your Company has 04 Dry Docks, 02 Inclined Berths, 01 Wet Basin, 02 Post Launch Jetties and 02 Floating Jetties for construction of ships. Modernisation of Rajabagan Dockyard (RBD) Unit of your Company are underway, wherein, 01 No. Dock is under renovation, 02 Nos. Old Building Berths are getting rejuvenated, Dock No. 3 (West Dock) is planned for conversion to a Wet Basin and a New Jetty at the western side of the Unit. On completion of this modernization project by 2022-23, the shipbuilding construction capacity of GRSE will increase from 20 to 24 ships.



Virtual Reality Lab of Central Design Office



Data Centre of Central Design Office

DIRECTORS' REPORT

FUTURE OUTLOOK

Your Company's major future plans for steady business growth and stability are as follows:

- ▶ The Vision is to become a Global Leader by increasing exports footprint by looking at the entire operations from the view point of cost, delivery time, quality & credibility.
- ▶ Your Company believes that innovation in the production processes coupled with enhanced efficiency and utilisation of resources is the key to reduce production costs. The Company intends to leverage its design, engineering and manufacturing capabilities to improve its procurement and production processes.
- ▶ Maximize capability of the Shipyard to handle projects through Strong Design Team, Process Standardization, improving procurement process by comparing with major shipyards and developing reliable partnerships.
- ▶ Continuous endeavour towards assessment of tentative & likely opportunities from the Indian Navy, Indian Coast Guard, Ministry of Home Affairs, Inland Waterways Authority of India over next 05 Years.
- ▶ Your Company is targeting for orders from the Indian Navy and Indian Coast Guard for AMC & Refits of GRSE built ships.

VENDOR DEVELOPMENT

Your Company has analysed the production activities, identified core and strategic operations and undertaken comprehensive mapping of activities to be outsourced. Accordingly, vendor development initiatives like organizing Vendor Meet/ participation in 42 Vendor Fairs / Melas / programs / seminars / conferences / conclaves organized by CII, FICCI, MSME-DI, BCCI, NSIC, FOSME, other Defence Shipyards, State / Central Governments, Industry Defence Linkage, etc. have been undertaken to induct technically competent and financially capable vendors from across the country for outsourced jobs.

IMPETUS TO MICRO, SMALL AND MEDIUM ENTERPRISES

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 SMEs 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, Government of West Bengal. Our quality control personnel visit these industries to assist and ensure that the quality of the products meet the requisite standards.

During the financial year 2018-19, your Company procured items worth ₹ 164.57 crore from the SMEs, which is 27.42% (approx.) of the total annual procurement value (considering exclusions as applicable for SMEs). List of items reserved for SMEs procurement is available on your Company's website at:

http://www.grse.in/mse_notice_website.pdf.

Your Company has also successfully converted Finance module to TReDS - Trade Receivable Discounting compliant.

ERP & IT

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

- ▶ Amplification of SAP Production Modules has been restructured 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 with advance MIS Dashboard.
- ▶ Virtual Reality Lab has been Implemented for 3-D Simulation and near to Digital Manufacturing.
- ▶ Implemented Hardware based storage encryption mechanism (SED storage) to protect critical design data.
- ▶ Bill Tracking System has been implemented for ease of Bill Monitoring by all stake holders with automated email alerts.



DIRECTORS' REPORT

HUMAN RESOURCES & ADMINISTRATION

Manpower

The total Manpower strength under permanent roll of the Company as on 31 Mar 2019 was 2083 including 472 Officers. In addition, 5 tradesmen were on roll engaged as journeyman and 12 supervisors were on fixed term contract. During the previous quarter ended 31 Dec 2018, a total of 2106 employees were borne in the roll of the Company including 05 employees as journeyman and 11 employees as fixed term contract. Statements showing the representation of SC/ST/Women etc. as on 31 Dec 2018 as well as the total recruitment made during the period from Jan to Dec 2018 are given at **Appendices "A" & "B"** to this Report.

Further, in accordance with Ministry of Corporate Affairs Notification dated 05 Jun 2015, Government Companies are exempted from the provisions of Section 197 of the Companies Act, 2013 and its rules thereof.

Industrial Relations

Industrial Relations during the period under review across all the units were more or less peaceful barring few incidents by the operative category of employees on certain issues, led by the recognized Union for Operative category of employees such as '02 hours tool down strike' on 09 Aug 2018, serving notice for observing strike on 14 Dec 2018 on demand for 5 years wage settlement and other related issues. However, this strike was called off later.

Major HR Initiatives

Training & Skill Development Initiatives

▶ **Capability Building**

Initiatives: Your Company has undertaken various initiatives in updating the competencies of its human resources through exposure to various Learning & Development programs organized by premier institutes in India and abroad. The major capacity building initiatives in FY 2018-19 are given below:

- (i) **Advanced Technical Training Programmes:** In FY 2018-19, executives of your Company were sent to reputed training institutes in India and abroad for advanced training on various technical topics for constant updation of skills sets and learning of new skills which are advantageous to the Company. The Know How Provider (KHP)

appointed for P-17A Project has also conducted training on actual execution of Integrated Construction (pre-outfitting), QA/QC application in IC and erection of Rings and Blocks (pre-grand)/ alignment of Rings (grand assembly) modules in the Company during 2018-19. Your Company has arranged training and NSQF certification for 60 Crane Operators by NSDC Sector Skill Councils under Recognition of Prior Learning (RPL) scheme.

- (ii) **Outbound Workshop on Leadership and Strategic Thinking:** Your Company has organized a 03 days' outbound workshop on Leadership and Strategic Thinking for Senior Management team encompassing Chief General Managers and General Managers.



Annual Sports

(iii) **Management Development Programmes:**

A number of Management Development Programmes to develop leadership, team building, presentation and communication skills and managerial skills etc. were organized for Officers. Supervisor Development Programmes were also organized for enhancement of professional skills of Supervisors.

(iv) **Functional Development Programme:**

Workshops on various functional areas like Contract Management, Project Estimation & Costing, Supply Chain Management, Class Requirements, Management of Discipline, Performance Management System, Public Procurement, Financial & Business Acumen, Intellectual Property rights Awareness etc. were organized in-house by internal faculty as well as faculty invited from reputed institutes. The employees are also nominated to various outside training on technical and management topics.

(v) **Apprenticeship Training under Apprentices Act:**

Your Company has imparted training to 210 Apprentices during FY 2018-19. This is approx. 10% of total manpower strength which is over and above the statutory requirement of 2.50%. Apart from the technical training, various development programmes were conducted for overall personality development of the apprentices. Third party assessment and skill proficiency certification were also organized for the apprentices.

► **Employee Engagement Initiatives:** Your Company is committed to employee engagement that upholds individual dignity and enriches work environment. The employee engagement practices are based on creating and nurturing an environment where all employees are respected without any prejudices.

(i) **GRSE Family Day Function:**

The philosophy behind celebrating the Family Day Function is that reaching out to family members helps to strengthen the organization – employee bonding as well as contribute to work-life balance.

GRSE celebrated Family Day Function on 06 Jan 2019 for the family members of employees. This programme generated huge interest amongst employees and the entire Shipyard was abuzz with enthusiasm and wholehearted

participation by the employees and their family. The programme included painting, singing and dance competition for employees' children, sports activities for employees' spouse followed by a musical programme.

(ii) **Annual Sports:** In order to reinforce its focus on creating team spirit as also improving work-life balance for the employees, different types of sport events were conducted during the year, from 12 Nov 2018 to 03 Jan 2019. Various events such as Cricket, Badminton, Volleyball, Table Tennis, Chess and Carom are included which witnessed huge participation of both female and male employees and created immense enthusiasm not only among participants but also among other employees.

(iii) **Monthly Open House Session:** With the view to promote measures for securing



Outbound Training for CGMs & GMs



Crane Operators Training by NSDC (RPL)



transparency, preserving amity and good relation between the employees and to improve the level of awareness amongst employees about the latest developments and achievements of your Company, issues / concerns of the employees, recent policies of the Company, open house sessions are being organized by the Department or Shop-in-charges for the employees under their control on 2nd Saturday of every month. This initiative has started from Mar 2019 onwards. Through this initiative, it is intended to update the employees about their future growth along with the Company's vision, to tell them how important they are for the success of the organization, connect with them as human being and not merely as a small cog in the wheel, spend time with them, share their stories, help them to become visible in their respective work area and create a value chain of unity and care.

(iv) **New Award Schemes:** With a view to nurture a culture of recognition and to promote meritocracy amongst employees, the following new award schemes have been introduced during the year:

- On the Spot CMD's Commendation & On the Spot Cash Award
 - Employee of the Month Award
 - Employee Innovation Scheme
- Through the above schemes, it is endeavoured to create work environment where the employees are encouraged to perform to their fullest potential to add value to the

Company, improve their morale and motivation and help the Company achieve operational excellence. All other Awards like GRSE Exemplary Service Awards, GRSE Merit Award for employees' children, Group Awards like Quality Circle and 5S' etc. are continuing.

(v) **Other Continued Schemes:**

A few other initiatives of earlier years in this regard namely, monthly HR Newsletter, Open House Sessions with Employees, CMD's Address to Officers etc. have continued.

Crèche Facility: A crèche facility has been created at the 61 Park Unit of the Company for children of lady employees of GRSE. The crèche has all amenities and facilities not only to cater for physical, emotional, psychological and hygiene related needs of the children but also to make the prolonged stay of the children, comfortable and interesting. It is expected that this facility will go a long way in helping the working mothers to remain stress-free and work peacefully with focus on their job.

- ▶ **Swachh Bharat Pakhwada:** Your Company has been partnering whole heartedly

towards the noble vision of Swachh Bharat, a unique initiative started by Hon'ble Prime Minister on 02 Oct 2014. Celebrating Swachhta Pakhwada is an annual event under Swachh Bharat Mission. GRSE has conducted the 'Swachhta Pakhwada' from 01 - 15 Dec 2018 with the following theme:

**“मेरा कार्यस्थल साफ हो,
इसमे हम सब का हाथ हो।”**

Celebration of Swachhta Pakhwada under Swachh Bharat Mission started in GRSE with the administration of oath by Chairman & Managing Director to the employees.

Various Swachhta activities were conducted during the fortnight such as training to canteen staff on cleanliness and hygiene, Swachhta Shramdand in public places such as Bichali Ghat and local school, organizing Inter School Painting Competition, debate competition amongst employees on the topic of Swachhta, distribution of waste bins in local schools, tree plantation etc.

Apart from the above, a new initiative 'Swachhta Sarthi Bike Rally' had been organized in the twin city at Kolkata and



GRSE Swachhta Sarthi Bike Rally by Employees

Howrah by around 125 bikers of your Company. Different activities like performing short street drama, nukkad natak, distribution of leaflets, cleanliness drive etc. were undertaken during the rally to spread awareness about the importance of cleanliness amongst the citizens. It created a unique opportunity for your Company to showcase commitment towards Swachh Bharat mission as a socially responsible corporate citizen.

► Persons with Disabilities (PwD)

The Company has framed Equal Opportunity Policy (Rights of Persons with Disabilities Act, 2016) during 2018-19 and the same has been hoisted on the GRSE website. Your Company extended all the relaxations / concessions to the employees with disabilities as per the Statute / Govt. directives. During the year under review, your Company has recruited 05 PwDs out of total recruitment of 35 employees.

► Empowerment of Women

The Women representation is 5% of the total strength in your Company. During 2018-19, a total of 04 lady employees have been appointed out of 35 which is 11.4%. GRSE WIPS Chapter regularly interacted with Eastern Region WIPS Chapter. Your Company has been awarded WIPS Excellence Awards 2018 for recognition in Excellence in Public Enterprise Management under Miniratna Category.



Celebration of Swachhta Pakhwada 2018



Creche for Employees' Children inaugurated in GRSE on 28 Jan 19



Women's Day Celebration



SAFETY AT WORK

The Shipyard continually strives to ensure safe working environment to achieve the objective of zero accident. In order to achieve the same, close monitoring and safety surveillance system has been instituted for strict implementation of safety norms and procedures at all work locations, including on-board ships.

In order to upgrade the safety awareness amongst the employees, 48th National Safety Day / Week has been celebrated in all units of your Company during 04 -10 Mar 2019 through administering National Safety Council's Health & Safety Pledge and displaying of Safety Banners at strategic locations of various Units.

During the FY 2018-19, the Shipyard has achieved a Safety Frequency Rate (Industrial Injuries Index) of 3.32 as against the last year's Safety Frequency Rate of 4.14, indicating a marked improvement in the area of Safety Culture of the Shipyard.

Fire safety awareness programmes were conducted in the Yard for all categories of employees including contractor's personnel and during the period under review, 263 personnel have attended the theoretical and practical sessions and derived huge benefit in terms of knowledge and experience.

Goliath Crane Incident

The shipbuilding infrastructure at Main Works Unit of GRSE was modernized and commissioned during 2013 at a cost of ₹ 605.85 crore. The modernized facilities have enabled GRSE to adopt the modern 'Integrated Construction Methodology' wherein large hull

blocks could be constructed with significant pre-outfitting at the hull fabrication stage.

On 17 Apr 2018, a 'Near Cyclonic Storm' hit Kolkata, and the entire structure of the 250 Tonne Goliath Crane collapsed, resulting in damage to the Module Hall, New Dry Dock, Inclined Berth and a part of the Stores Complex located in the Main Works Unit of the Shipyard.

All the assets of the Shipyard damaged during the incident are insured with M/s. Reliance General Insurance Company. The insured amount for the Goliath Crane is ₹ 110 crore and the total store inventories has also been insured. Similarly, each of the other assets such as Module Hall, Store Building, TIL Crane etc. are also adequately insured.

The damage sustained to the crane & collateral damage to the Yard Assets and the consequential effect of this incident on the on-going & future projects has been assessed and all necessary steps have already been taken to minimise the impact on the Yard capacity. Actions have also been initiated to ensure fast track restoration of the damaged assets, including the Goliath Crane. A number of mitigation measures have been put in place to ensure unhindered progress of ongoing projects especially the P-17A project.

Industrial Security

The physical security of your Company has been entrusted to the Central Industrial Security Force (CISF) contingent in all the three production units of GRSE i.e. MAIN, FOJ and RBD of 397 CISF personnel, headed by an officer of the rank of Commandant.

Total security of your Company continued to be robust without causing any serious security concern during the year. All security systems and measures introduced and installed in your Company are of international standards. Twenty-four (24) hours waterfront patrolling in a dedicated boat with armed personnel of CISF covering all critical locations along the river are in place. As per the security plan and policy of the Company, periodic security mock drills were conducted to ensure prompt mitigating action in the event of any security breach, crisis or calamities.

Effective access control systems including biometric attendance system for GRSE employees and contractors' laborers at the gates are in place in the Company. A full-fledged visitor's facilitation centre is operated for scrutiny and verification of the credentials of the visitors to the Company. Baggage scanning system has also been installed at the main entry gate of the Company. Apart from these, special systems and measures such as exclusive photo entry pass and CCTV surveillance system is being installed for complete fortification of GRSE Units by way of observations and surveillance. A robust cyber security policy has also been adopted by your Company.

Materials entry and exit have been made robust in terms of recording by CISF, which ensures effective and vigilant monitoring of materials movement in and out of the Company. No case of theft, sabotage, leakage of information etc. was reported during the year.

OFFICIAL LANGUAGE

In pursuance of sub rule (4) of rule 10 of the Official Language (Use for the Official Purposes of the Union) Rules, 1976, as notified by the Government of India, 80% of ministerial staff of your Company have acquired working knowledge / proficiency in Hindi.

Official Language Implementation Committee

Official Language implementation has improved considerably during the period under review. Quarterly meetings of Official Language Implementation Committee were held under the chairmanship of Chairman & Managing Director, to review the progress made by various Units and Departments.

Rajbhasha Awards

Company's Hindi Magazine "Rajbhasha Jagriti" was conferred with the 1st prize by Town Official Language Implementation Committee.

Hindi Day / Fortnight Celebrations

Your Company observed Hindi Fortnight from 01 - 14 Sep 2018 and Hindi Day on 20 Sep 2018. During the period, various competitions like Hindi Essay, Hindi Noting-Drafting & Hindi Translation were organised. Cash Awards and certificates were distributed to winners by C&MD on Hindi Day function.

Efforts to Promote Use of Official Language

In order to promote use of Official Language in your Company, the following activities had been undertaken:

- ▶ Publication of 16th edition of Hindi Magazine, "Rajbhasha Jagriti".

- ▶ Hindi Computer Workshops
- ▶ In-House Hindi Training
- ▶ Implementation of various incentive schemes

Official Language Inspection

Ministry of Defence Officials visited the Company's Regional Office at Delhi to inspect the implementation of Official Language. The MoD team appreciated the efforts of GRSE in enhancing the use of Official Language.

CORPORATE GOVERNANCE

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 complies with the applicable regulations under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and also the Guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises vide its Office Memorandum dated 14 May 2010, both in letter and spirit. The Company also strives to comply with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Our Report on Corporate Governance alongwith Compliance Certificate from M/s. Maheshwari R & Associates, Company Secretaries, confirming compliance with the conditions of Corporate Governance, as required under both, the SEBI Listing Regulations and the DPE Guidelines on Corporate Governance for CPSEs forms part of this Annual Report.

Board of Directors & Key Managerial Personnel

The Board of your Company comprises a total of ten (10) directors which includes four (4) Whole-Time Directors, five (5) Part-Time Non-Official (Independent) Directors, including one Woman Director and one (1) Government Nominee Director.

During the year 2018-19, Shri Biswapriya Roychoudhury, (DIN: 08200896) was appointed as a Part-Time Non-Official (Independent) Director with effect from 15 Aug 2018.

There were no changes in Key Managerial Persons during the financial year 2018-19.

Declaration and Meeting of Independent Directors

Your Company has received declarations from all the Independent Directors of your Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013, the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises and the SEBI Listing Regulations. Further, in the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the SEBI Listing Regulations and are independent of the management of the Company. A separate meeting of Independent Directors was held on 09 Mar 2019 in which all the five (5) Independent Directors were present.

Directors Retiring by Rotation

Pursuant to Section 152(6) of the Companies Act, 2013, Shri Sarvjit Singh Dogra, Director (Finance), who has served on the Board of Directors the longest amongst the retiring directors, is liable to retire



by rotation, and being eligible, offers himself for reappointment.

Meetings of the Board

Eleven (11) meetings of the Board of Directors were held during the year under review. For further details, please refer to the 'Report on Corporate Governance'.

Remuneration Policy & Evaluation of Board's Performance

Your Company is a 74.50% Government of India owned Public Sector Enterprise under Ministry of Defence. Presently, the Directors of the Company are Presidential appointees and their remuneration is fixed in accordance with the DPE Guidelines in this regard. Accordingly, Articles 194 and 214 of the Articles of Association of your Company states that the President of India will appoint Directors and determine their remuneration. Since, the Board level appointments are made by President of India, the evaluation of performance of such appointees is also done by the Government of India. A separate meeting of Independent Directors was held on 09 Mar 2019 to evaluate the Board processes.

Audit Committee

The Audit Committee of the Board of Directors comprise of the Directors as per **Table 8**:

For further details, please refer the 'Report on Corporate Governance'.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- ▶ In the preparation of the annual accounts for the year ended 31 March, 2019, the applicable accounting standards read with

Table 8 Composition of Audit Committee

1	Shri Bharat Bhushan	Chairman
2	Smt. Kanwaljit Deol	Member Part-Time Non-Official (Independent) Director
3	RAdm Inder Paul Singh Bali, IN (Retired)	Member
4	Cmde Sanjeev Nayyar, IN (Retired)	Member Director (Shipbuilding)

requirements set out under Schedule III to the Companies Act, 2013, had been followed and there are no material departures from the same;

- ▶ The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable

DIRECTORS' REPORT

AWARDS & RECOGNITIONS

Your Company has received the following major awards and recognitions during the year under review:

- ▶ "PSE Excellence Award – 2017" by Indian Chamber of Commerce for the year 2017 are as follows:
 - Winner: ICC PSE Excellence Award in the Mini Ratna category 'Company of the Year'.
 - Winner: ICC PSE Excellence Award in the category 'Corporate Governance'.
 - Runner-Up: ICC PSE Excellence Award in the category 'Corporate Social Responsibility and Sustainability'.
 - Runner-Up: ICC PSE Excellence Award in the category 'Human Resource Management Excellence'.
- ▶ 'GOLD Award' was conferred at the Chapter Convention on Quality Circle-2018 for outstanding performance on 'Quality Control' activities.
- ▶ 'Governance Now 6th PSU Award for 2018' for the category of 'Communication Outreach'.
- ▶ 'Making of Developed India Award' in the category of "Best Corporate Social Responsibility Practices" by ET Now and World HRD Congress.
- ▶ 'ET Now CSR Leadership Award' in the category of 'Best CSR Practices' by ET Now and World HRD Congress.
- ▶ "WIPS Recognition Award 2018, a Tribute to Excellence in Public Enterprise Management under Miniratna Category" in recognition of the commendable work done by the enterprise for the development of women in the organization.
- ▶ The Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Government of India accorded recognition to the In-house Research & Development Unit of Central Design Office of GRSE Kolkata and registered the In-house R&D Unit of your Company with DSIR for the purpose of availing Customs duty exemption in terms of Government notifications and its amendments as applicable from time to time.

and prudent so as to give a true and fair view of the state of affairs of your Company as at 31 March, 2019 and of the profit of your Company for the year ended on that date;

- ▶ 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;

- ▶ The Directors had prepared the annual accounts on a 'going concern' basis;
- ▶ The Directors had laid down internal financial controls to

be followed by your Company and such internal financial controls are adequate and were operating effectively; and

- ▶ 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.



ICC PSE Excellence Awards 2017



6th PSU Award for 2018' for the category of 'Communication Outreach'.



Quality Leadership Award



WIPs Excellence Awards 2018-19



STATUTORY AUDITORS

The Comptroller & Auditor General of India have, under Section 139(5) of the Companies Act, 2013, appointed M/s. A. Kayes & Co., Chartered Accountants, Kolkata, as the Statutory Auditors of your Company and M/s. Sinha & Ghelani, Chartered Accountants, as Branch Auditors for the Diesel Engine Plant, Ranchi, for the financial year 2018-19.

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 2018-19 forms part of this Annual Report.

COST AUDITORS

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. Mou Banerjee & Co., Cost Accountants, Kolkata, as the Cost Auditors of your Company for the financial year 2018-19 to conduct audit of cost records maintained by your Company.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013, your Board appointed M/s. Vinod Kothari & Co., Practicing Company Secretaries, to conduct Secretarial Audit of the Company for the FY 2018-19. The Secretarial Audit Report of M/s. Vinod Kothari & Co. is placed at **Appendix - "C"** to this Report.

INTERNAL AUDITOR

The Board of your Company has appointed M/s. L B Jha & Co., Chartered Accountants, to conduct Internal Audit for the financial year 2018-19.

DETAILS OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143

Nil

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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 and Regulation 23 of the SEBI Listing Regulations. Your Directors draw attention of the Members to Note 33 to the financial statements which sets out related party disclosures as per Indian Accounting Standard 24. The Form AOC-2 on details of related party transactions has been attached as **Appendix - "D"** to this Report, as required under section 134(3)(h) of the Companies Act, 2013. The Company has a Policy on Related Party Transactions, which can be accessed at the following link: <http://www.grse.in/pdf/investors/Policy%20on%20Related%20Party%20Transactions.pdf>

PARTICULARS OF LOAN, GUARANTEE OR INVESTMENTS

During the year under review, your Company has not:

- ▶ given any loan to any person or other body corporate;
- ▶ given any guarantee or provided security in connection with a loan to any other body corporate or person; nor
- ▶ acquired by way of subscription, purchase or otherwise, the securities of any other body corporate, as prescribed under Section 186 of the Companies Act, 2013.

VIGIL MECHANISM

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 behaviour, 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, the whistle blower 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 mechanism 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://grse.in/pdf/investors/Whistle%20Blower%20Policy.pdf>

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return of your Company for the FY 2018-19 in Form MGT-9, as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Appendix - "E"** to this Report.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion & Analysis Report as required under the SEBI Listing Regulations and the DPE Guidelines on Corporate Governance for CPSEs forms part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

GRSE's Corporate Social Responsibility (CSR) initiatives have played a significant role in socio-economic development of the vast stretch underprivileged inhabitants belonging mostly to minority community, in the vicinity of our production units. The CSR Policy your Company is in line with the provisions of Companies Act, 2013 and the rules framed thereunder and can be accessed on its website link at <http://grse.in/pdf/investors/GRSE%20Policy%20on%20Corporate%20Social%20Responsibility%20and%20Sustainability.pdf>.

The CSR projects have been implemented in various broad thematic domains such as Skill Development, Swachh Bharat initiatives, mainstreaming differently abled persons and health related initiatives for improving the quality of life of the marginalized segment mainly residing in the vicinity of the production units of your Company.

The CSR & Sustainability Committee of the Board of Directors comprises of Smt. Kanwaljit Deol, Independent Director, as Chairman, Director (Shipbuilding) and Director (Personnel) as Members.

The Annual Report on your Company's CSR activities, as required under the Companies (Corporate Social Responsibility

Policy) Rules, 2014, has been appended as **Appendix - "F"** to this Report.

RISK MANAGEMENT

Your Company has formulated 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. The Company has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an adequate system of internal controls in place, commensurate with the size, scale and complexity of its operations supported by an Enterprise Resource Planning (ERP) platform i.e. SAP for its main business process. It has documented policies and procedures covering financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations. The internal control system ensures that the resources of the Company are optimally used for the business purposes and safeguarded from loss, misuse and physical impairment. A comprehensive delegation of power exists for smooth functioning and decision making, and the same

is periodically reviewed to align it with changing business environment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars as required under Section 134 of the Companies Act, 2013 relating to Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo are provided at **Appendix - "G"** to this Report.

IMPLEMENTATION OF RTI ACT

RTI matters are being complied with as per the Right to Information Act, 2005. During the year 2018-19, a total of 67 RTI requests through online / offline mode were received, while the opening balance from previous year was 3 RTI applications. A total of 68 RTI applications were replied to during the year and remaining 2 RTI applications were taken as carry forward to the year 2019-20. In case of RTI appeals, 16 RTI appeals were received during 2018-19 through online / offline mode and 3 appeals were as opening balance from previous year. A total of 18 RTI appeals were decided and replied to, while 1 RTI appeal was carried forward to the year 2019-20. The Quarterly Returns are being uploaded on the CIC's website timely. Further, the Quarterly Returns on the DoPT website are being uploaded as per schedule.

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

In pursuance of Section 4 of the Sexual Harassment of Women at Workplace (Prevention,



Prohibition and Redressal) Act, 2013, the Internal Committee was reconstituted on 18 Aug 2017 with an external member who is a person familiar with the issues relating to sexual harassment.

In accordance with Section 21 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder, the following details are submitted:

- (i) Number of complaints of sexual harassment received during the year: **One**
- (ii) Number of complaints disposed off during the year: **None** (one complaint under investigation)
- (iii) Number of complaints pending for more than ninety days: **Nil**
- (iv) Number of workshops or awareness programme against sexual harassment carried out: **One**
- (v) Number of meetings of Internal Committee conducted during the year – **Ten**

In pursuance of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, one Internal Committee was constituted in DEP Unit, Ranchi on 14 Jan 2019 with an external member who is a person familiar with the issues relating to sexual harassment.

PUBLIC GRIEVANCES

Upon receipt of Public Grievances, the matters are being resolved by thorough examination of facts of the case with due diligence by the concerned departments. During the year under review, a total of 22 Public Grievances through

online / offline mode were received and 20 were resolved. There was no grievance to be carried forward to the year 2018-19 for its resolution. All the pending grievances were resolved during 2018-19 excepting 2 nos. public grievances which were carried forward to the year 2019-20 for their resolution. Details of the Grievance Committee have been uploaded on your Company's website with provision of a link to the PG Portal to enable the citizen to file grievances online.

VIGILANCE ACTIVITIES

The main thrust of the Vigilance Department is to ensure transparency, fairness & probity in all spheres of activities of your Company. Towards this, focus of the department was on both, punitive & preventive vigilance. During the year, many spheres of activities were taken up and various processes were carefully observed, analysed and scrutinised to ensure that the systems of checks & balances are working as per the required parameters. In many cases, the management was advised for

systemic improvements. Apart from the above, the following activities were also carried out by the Vigilance Department during the year:

- ▶ Investigations were conducted regarding complaints received from various sources and appropriate actions were taken.
- ▶ As a preventive measure, regular & surprise inspections and verification of files were carried out. Annual Property Returns filed by the officers were scrutinized. Vigilance status of officers was assessed at various stages. Identified Sensitive Posts in the Company & actions initiated in a phased manner for rotation of officers. The implementation of actionable points is being monitored through quarterly reports and submitted to MoD informing the status of action taken.
- ▶ Meetings with C&MD were held at regular interval to appraise the status of vigilance cases.



Vigilance Week was observed from 29 Oct to 03 Nov 18

- ▶ Agreed List was also drawn up with the CBI and close liaison was maintained with the CBI.
- ▶ Suggestions for system improvements have been made to the management for implementation.
- ▶ Induction Training Programme was carried out for newly joined officers in line with Vigilance Manual.
- ▶ Company observed Vigilance Awareness Week during 29 Oct - 03 Nov 2018. Shri Jayanta Kar, Director / Vigilance, Ordnance Factory Board, presented his valuable comments in the seminar organised on 30 Oct 2018.

GENERAL

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:

- ▶ Detailed reasons for any voluntary revision of financial statement or Board's Report in the relevant financial year in which the revision is made.
- ▶ Details relating to deposits covered under Chapter V of the Companies Act, 2013.
- ▶ Issue of equity shares with differential rights as to dividend, voting or otherwise.
- ▶ 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.

ACKNOWLEDGEMENTS

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, Government 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 Indian 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 required standards.

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, Bengaluru, Principal Controller of Defence Accounts (Navy), Mumbai, Controller of Defence Accounts (Navy), Kolkata, Registrar of Companies, the Department of Public Enterprises, the Securities Exchange Board of India, the National Stock Exchange of India Limited and BSE Limited.

The Directors wish to place on record their appreciation to its Statutory, Cost, Internal and Secretarial Auditors, Company's 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/-

V K Saxena

Rear Admiral, IN (Retd.)
Chairman & Managing Director

Kolkata

Dated: 11th July, 2019



APPENDIX - A

STATEMENT SHOWING REPRESENTATION OF SC / ST / OBC / EX-SERVICEMEN / PHYSICALLY CHALLENGED AND WOMEN EMPLOYEES AS ON 31ST DECEMBER, 2018 UNDER PERMANENT & CONTRACT CATEGORIES

Group/Category	Total Strength	SCs	STs	OBCs	Ex-Servicemen	Physically Challenged	Women Employees
Group-A	442	83	24	100	52	11	30
Group-B	26	2	1	7	13	1	2
Group-C	1402	308	52	150	60	30	33
Group-D (Excluding Safaiwalas)	224	57	14	16	29	13	41
Group-D (Safaiwalas)	28	25	-	-	-	-	-
Total	2122	475	91	273	154	55	106

APPENDIX - B

DETAILS OF RECRUITMENT MADE DURING 2018 UNDER PERMANENT CATEGORY & CONTRACT CATEGORIES (FIXED TERM / JOURNEYMEN)

Group/Category	Total Recruitment	SCs	STs	OBCs	Ex-Servicemen	Physically Challenged	Women Employees
Group-A	7	-	1	2	2	1	-
Group-B	3	-	-	1	2	-	-
Group-C	25	5	2	11	-	4	4
Group-D (Excluding Safaiwalas)	-	-	-	-	-	-	-
Group-D (Safaiwalas)	-	-	-	-	-	-	-
Total	35	5	3	14	4	5	4

APPENDIX - "C"

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE PERIOD FROM APRIL 1, 2018 TO MARCH 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Garden Reach Shipbuilders & Engineers Ltd.
43/46, Garden Reach Road
Kolkata- 700024

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Garden Reach Shipbuilders & Engineers Ltd. (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company (as per Annexure – A1, hereinafter referred to as "Books and Papers") and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period covered by our audit, that is to say, from April 01, 2018 to March 31, 2019 (hereinafter referred to as "Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books and Papers maintained by the Company for the Audit Period, according to the provisions of:

1. The Companies Act, 2013 (the "Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
3. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
4. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
5. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
6. Secretarial Standards 1 and 2 as issued by the Institute of Company Secretaries of India;
7. Laws specifically applicable to the industry to which the Company belongs:
 - a) The Environmental Protection Act, 1986;
 - b) The Hazardous Wastes (Management, Handling and Transboundary Movement Rules, 2008;
 - c) The Water (Prevention & Control of Pollution) Act, 1954 and rules made thereunder;
 - d) The Air (Prevention & Control of Pollution) Act, 1981;
 - e) The Indian Electricity Act, 2003 and The Indian Electricity Rules, 2005;
 - f) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;
 - g) Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises;

Management Responsibility:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company or examined any books, information or statements other than Books and Papers;



4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.;
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

The observations mentioned in this report are in addition to the observations and qualifications, if any, made by the statutory auditors of the Company or any other professional and the same has not been reproduced herein for the sake of repetition.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above. As regards certain Corporate Governance provisions, the Company being a Central PSU, the regulatory framework applicable to Government companies is designed to ensure compliances in respect of matters pertaining to appointment, evaluation and succession of directors.

Recommendations as a matter of best practice:

In the course of our audit, we have made certain recommendations for good corporate practices, separately placed before the Board, for its necessary consideration and implementation by the Company.

We report that during the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Functional Directors and Independent Directors. The Company being a Government Company is not required to comply with the provisions of section 152(6) of the Act, 2013.

All the changes in the composition of the Board of Directors during the Audit Period were made in due compliance of the various provisions of the Act.

Adequate notices and agenda were given to all directors to schedule the Board Meetings.

All decisions of the Board were taken with the requisite majority and recorded as part of the minutes.

We further report that subject to above observations, the Company has complied with the conditions of Corporate Governance as stipulated in the Act and Guidelines for Corporate Governance for CPSEs and other specific laws except the fact that filing of some forms were delayed.

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

We further report that during the Audit Period, the Company has not undertaken any specific event/ action that can have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

a) Initial Public Offer of the equity shares of face value of ₹ 10/-

During the Audit Period, the Company had made an initial public offer of 2,92,10,760 equity shares of face value ₹ 10 each through an offer for sale by the President of India, acting through the Ministry of Defence, Government of India for cash at a price of ₹ 118 per equity share. The said offer also included a reservation of upto 5,72,760 equity shares for subscription by eligible employees.

b) Extension of Annual General Meeting-

The Company held its Annual General Meeting for the financial year 2017-18 on October 4, 2018 due to the Initial Public Offer as mentioned in aforesaid clause as per the extension granted by the Ministry of Corporate Affairs vide its order dated September 28, 2018.

For **Vinod Kothari & Company**
Practising Company Secretaries

Sd/-

Arun Kumar Maitra
Partner

Place: Kolkata
Date: 29th June, 2019

Membership No.: A3010
C P No.:14490

ANNEXURE - A1

LIST OF DOCUMENTS

1. Corporate Matters
 - 1.1 Minutes books of the following Committees were provided:
 - 1.1.1 Board Meeting;
 - 1.1.2 Audit Committee;
 - 1.1.3 Nomination and Remuneration Committee;
 - 1.1.4 Stakeholders Relationship Committee;
 - 1.1.5 General Meeting;
 - 1.2 Agenda papers for Board Meeting along with Notice;
 - 1.3 Annual Report 2017-18;
 - 1.4 Memorandum and Articles of Association;
 - 1.5 Disclosures under Act and Rules made thereunder;
 - 1.6 Forms and returns filed with the ROC;
 - 1.7 Registers maintained under the Act.

APPENDIX - “D”

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/agreements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis

Name(s) of the related party and nature of relationship	Not Applicable
Nature of contracts / arrangements / transactions	Not Applicable
Duration of the contracts / arrangements / transactions	Not Applicable
Salient terms of the contracts or arrangements or transactions including the value, if any	Not Applicable
Justification for entering into such contracts or arrangements or transactions	Not Applicable
Date(s) of approval by the Board	Not Applicable
Amount paid as advances, if any	Not Applicable
Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not Applicable

2. Details of material contracts or arrangements or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Not Applicable
Nature of contracts / arrangements / transactions	Not Applicable
Duration of the contracts / arrangements / transactions	Not Applicable
Salient terms of the contracts or arrangements or transactions including the value, if any	Not Applicable
Date(s) of approval by the Board	Not Applicable
Amount paid as advances, if any	None

For and on behalf of the Board of Directors

Sd/-

RAdm Vipin Kumar Saxena, IN (Retd.)

Chairman & Managing Director

DIN: 07696782



APPENDIX - “E”

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED 31ST MARCH, 2019*[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	L35111WB1934GOI007891
(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 / Public 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: co.sec@grse.co.in
(vi)	Whether listed company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Alankit Assignments Limited Alankit Heights, 3E/7, Jhandewalan Extension New Delhi - 110055 Phone: 011-42541234/23541234 Website: www.alankit.com

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	97.01

** As per National Industrial Classification – Ministry of Statistics and Programme Implementation*

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company does not have any Holding, Subsidiary or Associate Company.

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. Promoter and Promoter Group									
1. Indian									
(a) Individual/ HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt.	-	11,45,52,000	11,45,52,000	100%	8,53,41,180	60	8,53,41,240	74.5%	-25.50%
(c) State Govt.(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	-	11,45,52,000	11,45,52,000	100%	8,53,41,180	60	8,53,41,240	74.5%	-25.50%
2. Foreign									
Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Promoter Shareholding (A) = A(1) + A(2)	-	11,45,52,000	11,45,52,000	100%	8,53,41,180	60	8,53,41,240	100%	-25.50%
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	-	-	-	-	70,20,031	-	70,20,031	6.13%	6.13%
(b) Banks / Financial Institutions	-	-	-	-	67,26,997	-	67,26,997	5.87%	5.87%
(c) Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt.(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	1,17,60,244	-	1,17,60,244	10.27%	10.27%
(g) FPIs / FIIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	-	-	-	-	2,55,07,272	-	2,55,07,272	22.27%	22.27%
2. Non-Institutions									
(a) Bodies Corporate									
(i) Indian	-	-	-	-	13,52,742	-	13,52,742	1.18%	1.18%
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital up to ₹1 lakh	-	-	-	-	21,15,845	100	21,15,945	1.85	1.85
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	45,008	-	45,008	0.04	0.04
(c) Others									
(i) Clearing Member	-	-	-	-	18,921	-	18,921	0.02	0.02
(ii) Employee/ Office Bearers	-	-	-	-	58,607	-	58,607	0.05	0.05
(iii) NRI	-	-	-	-	57,608	-	57,608	0.05	0.05
(iv) Resident (HUF)	-	-	-	-	54,657	-	54,657	0.05	0.05
Sub-Total (B)(2)	-	-	-	-	37,03,388	100	37,03,488	3.23%	3.23%
Total Public Shareholding (B) = B(1) + B(2)	-	-	-	-	2,92,10,660	100	2,92,10,760	25.50%	25.50%
C. Shares held by Custodian for GDRs & ADRs									
	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	11,45,52,000	11,45,52,000	100%	11,45,51,840	160	11,45,52,000	100%	-



ii) Shareholding 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 Pledged / encumbered to total shares	
1.	The President of India	11,45,52,000	100%	Nil	8,53,41,240	74.50%	Nil	-25.50%

iii) Change in Promoters' Shareholding

Particulars	Date	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
The President of India					
At the beginning of the year	01 Apr 2018	11,45,52,000	100%	11,45,52,000	100%
Change during the year <i>(Decrease due to disinvestment and subsequent Initial Public Offer of the Shares of the Company)</i>	10 Oct 2018	(2,92,10,760)	25.50%	8,53,41,240	74.50%
At the end of the year	31 Mar 2019	8,53,41,240	74.50%	8,53,41,240	74.50%

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31 Mar 2019

Sl. No.	Name of Shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Life Insurance Corporation of India				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	-	-	84,00,208	7.33%
	(-) Sold during the year	-	-	-	-
	At the end of the year	-	-	84,00,208	7.33%
2.	HDFC Trustee Company Limited				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	-	-	42,06,955	3.67%
	(-) Sold during the year	-	-	-	-
	At the end of the year	-	-	42,06,955	3.67%
3.	Punjab National Bank				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	-	-	42,00,044	3.67%
	(-) Sold during the year	-	-	-	-
	At the end of the year	-	-	42,00,044	3.67%

Sl. No.	Name of Shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4.	General Insurance Corporation of India				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	-	-	33,60,036	2.93%
	(-) Sold during the year	-	-	-	-
	At the end of the year	-	-	33,60,036	2.93%
5.	State Bank of India				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	-	-	27,71,958	2.42%
	(-) Sold during the year	-	-	(2,49,224)	0.22%
	At the end of the year	-	-	25,22,734	2.20%
6.	Reliance Capital Trustee Company Limited				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	-	-	21,39,934	1.87%
	(-) Sold during the year	-	-	-	-
	At the end of the year	-	-	21,39,934	1.87%
7.	UTI Asset Management Company Limited				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	-	-	12,71,160	1.10%
	(-) Sold during the year	-	-	-	-
	At the end of the year	-	-	12,71,160	1.10%
8.	SBI PSU Fund				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	-	-	6,73,142	0.59%
	(-) Sold during the year	-	-	-	-
	At the end of the year	-	-	6,73,142	0.59%
9.	Aadeesh Abhaikumar Nahar				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	-	-	25,000	0.02%
	(-) Sold during the year	-	-	-	-
	At the end of the year	-	-	25,000	0.02%
10.	Jayesh Rameshchandra Shah				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	-	-	20,008	0.02%
	(-) Sold during the year	-	-	-	-
	At the end of the year	-	-	20,008	0.02%



v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	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 V K Saxena				
	At the beginning of the year	10	0.00	10	0.00
	Brought during the year	0	0.00	0	0.00
	Sold during the year	10*	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
2.	Shri Ashwani Kumar Mahajan				
	At the beginning of the year	10	0.00	10	0.00
	Brought during the year	0	0.00	0	0.00
	Sold during the year	10*	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00

1. Shri S S Dogra, Shri A K Nanda, Cmde S Nayyar, Shri B Bhushan, Smt. K Deol, Dr. A Bhandari and RAdm I P S Bali, Directors, did not hold any Shares of the Company, either at the beginning or at the end of the year or at any time during the year.
2. Dr. Biswapriya Roychoudhury, Director, also did not hold any Shares of the Company either at the time of appointment as Director or at the end of the year or at any time since their appointment till 31st March, 2019.

* Transferred to the President of India w.e.f. 8th February, 2018.

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the financial year 2018-19.

VI. 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 V K Saxena	Shri S S Dogra	Shri A K Nanda	Cmde S Nayyar	
1.	Gross salary					
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	43.02	39.88	34.22	35.97	153.04
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.83	4.39	5.00	3.13	13.35
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
5.	Others (Contribution to PF / Gratuity / Pension)	5.92	5.46	4.69	5.17	21.24
	Total (A)	49.77	49.68	43.91	44.27	187.63
	Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.				

B. Remuneration to other Directors*:

(in ₹ lakh)

Sl. No.	Particulars of Remuneration	Name of Independent Director					Total Amount
		Shri Bharat Bhushan	Smt. Kanwaljit Deol	Dr. Ajai Bhandari	RAAdm IPS Bali	Dr. Biswapriya Roychoudhury	
1.	Fee for attending Board / Committee Meetings	4.30	4.60	3.40	3.70	1.60	17.60
2.	Commission	-	-	-	-	-	-
3.	Others	-	-	-	-	-	-
	Total (B)	4.30	4.60	3.40	3.70	1.60	17.60
	Overall Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.					
	Total Managerial Remuneration (A + B)	₹ 205.23					
	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
		Shri Sandeep Mahapatra, Company Secretary
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	23.71
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
5.	Others (Contribution to PF / Gratuity / Pension)	2.86
	Total	26.57

VII. 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 2018-19

I. A brief outline of the Company’s CSR policy

Corporate Social Responsibility is an integral part of the DNA of GRSE. The CSR interventions of GRSE have become an effective medium to increase the visibility of your Company and have projected positive image of the organization among its internal and external stakeholders.

GRSE has put in place a robust CSR policy. GRSE’s CSR policy defines the frame work for implementing CSR activities in compliance with Section 135 of Companies Act, 2013 and Rules framed thereunder. All CSR projects are undertaken as envisaged under Schedule VII of the Companies (Corporate Social Responsibility Policy) Rules, 2014, framed under Companies Act, 2013. 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 the approval of the Board of Directors. Projects are implemented after meticulous planning. During the implementation process, continuous monitoring of the implementing agency is carried out to ensure overall success of the intervention. The Board Level Committee monitors progress of various CSR & Sustainability projects. Impact study is carried out by a third party to assess the efficacy of the projects.

II. Major CSR Projects / Programs Undertaken

1. Skill India Mission

Skill development is one of the thrust areas of GRSE’s CSR objective as it addresses the challenging issue of unemployment in the country. Skill development initiatives are undertaken mainly to supplement the existing the skill development programmes for transforming them into industry-oriented training programmes. In FY 2018-19, skill development activities were undertaken to scale up Apprenticeship training in the Company both in terms of quality and quantity and to support three Govt. Industrial Training Institutes in developing their training infrastructure and organizing developmental programmes for their students.

(a) Development of local govt. Industrial Training Institutes (ITIs)

Since FY 2016-17, GRSE is supporting local Government ITIs in improving their skill development training. In FY 2018-19, GRSE has continued the support provided to Women ITI which has been adopted since FY 2016-17 and to ITI Tollygunge where a Centre of Excellence in advanced welding has been set up. Also, GRSE has taken initiative to support Government ITI Balurghat, located in Dakshin Dinajpur district of West Bengal for upskilling the youth of this backward district. Overall, around 250 students in 10 different trades in these three ITIs get benefitted through our CSR initiatives. The brief of skill development programmes undertaken in the ITIs are given below:



Industrial Visit for ITI Balurghat (EM trade) students

(b) Development of training infrastructure

- New equipment was provided to upgrade the workshop of Basic Cosmetology trade in Women ITI Kolkata.
- Renovation of one of its room (Room No. 301) as a Conference Room equipped with latest facilities.
- 04 nos. of advanced welding machines provided to the Centre of Excellence in Welding at ITI Tollygunge.
- Setting up of a Computer laboratory with latest hardware and software packages for Front Office and Food & Beverages Service Asst. trades at ITI Balurghat.
- New equipment were provided to upgrade the workshop of Food Production (General) and F&B Service Asst. trades in ITI Balurghat.



CSR Skill Development Event on 28 Mar 19

(c) Developmental programmes for the ITI students

The ITIs are provided support for arranging various developmental programmes which will help in holistic development of the students and equip them with skills required for getting gainful employment after their course. The following programmes are organized for the ITI students during FY 2018-19:

- Specialized training on computer programming and electronics engineering was conducted for COPA and Electronics Mechanic trade students of Women ITI Kolkata.
- Industrial visits to GRSE and other organizations were arranged for the students of COPA, Electronics Mechanic, Secretarial Practice trade students of Women ITI, Welder trade students ITI Tollygunge and Electronics Mechanic trade students of ITI Balurghat.
- Special training on life skills, interview skills and communication skills were arranged in the three ITIs.
- 2 days specialized training for the students of Hospitality sector trades of ITI Balurghat was arranged at IHM Kolkata.
- Sponsoring bright ITI students from COPA and Welder trades for the CII Regional Workskills competition.
- An award ceremony was organized to facilitate the meritorious students from the three ITIs. 59 students who have excelled in the AITT examination were conferred awards by your C&MD.

With availability of new equipment, not only the current batch but also the future batches will be benefited immensely and the theoretical knowledge will be reinforced with practical knowledge thereby improving their confidence and employability skills.

(d) Improvement of Apprenticeship training

Your Company has initiated several programmes for improvement of the apprenticeship training.

The Trade Apprentices are provided on job training so that practical skills can be imparted to them which is essential for enhancing their employability. However, following developmental programmes are arranged for improving the effectiveness of the training:

- 25 GRSE apprentices from 09 different trades were sponsored for the CII Regional Workskills competition held in Feb 19 at Howrah. 09 of them secured 1st & 2nd positions in the competition and are eligible for the National level Workskills competition.
- Placement assistance training on life skills and interview skills by external faculty were arranged for the apprentices.
- Third party Assessment as per NSQF criteria was conducted for 155 apprentices. Skill Proficiency certificate was awarded to all the successful candidates.
- Placement assistance like conducting career counselling session and uploading profiles in NCS portal was arranged.
- An award ceremony was organized to facilitate the meritorious apprentices. 26 apprentices were conferred awards by your C&MD.

2. Empowering Differently Abled Children

GRSE has partnered with Indian Institute of Cerebral Palsy, since 2010-11 to provide comprehensive educational and rehabilitation services for children with cerebral palsy. GRSE has been supporting 3 classes, namely Education Development Unit IV (for children in the age band of 12 – 14 years), Education Development Unit V (for children in the age band of 14 – 18 years), and Life Skill Training Unit (for children in the age band of 15 – 18 years). Through this initiative it is aimed to provide a broad-based, holistic learning experience for children with cerebral palsy so as to give them an opportunity to realize their highest potential. A total of 43 children with severe multiple impairments are being annually supported by this project for the last eight years.



Visit to Indian Institute of Cerebral Palsy

3. Swachh Bharat Mission Initiatives

Sanitation and community building have become a core area of intervention for GRSE under its CSR umbrella much before the launch of Swachh Bharat Abhiyan.

In significant move towards fulfilling Hon'ble Prime Minister's commitment towards providing hygienic sanitation facilities, GRSE has constructed toilets units, hand washing facility, provided colour coded waste bins, installed incinerators and other ancillary support structures/items to the govt. schools located in the vicinity of the Production Units of GRSE.

(a) Construction of Toilets in Local Schools under Swachh Vidyalaya

Swachh Vidyalaya Abhiyan is a vital component of Swachh Bharat Abhiyan. Under the broader guidelines of Swachh Vidyalaya Mission, GRSE has adopted a holistic approach by implementing multiple interventions for improvement in the overall sanitation and hygiene conditions of the local schools with special thrust on the girls' schools. In FY 2018-19, GRSE has constructed a total of 52 toilets in 10 Government schools located in Metiabruz, Maheshtala, Kidderpore and Howrah region. The construction of additional toilets has positively impacted the students' toilet ratio. This intervention has improved children's health, school enrolment, attendance and retention. The female students have been greatly benefited since in many schools the basic sanitation facilities were either inadequate or unavailable before this intervention. This project which include sets of urinal and toilets and hand washing basins has also made positive impact on the overall school sanitation.



Inauguration of School Toilet

(b) Maintenance of School Toilets

Since 2017-18, GRSE has adopted a robust mechanism in the arena of WASH (Water, Sanitation and Hygiene) by undertaking maintenance of school toilets. This intervention has ensured that the facilities created by GRSE are properly maintained

and also guarantees that students have access to clean and hygienic toilets, which is essential for children's health, attendance and retention. During FY 2018-19, total 94 toilets and urinals of 08 schools were maintained in association with Sulabh International Social Service Organization.

(c) Installation of Incinerator

Maintaining menstrual hygiene has been listed as a significant component of the Swachh Vidyalaya guidelines. Most importantly, hygienic disposal of menstrual waste is an important facet of solid waste management in the schools. Accordingly, GRSE has provisioned for incinerators in girls' schools. In FY 2018-19, 05 incinerators have been installed in 05 local girls' schools where toilets have been constructed by GRSE. This project has not only improved the sanitation facilities in these girls' school but will also reduce the rate of absenteeism and drop out of girls' students.

(d) Distribution of Waste Bins in Local Schools

To improve the sanitation at school level, GRSE has provided total 60 nos. of colour coded waste bins in FY 2018-19 to local schools of Metiabruz, Kidderpore, Maheshtala and Howrah region under Swachh Bharat, Swachh Vidyalaya Mission. This intervention will not only facilitate in segregation of waste but also result in bringing about long-term behavioral change in the sanitation and hygiene practices of the school children who will act as change agents in their respective locality / community.

4. Evaluation / impact study of past CSR projects

To assess the effectiveness of CSR projects implementation, a transparent evaluation was taken up through Indian Institute of Social Welfare and Business Management (IISWBM) for gauging impact of CSR initiatives. IISWBM carried out an impact assessment study of CSR projects implemented in FY 2017-18. In addition, a holistic assessment was also undertaken to assess the existing conditions of toilets constructed during last 03 years i.e. from 2015-16 to 2017-18.

5. Health-Care Projects

(a) Cancer detection and awareness camps

Cancer detection and awareness camps for the local community was a new CSR initiative of FY 2018 – 19. In view of the poor medical infrastructure in the locality, the financially weak persons are unable to avail expensive cancer treatment. To address this concern, four cancer awareness and detection

camps were conducted in FY 2018-19 for local schools' students, teachers, contractor's workmen etc. One breast cancer screening and awareness camp was conducted for local women from marginalized section of the society and contractor's women workers on the occasion of International Women's Day 2019. In addition to cancer screening and awareness camps, general tests such as eye test, diabetes, blood pressure etc. were also conducted free of cost. Approx. 450 persons were benefited from this initiative.



Breast Cancer Awareness and Detection Camp

(b) Monthly Health Camp

Monthly Health Camps were introduced by your Company during FY 2011-12 for providing basic diagnostic and curative health care facility for the economically and socially deprived population from the locality. Monthly health check-up camps / clinics are held at 61 Park Unit on the last Saturday of every month. The camp caters to an average 250-300 patients per month. This is an ongoing project since last 07 years which has benefited around 27,000 persons.

(c) Blood Donation Camp

Blood donation camp was conducted in association with the Thalassemia Society of India on 16 Jan 2019. GRSE employees, Trade Apprentice, CISF personnel and Contractors' workers whole heartedly attended the blood donation camp. In FY 2018-19, approx. 114 personnel donated blood for the noble cause of providing blood for Thalassemia patients



Blood Donation Camp

III. The Composition of the CSR & Sustainability Committee

(a) Smt. Kanwaljit Deol <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b) Shri A.K. Nanda <i>Director (Personnel)</i>	Member
(c) Cmde S. Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	Member
(d) Shri Sandeep Mahapatra <i>Company Secretary</i>	Secretary to the Committee

IV. Average Net Profit of your Company in last three financial years

2015-16	:	₹249.15 crore
2016-17	:	₹20.89 crore
2017-18	:	₹127.75 crore
Total Net Profit	:	₹397.79 crore
Average Net Profit	:	₹132.60 crore

V. Details of CSR spent during the Financial Year

- Prescribed CSR expenditure for FY 2018-19 : ₹265.19 lakh
(2% of avg. net profit of previous 3 years.)
- Amount spent on projects and programmes in FY 2018-19 : ₹ 265.19 lakh



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

Sl. No.	CSR project of activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project of Program (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise (₹ in lakh)	Amount spent on the Projects or Programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ in lakh)	Cumulative Expenditure upto the reporting period i.e. FY 2018 – 2019* (₹ in lakh)	Amount Spent Direct or through Implementing Agency
(i) SKILL INDIA							
1.	Stipend paid to the apprentices engaged over and above the 2.5% of the statutory requirement to meet the target of MoD directive of 10% of manpower strength.	Clause – (ii) promoting employment enhancing vocational skills.	West Bengal - Kolkata and neighboring districts.	81.65	81.65	81.65*	GRSE Ltd.
2.	Development and placement assistance to trade apprentices undergoing training at GRSE.	Clause – (ii) promoting employment enhancing vocational skills.	West Bengal - Kolkata and neighboring districts.	9.33	9.33	9.33*	GRSE Ltd.
3	Procurement of equipment for development of training facility for Electronic Mechanic Trade in Women ITI, Kolkata, Development of training facility at ITI, Tollygunge (Centre of Excellence in Welding) & ITI Balurghat (Aspirational District)	Clause – (ii) promoting employment enhancing vocational skills.	Tollygunge, Kolkata, West Bengal Gariahat, Kolkata, West Bengal	42.29	42.29	42.29*	Women ITI, Kolkata, ITI, Tollygunge & ITI Balurghat
4.	Development of students and Faculty of Tollygunge Government ITI, Women ITI, Kolkata and ITI Balurghat and placement assistance to the students.	Clause – (ii) promoting employment enhancing vocational skills.	Tollygunge, Kolkata, West Bengal Gariahat, Kolkata, West Bengal	5.92	5.92	5.92*	Women ITI, Kolkata, ITI, Tollygunge & ITI Balurghat
5.	Adoption of three classes comprising 43 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	24.00	24.00*	Indian Institute of Cerebral Palsy (IICP)
6.	Evaluation/Impact study of projects implemented in 2017-18 and assessment of the toilets constructed during last 03 years.	Clause – (ii) promoting education, including special education	Metiabruz and other places of Kolkata West Bengal	1.37	1.37	1.37 *	IISWBM, Kolkata
(ii) SWACHH BHARAT MISSION							
7.	Construction of 52 toilets in 10 local schools	Clause – (i) promoting healthcare including preventive healthcare and sanitation	Metiabruz and Maheshtala of Kolkata, and Howrah, West Bengal.	69.87	69.87	69.87*	Sulabh International Social Service Organization, WB Branch and GRSE Ltd.
8.	Contribution to Swachh Bharat Kosh, Clean Ganga Fund, organizing Swachhta Hi Sewa, Swachhta Pakhwada in the locality and administrative cost etc.	Clause – (i) promoting healthcare including preventive healthcare and sanitations	Pan India	1.27	1.27	1.27*	GRSE Ltd.

Sl. No.	CSR project of activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project of Program (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise (₹ in lakh)	Amount spent on the Projects or Programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ in lakh)	Cumulative Expenditure upto the reporting period i.e. FY 2018 – 2019* (₹ in lakh)	Amount Spent Direct or through Implementing Agency
9.	Distribution of 60 nos. of Waste Bins to local schools of Metiabruz and Maheshtala area.	Clause – (i) promoting healthcare including preventive healthcare and sanitation	Metiabruz and Maheshtala of Kolkata, and Howrah, West Bengal.	2.40	2.40	2.40*	GRSE Ltd.
10.	Maintenance of toilets in 08 schools where toilets have been constructed by GRSE	Clause – (i) promoting healthcare including preventive healthcare and sanitation	Metiabruz and Maheshtala of Kolkata, West Bengal.	15.92	15.92	15.92*	Sulabh International Social Service Organization, WB Branch
11.	Installation of incinerators in 05 local girls' school	Clause – (i) promoting healthcare including preventive healthcare and sanitation	Metiabruz and Maheshtala of Kolkata, West Bengal.	1.54	1.54	1.54*	Sulabh International Social Service Organization, WB Branch
(iii)	OTHERS PROJECTS						
12.	Monthly health check- up camps and blood donation camp	Clause – (i) Eradicating hunger, poverty and malnutrition promoting preventive health care.	Metiabruz, Kolkata, West Bengal.	8.13	8.13	8.13*	GRSE Ltd.
13.	Periodic health awareness camps for the local community	Clause – (i) promoting healthcare including preventive healthcare	Metiabruz, Kolkata, West Bengal.	1.50	1.50	1.50*	GRSE Ltd.
TOTAL =				265.19	265.19	265.19*	

* The above figure is excluding GST component.

VI. 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

VII. 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/-

Asit Kumar Nanda
Director (Personnel)

Date: 11th July, 2019

Sd/-

Kanwaljit Deol
Chairperson, CSR & Sustainability Committee



APPENDIX - “G”

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Conservation of Energy

<p>a) Steps taken or impact on conservation of energy during the year 2018-19</p>	<p>Steps Taken</p> <ul style="list-style-type: none"> • Most of the shops were renovated hence fitted with translucent roof sheets in place of old aged asbestos sheets. This has provided sufficient sunlight to shops hence need of switching on high consumption flood lights during day time does not exist any more. • Fitment of timer-based sensors in 13 in nos. high raised mast lights helping power consumption. As and when sun light goes off or visible, the mast lights are operated accordingly. • Vintage A/C units (39 nos.) were disposed. 35 nos. units more are under disposal. New procurement of A/C units are all with five star & inverter based only which may save further saving of energy. • M/s Petroleum Conservation and Research Association working under Ministry of Energy Resources was given PO on 18 Jun 19 to carry out energy audit of MW unit. Their report may guide us to save power further. • Renovation of cable works in place of 30-year-old cables in all 5 bays in Engineering complex saved power to optimum utilization. • Carrying out proper preventive Maintenance works in all the motors of 48 in nos. cranes reduced power consumption.
<p>b) Steps taken for utilizing alternate sources of energy</p>	<p>Steps Taken</p> <p>Installation of 400KWP Rooftop solar power plant installed in the year 2018-19.</p> <p>Impact</p> <p>Your Company, so far has installed a total of 1000kWp i.e. 1 MW Rooftop solar power plant at Main, FOJ & RBD Units. In financial year 2018-19, total generation power from the above 1 MW solar rooftop power plant was 8.56 Lakh unit (kWh) out of which 1.3 Lakh unit (kWh) was injected to CESC grid.</p> <p>This enabled GRSE to reduce consumption of conventional electrical energy and also saving in electricity bill amounting to the tune of ₹ 78 Lakh. Further this facility reduction in emission of greenhouse gas by about 950 Ton.</p>
<p>c) Capital investment on energy conservation equipment</p>	<p>A Capital Investment of ₹ 1.77 crore was made against installation of solar power plant installed in the year 2018-19.</p>

B. R&D, Innovation and Technology Absorption

Your Company being a major defence shipyard in India, strives to become a globally relevant player in warship building in coming years through its emphasis on R&D and customer centric innovation.

Central Design Office's (CDO) experience in various design activities has evolved into its domain specific expertise over the course of many years. By integrating both people & process into an innovative ecosystem, the Design department has facilitated both knowledge and skill transfer across hierarchy.

Your Company has successfully adopted modern design & manufacturing philosophy such as Integrated construction, Ergonomics and Life Cycle cost assessment etc. to develop a cost effective yet operationally versatile platform, as evident from the fact that GRSE has successfully bagged naval shipbuilding orders on competitive basis in recent years such as Survey Vessel (Large) and ASW-SWC for Indian Navy, that involved a pragmatic cost forecasting and risk assessment.

In order to deliver warships with cutting edge and futuristic technologies such as Artificial Intelligence (AI) enabled on-board systems to Indian Navy, GRSE has signed an MoU with IIT Kharagpur covering a broad scope of partnership encompassing domain knowledge augmentation of its employees in AI, training, data management and data infrastructure setup etc. As per the directive of DDP, GRSE has prepared and submitted five years' roadmap towards AI implementation to DDP. GRSE has also partnered with M/s. Elbit Systems, Israel to indigenously develop an Unmanned Surface Vessel (USV), which are proposed to have AI enabled autonomous navigation, guidance and target identification etc.

Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, has conferred Central Design Office with coveted "In-House R&D Unit" recognition effective from 28th Nov 18 to 31st March 21 which shall enable GRSE to make substantial savings through fiscal and other incentives provided by Government on R&D expenditure of industrial establishments having such recognition. This recognition is the only benchmarking standard of Government that promotes industrial R&D through incentives.

C. Foreign Exchange Earnings and Outgo

	(₹ in lakh)	
	2018-19	2017-18
Income from Foreign Exchange	-	-
Total	-	-
Expenditure in Foreign Exchange		
Material (CIF Value) including Design and Documentation	2,638.30	17,131.44
Service Charge & Others	697.56	966.15
Total	3335.86	18,097.59



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY SCENARIO

1.1 Global Scenario

The global naval shipbuilding market has witnessed a slowdown in the past few years due to the cutback on military spending by major western countries dealing with the after effects of the global economic crisis. However, the global shipbuilding market is expected to turn around given the need to replace older vessels in the naval fleet in major economies and the increase in the level of sophistication in combat technology. The global naval shipbuilding market would peak in 2021 driven by demand for both surface combatants and submarines. Globally, the average age of warships is as high as twenty-five (25) years and around 180 procurement programs are under execution in various countries.

1.2 The Indian Scenario

Defence shipbuilding in India is emerging as an area of focus of public and private sector shipyards alike. While the public sector shipyards such as your Company, Mazagon Dock Shipbuilders Limited (MDL), Goa Shipyard Limited (GSL), Hindustan Shipyard Limited and Cochin Shipyard Limited (CSL) are the frontrunners in the defence shipbuilding space, an increasing number of private shipyards are undertaking specific measures to enhance competence and modify their existing shipbuilding repair facilities to suit the needs of the Indian Navy and the Indian Coast Guard. Among the private shipyards, Reliance Naval and Engineering Limited (RNEL), L&T Shipbuilding and ABG Shipyard Limited, which entered the shipbuilding market as commercial shipbuilders, have been repositioning themselves as companies with defence shipbuilding capabilities.

Currently, the Indian Navy fleet includes 135-140 ships and submarines while the Indian Coast Guard fleet are each expected to grow about 200 vessels by 2027. The two defence establishments have jointly approved a shipbuilding programme spanning over fifteen (15)

years, under which they would place orders for 165 warships and 400 aerial resources by 2022.

The Indian Coast Guard (ICG), with an existing fleet of 130 ships, plans to take its fleet strength to 200 ships by 2022. Currently, 70 ships for the ICG are under construction in six (6) shipyards, while the bidding process for 30 more ships is in process. For the ICG, the Government has approved a ₹32,000 crore action plan.

According to industry sources, Indian Navy's estimated capital budget for up to 2027 amounts to ₹4,50,000 crore approx. The planned expenditure includes a separate estimate for various vessel categories including submarines (₹2,20,000 crore approx.), destroyers / frigates (₹90,000 crore approx), aircraft carriers (₹45,000 crore approx.), corvettes, landing platform etc.

2. ORGANISATION STRUCTURE

Presently, GRSE has three (3) separate facilities for shipbuilding, all of which are located in close vicinity of each other in Kolkata, India. We build our ships at the Main Works Unit and the Rajabagan Dockyard. Our third facility, the FOJ unit is primarily used for fitting out and repair of ships. Our DEP, Ranchi Unit is engaged in the testing and overhauling of marine propulsion engines and assembly of semi-knocked down units of diesel engines. Our engineering segment is engaged in the manufacturing and fabrication of portable steel bridges, deck machineries of ships and marine pumps.

3. PRODUCTS AND SERVICES

GRSE is a shipbuilding company in India under the administrative control of the MoD and primarily adhere to the shipbuilding requirements of the Indian Navy and Indian Coast Guard. In addition to our ship and warship building capabilities, we are engaged in engineering and engine production activities. As a part of our engineering division, we manufacture deck-machinery items, pre-fabricated portable steel bridges and marine pumps. Our shipbuilding division contributes a significant majority of our revenue from operations.

4. SWOT ANALYSIS

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

<p>STRENGTHS</p> <p>These are the inherent capacity of your Company which it can use to gain strategic advantage over its competitors. The following are the perceived strengths of the Company:</p> <ul style="list-style-type: none"> (a) Good infrastructure for shipbuilding enabling simultaneous construction and fitting out of many large ships. (b) Dedicated stand-alone facility at RBD for construction and fitting out of small ships. (c) Proven in-house capability for ship design, system integration and Project Management. (d) Competent and highly skilled human resource at all levels. (e) Fully computerized SAP-ERP network encompassing the entire gamut of operations. (f) e-Procurement and e-Auction system. (g) Financially strong Company. (h) Long standing relationships with main customers like Indian Navy and Indian Coast Guard. 	<p>WEAKNESSES</p> <p>The following are the inherent limitation or constraint in your Company which creates a strategic disadvantage:</p> <ul style="list-style-type: none"> (a) Constraints of a riverine shipyard due to limitations of the depth and width of navigable channel with effects of silting in river. (b) Location of the Company in thickly populated residential areas having narrow roads. (c) Challenging industrial environment around the shipyard.
<p>OPPORTUNITIES</p> <p>These are favourable conditions in your Company's environment which enables it to consolidate its interests and strengthen its position. The Opportunities available with your Company are listed below:</p> <ul style="list-style-type: none"> (a) Acquisition plan of Indian Navy and Indian Coast Guard aimed at significant Expansion of fleet size. (b) Acquisition plan of MHA & IWAI. (c) Export potential especially for small and medium size warships and patrol vessels to South East Asia, West Asia, African countries and Latin America. (d) Repair and Refit of Ships for Indian Navy and Indian Coast Guard has got significant business potential. (e) Scope for increasing business volumes in Bridges, Engineering Products and Engines through aggressive marketing, capacity augmentation and product diversification. 	<p>THREATS</p> <p>These are unfavorable conditions in your Company's environment, which creates a risk or causes damage to the interests of the Company. The threats, challenges, risks and concerns that your Company is facing are listed below:</p> <ul style="list-style-type: none"> (a) Serious competition from Private Shipyards. (b) Non-availability of strong local vendors to support shipbuilding activities. (c) Geographical location and environment. (d) Competition for Engineering Products from small players.

From the above SWOT analysis, it emerges that there are good opportunities available to the Company to build Defence and Coastal Security and inland Water Vessels. Accordingly, the Company's efforts are being focused in exploiting such opportunities based on the Company's strength and on minimizing the adverse effect of its weaknesses. The strengths of infrastructure and production facilities are being leveraged to develop reliable vendors who can support shipbuilding, in order to address the emerging opportunities and reducing the impact of prevailing threats.



5. OUR STRATEGIES

We intend to pursue the following principle strategies to exploit our competitive strengths and grow our business:

- a) Expand our operations through partnerships and collaborations.
- b) Diversify through expansion in new growth areas.
- c) Develop in-house capabilities to design and develop specialised products.
- d) Leverage advantage of life-time support.
- e) Develop Human Capital.
- f) Enhancing customer satisfaction
- g) Optimising operations towards becoming a lead shipbuilder of the nation.

6. SEGMENT-WISE / PRODUCT-WISE PERFORMANCE

The Ministry of Corporate Affairs vide Notification dated 23 Feb 2018 granted exemption to the companies engaged in defence production to the extent of application of relevant Accounting Standard on segment reporting. Hence, the segment-wise/ product-wise performance is not appended to this Report.

7. OUTLOOK

The Indian Shipbuilding industry has witnessed healthy growth in the recent past. The Defence Shipbuilding segment looks promising on account of the ship acquisition plans of Indian Navy and Coast Guard.

Your Company is predominantly in the defence shipbuilding segment and has gained sufficient expertise in large, medium and small size ships required by Indian Navy and Indian Coast Guard, in particular, and generally enjoys excellent reputation for ships that it has built. Your Company has delivered its historic 100th warship to Indian Navy during the FY 2018-19 and became the only Shipyard in the country who has achieved such a feat.

GRSE is operating in a highly competitive environment across all its product segments. The private shipbuilding players are tough competitors for orders from Defence sectors where the Company has predominant business. Despite competition from International and Indian Shipyard in Public and Private sector, your Company continues to make efforts to secure shipbuilding orders at domestic and international level and is maintaining the growth momentum. In the recent past, your Company has been awarded two (2) warship building projects at a value of ₹8,746 crore under competitive bidding.

8. MEASURES TO TACKLE CHALLENGES

The following are the major initiatives taken to ensure sustained performance and growth:

- a) Develop Design Department into a Centre of Excellence
- b) Upgrade shipbuilding technology / processes
- c) Material Management / Supply Chain Management
- d) Vendor development & building long term Partnerships
- e) Improve Project Management in shipbuilding projects
- f) Upgrade products of Bridges Unit, Deck Machinery Unit and Diesel Engine Plant
- g) Business Development through concerted marketing effort.
- h) Developing Businesses other than shipbuilding, as separate profit centres

9. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

To ensure regulatory and statutory compliance as well to provide corporate governance, the Company has internal systems and processes in place commensurate with the size of your Company for smooth and efficient conduct of business. The system of Internal Control comprises well defined organization structures, pre-identified authority level and procedure issued by management covering all vital and important areas of activities. A comprehensive delegation of power exists for smooth decision making which is periodically reviewed to align it with changing business environment and for speedier decision making.

The supervision of operational efficiency of designed key controls is done by Internal Audit. The framework provides elaborate system of checks and balances based on self-assessment as well as audit of controls conducted by Internal Auditors at the process level. Operating efficiency of controls is reviewed by the management and action is taken to further strengthen the Internal Control System by further standardizing systems & procedures and implement process changes, wherever required, keeping in view the environment in which the Company is operating.

The Company has an Internal Audit Department, which monitors compliances of Company's procedures, and policies with well-defined annual audit program and significant audit observations are reported to the Audit Committee of Board of Directors. C&AG also conducts propriety audits. 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.

10. DISCUSSION AND ANALYSIS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Performance Highlights of the Company during the year ended 31 Mar 2019 are as follows:

Particulars	(₹ in crore)	
	As on 31 Mar 19	As on 31 Mar 18
Gross Income	1,557.66	1,528.89
Revenue from Operations	1,386.42	1,349.66
Value of Production	1,378.77	1,345.52
Gross Margin	211.16	164.40
Profit Before Tax	178.96	127.75
Tax Expense	69.02	35.35
Profit After Tax	109.94	92.40
Net Worth	1,038.31	1,021.54
Book Value per Share (in ₹)	90.64	89.18
Earnings Per Share (in ₹)	9.60	7.60
Dividend Per Share (in ₹)	6.95	4.43

Ratios (%)	As on	
	31 Mar 19	31 Mar 18
Debtors Turnover	15.86	14.97
Inventory Turnover	21.50	34.88
Interest Coverage	-	-
Current Ratio	1.22	1.19
Debt Equity Ratio	-	-
Operating Profit Margin	0.56	-3.81
Net Profit Margin	7.93	6.85

- **Gross Revenue** registered a growth of 1.88% from ₹1,52,889.40 lakh in 2017-18 to ₹1,55,766.09 lakh in 2018-19.
- **Value of Production** has increased from ₹1,34,552.25 lakh in 2017-18 to ₹1,37,877.46 lakh in 2018-19, an increase of 2.47%.

12. MANPOWER

Total Employees as on 31 Mar 2019	Officers	Supervisors	Office Assistants	Workmen		
				Direct	Indirect	Total
2100	472	135	92	1064	337	1401

13. ENVIRONMENT PROTECTION AND CONSERVATION

Relevant information in this regard is disclosed in the 'Directors' Report'.

14. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY (CSR)

Relevant information in this regard is disclosed in the section 'Annual Report on CSR Activities' provided at Appendix - "F" of the Directors' Report.

Cautionary Statement- Certain statements made in the Management Discussion and Analysis Report related to the Company's objectives, projections, outlook, expectations, estimates and other may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

- **Net Profit (PBT)** has increased from ₹12,774.96 lakh in 2017-18 to ₹17,896.02 lakh in 2018-19, an increase of 40.09%.
- **Value Addition per Employee** has increased from ₹18.93 lakh in 2017-18 to ₹21.05 lakh in 2018-19.
- **Book Value per share** has increased from ₹89.18 in 2017-18 to ₹90.64 in 2018-19.
- **Net Worth** has increased from ₹1,02,153.54 lakh in 2017-18 to ₹1,03,830.71 lakh in 2018-19, an increase of 1.64%.
- **Dividend per share** has increased from ₹4.43 in 2017-18 to ₹6.95 in 2018-19.

11. HUMAN RESOURCE DEVELOPMENT

- a) **Capacity Building Initiatives:** The Company has undertaken various initiatives in updating the competencies of its human resources through exposure to various learning & development organised by premier institutes in India and abroad. The major capacity building initiatives in FY 2018-19 are given below:

- Advanced Technical Training Programmes,
- Outbound Workshop on Leadership and Strategic Thinking for Senior Management Team,
- Management Development Programmes and
- Functional Development Programme

- b) **New Award Schemes:** With a view to nurture a culture of recognition and to promote meritocracy amongst employees, the following new award schemes have been introduced during the year:

- On the Spot CMD's Commendation & On the Spot Cash Award
- Employee of the Month Award
- Employee Innovation Scheme



REPORT ON CORPORATE GOVERNANCE

(FOR THE FINANCIAL YEAR 2018-19)

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 major good governance practices have been put in place:
 - Code of Conduct for Board of Directors and Senior Management
 - Code of Conduct for Prevention of Insider Trading and Fair disclosure of Unpublished Price Sensitive Information
 - Whistle Blower Policy
 - Policy on Corporate Social Responsibility and Sustainability

- Policy on Related Party Transactions
- Preservation of Documents and Archival Policy
- Conduct, Discipline and Appeal Rules for Employees
- SOPs for ensuring compliance of Applicable Laws, Rules & Regulations

BOARD OF DIRECTORS

3. The Board of Directors of the Company, headed by Chairman & Managing Director, is the apex body which oversees the overall functioning of your Company. The Board of your Company gives strategic directions and seeks accountability of their fulfillment. 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 as a trustee to enhance the Shareholders' value. The decisions of the Board are aligned to serve in the best interest of your Company.

SIZE AND COMPOSITION OF THE BOARD

4. The Board of Directors of your Company consists of an optimum combination of Executive and Non-Executive Directors, with half of the Board consisting of Independent Directors. As on 31 Mar 2019, the Board consists of 10 Directors comprising 04 Whole-Time Directors, including the Chairman & Managing Director, 01 Government Nominee Director and 05 Part-Time Non-Official (Independent) Directors.
5. The details of the Members of the Board of Directors of your Company during the period from 01 Apr 2018 to 31 Mar 2019 are given below:

Name of the Directors	Date of Appointment	Other Directorships (incl. in Listed Entities)	No. of Committee position held in other Companies	
			Chairman	Member
Whole-Time Directors				
RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman & Managing Director</i>	01 Mar 2017	-	-	-
Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	31 Dec 2014	-	-	-
Shri Asit Kumar Nanda <i>Director (Personnel)</i>	03 May 2016	-	-	-

Name of the Directors	Date of Appointment	Other Directorships (incl. in Listed Entities)	No. of Committee position held in other Companies	
			Chairman	Member
Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	16 Dec 2017	-	-	-
Government Nominee Director				
Shri Ashwani Kumar Mahajan <i>Addl. FA (AK) & JS</i>	02 Apr 2016	One (01) Bharat Dynamics Limited (Listed company) – Government Nominee Director	-	-
Part-Time Non-Official (Independent) Directors				
Shri Bharat Bhushan	15 Sep 2017	-	-	-
Smt. Kanwaljit Deol, IPS (Retd.)	15 Sep 2017	-	-	-
Dr. Ajai Bhandari, IAS (Retd.)	09 Mar 2018	-	-	-
RAdm Inder Paul Singh Bali, AVSM, VSM, IN (Retd.)	09 Mar 2018	-	-	-
Dr. Biswapriya Roychoudhury ^[1]	15 Aug 2018	-	-	-

^[1] Appointed as Part-Time Non-Official (Independent) Director of the Company w.e.f. 15 Aug 2018.

6. One (1) new Director has been inducted to the Board of Directors during the year under review. Brief Resume of the newly appointed Director is provided below:

Dr. Biswapriya Roychoudhury

Dr. Biswapriya Roychoudhury, aged fifty-six (56) years was appointed as a Part-Time Non-Official (Independent) Director of your Company for a term of three (3) years with effect from 15 Aug 2018. He is a homeopathic doctor by profession.

Other Directorships: Nil

Committee Membership of other Companies: Nil

KEY BOARD EXPERTISE AND SKILLS

7. The Directors in your Company are appointed by the President of India acting through the Department of Public Enterprises, Government of India. The selection of Directors on the Board of your Company is done through a meticulous screening process adopted by the Government of India.
8. The Board of your Company comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its Committees. The Directors are committed to ensuring that the Board is in compliance with the highest standards of Corporate Governance. The table below summarizes the key Board skills, expertise and attributes which, in the opinion of the Board, are required in the context of the business of the Company:

Skills and Attributes	Description
Organisational Purpose	Ability to comprehend the industry and its operations, maritime needs of the country, the socio-economic, political, regulatory and competitive environment, both domestic and global, in which the Company is operating and insight to identify opportunities and threats for the Company's businesses. Ability to contribute towards creating an inspiring Vision for the Company.
Financial and Managerial acumen	Knowledge and skills in accounting and finance, business judgment, general management practices and processes, crisis response and management, industry knowledge, macro-economic perspectives, human resources, labour laws and risk management and internal controls.
Policy Evaluation	Ability to evaluate policies, systems and processes in the context of legal ecosystem, Government Directives and applicability to the Company's businesses, and review the same periodically.
Corporate governance	Knowledge on matters of regulatory compliance, Board and Management accountability, protecting shareholders' interest, observing appropriate governance practices and contribute towards its refinement.



Skills and Attributes	Description
Technological understanding	Understanding of emerging trends in technology and innovation that may have an impact on the business and have the ability to guide necessary interventions that can be utilised in making the business more competitive and sustainable.
Culture Building	Ability to contribute to the Board's role towards promoting an ethical organisational culture, eliminating conflict of interest, and setting & upholding the highest standards of ethics, integrity and organisational conduct.

9. Given below is a list of core skills, expertise and competencies of individual Directors:

Name of Director	Skills / Expertise / Competencies					
	Organisational Purpose	Financial and Managerial acumen	Policy Evaluation	Corporate governance	Technological understanding	Culture Building
RAdm Vipin Kumar Saxena	✓	✓	✓	✓	✓	✓
Shri Sarvjit Singh Dogra	✓	✓	✓	✓	✓	✓
Shri Asit Kumar Nanda	✓	✓	✓	✓	✓	✓
Cmde Sanjeev Nayyar	✓	✓	✓	✓	✓	✓
Shri Ashwani Kumar Mahajan	✓	✓	✓	✓	✓	✓
Shri Bharat Bhushan	✓	✓	✓	✓	-	✓
Smt. Kanwaljit Deol	✓	✓	✓	✓	-	✓
Dr. Ajai Bhandari	✓	✓	✓	✓	-	✓
RAdm Inder Paul Singh Bali	✓	✓	✓	✓	✓	✓
Dr. Biswapriya Roychoudhury	✓	✓	✓	✓	-	✓

BOARD PROCEDURE

10. Board Meetings are normally held at least once in every quarter, and more often, if considered necessary, focusing on reviewing of policies and procedures for ease of doing business, formulation of strategies for business development, exercising control, delegation of powers, reviewing performance of your Company, approving contracts for high value items, quarterly, half yearly and annual results, annual accounts, annual operating plan and budgets besides considering matters that are statutorily required to be placed before the Board.
11. 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

12. During the year 2018-19, eleven (11) Board Meetings were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors Present
1.	08 May 18	9	9
2.	26 Jun 18	9	9
3.	24 Jul 18	9	9
4.	21 Aug 18	10	10
5.	04 Sep 18	10	10
6.	27 Sep 18	10	10
7.	03 Oct 18	10	9
8.	15 Nov 18	10	10
9.	08 Feb 19	10	10
10.	08 Mar 19	10	9
11.	24 Mar 19	10	9

13. The maximum interval between any two Board Meetings held during the year was eighty-four (84) days. Details of Directors' attendance at the Board Meetings and Annual General Meeting held during the FY 2018-19 are given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors											% of attendance	Attendance at the last AGM held on 04 Oct 18
	08 May 18	26 Jun 18	24 Jul 18	21 Aug 18	04 Sep 18	27 Sep 18	03 Oct 18	15 Nov 18	08 Feb 19	08 Mar 19	24 Mar 19		
RAdm Vipin Kumar Saxena												100	
Shri Sarvjit Singh Dogra												100	
Shri Asit Kumar Nanda												100	
Cmde Sanjeev Nayyar							×				×	82	
Shri Ashwani Kumar Mahajan										×		91	
Shri Bharat Bhushan												100	
Smt. Kanwaljit Deol												100	
Dr. Ajai Bhandari												100	×
RAdm Inder Paul Singh Bali												100	
Dr. Biswapriya Roychoudhury ^[1]	NA	NA	NA									100	

- Present × - Absent NA - Not Applicable

^[1]Appointed as Part-Time Non-Official (Independent) Director of the Company w.e.f. 15 Aug 2018.

COMMITTEES OF THE BOARD

14. Currently, the Board has constituted ten (10) 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. The Board Sub-Committees consists of the following:

- Audit Committee;
- HR, Nomination and Remuneration Committee;
- CSR & Sustainability Committee;
- Project Review Sub-Committee;
- Procurement Committee;
- Business Strategy & Capacity Augmentation Committee;
- MoU Committee;
- Legal Committee;
- IPO Committee; and
- Stakeholders Relationship Committee.

15. Details about the above-mentioned Sub-Committees of the Board of Directors are provided below.

AUDIT COMMITTEE

16. The composition of the Audit Committee is in line with Section 177 of the Companies Act, 2013, the DPE Guidelines on Corporate Governance for CPSEs, 2010 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

17. The composition of the Audit Committee as on 31 Mar 2019 is as under:

(a)	Shri Bharat Bhushan <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Smt. Kanwaljit Deol <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	RAdm Inder Paul Singh Bali, IN (Retd.) <i>Part-Time Non-Official (Independent) Director</i>	Member
(d)	Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	Member

18. Director (Finance) is the Permanent Special Invitee to the Audit Committee. The Company Secretary is the Secretary to the Audit Committee. General Manager (Finance), Additional General Manager (Internal Audit) and the Statutory Auditors of the Company also attend the Meetings of the Audit Committee regularly.



19. The terms of reference of the Audit Committee are as specified in Section 177 of the Companies Act, 2013 and the rules framed thereunder, the SEBI Listing Regulations 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 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.
20. 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 quarterly, half yearly and annual financial statements before their submission to the Board.

21. 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. All the recommendations made by the Audit Committee were accepted by the Board during the year.
22. During the financial year 2018-19, seven (7) Meetings of the Audit Committee were held. The attendance of the members at the Audit Committee meetings during the financial year 2018-19 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors							% of attendance
	21 Jun 18	20 Aug 18	14 Nov 18	28 Jan 19	08 Feb 19	05 Mar 19	24 Mar 19	
Shri Bharat Bhushan								100
Smt. Kanwaljit Deol								100
RAdm Inder Paul Singh Bali								100
Cmde Sanjeev Nayyar			×				×	71

- Present × - Absent NA - Not Applicable

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

HR, NOMINATION AND REMUNERATION COMMITTEE

24. The composition of the HR, Nomination and Remuneration Committee is in line with Section 178 of the Companies Act, 2013, the DPE Guidelines on Corporate Governance for CPSEs, 2010 and the SEBI Listing Regulations, in so far as applicable to Government companies.
25. The HR, Nomination and Remuneration Committee consists of three (3) Independent Directors. The composition of the HR, Nomination and Remuneration Committee as on 31 Mar 2019 is as under:

(a)	Smt. Kanwaljit Deol <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Shri Bharat Bhushan <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	Dr. Ajai Bhandari <i>Part-Time Non-Official (Independent) Director</i>	Member

26. Director (Personnel) is a Permanent Special Invitee to the Committee. The Company Secretary is the Secretary to the Committee.
27. The terms of reference of HR, Nomination and 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, Nomination and Remuneration Committee are placed before the Board of Directors for approval.

28. During the financial year 2018-19, three (3) Meetings of the HR, Nomination and Remuneration Committee were held. The attendance of the members at the HR, Nomination and Remuneration Committee meetings during the financial year 2018-19 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors			% of attendance
	02 Jun 18	14 Nov 18	29 Jan 19	
Smt. Kanwaljit Deol				100
Shri Bharat Bhushan				100
Dr. Ajai Bhandari				100

- Present × - Absent NA - Not Applicable

29. All the recommendations made by the HR, Nomination and Remuneration Committee were accepted by the Board during the year.

Appointment and Remuneration of Whole-Time Directors

30. Being a Central Public Sector Enterprise, the appointment 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. The Functional Directors are generally appointed for a period of 5 years with effect from date of assumption of charge of the post or till the date of his superannuation or until further orders whichever occurs the earliest. Notice period in case of leaving service before the

contractual term is 3 months or in the absence of notice period, 3 months' pay be remitted.

The Whole-time Directors of your Company are paid such remuneration as the President of India, may, from time to time determine. The pay and allowances of Board level executives are paid in accordance with the terms of appointment, Department of Public Enterprises (DPE) Guidelines on the above subject and other benefits and perquisites in accordance with the rules of GRSE. The remuneration of below Board level executives and non-unionized supervisors is as per DPE guidelines and as approved by the administrative ministry i.e. Ministry of Defence. The remuneration of workers is as per the long-term settlement between the management and recognized trade unions.

31. The details of remuneration of Whole-Time Directors during the FY 2018-19 are given below:

(₹ in lakh)

Name of Director	Salary*	Perquisites	Company's Contribution to PF / Gratuity / Pension	Performance Related Pay	Total
RAdm V K Saxena, IN (Retd.) <i>Chairman & Managing Director</i>	43.02	0.83	5.92	-	49.77
Shri S S Dogra <i>Director (Finance)</i>	39.83	4.39	5.46	-	49.68
Shri A K Nanda <i>Director (Personnel)</i>	34.22	5.00	4.69	-	43.91
Cmde S Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	35.97	3.13	5.17	-	44.27

* Salary includes arrears

Appointment and Remuneration of Part-Time Directors

32. The Government Nominee Director is appointed by the President of India and he/she holds the office till further orders from the Government. They are not entitled to any remuneration or sitting fees.

33. The Independent Directors appointed or reappointed by the President of India in consultation with the Chairman & Managing Director of the Board of Directors, generally for a period of three (03) years. They are not paid any remuneration except the sitting fee for attending Board and Committee Meetings.

34. The criteria for making payments to Non-Executive Directors of the Company are disclosed on the Company's website at <http://grse.in/pdf/investors/Terms%20and%20Conditions%20of%20Appt%20of%20Non-Executive%20Directors.pdf>

35. The sitting fees paid to the Independent Directors during the FY 2018-19 is as follows:

Name of Independent Director	Board Meetings	Committee Meetings	Total Remuneration
Shri Bharat Bhusan	2.20	2.10	4.30
Smt. Kanwaljit Deol	2.20	2.40	4.60
Dr. Ajai Bhandari	2.20	1.20	3.40
RAdm Inder Paul Singh Bali, IN (Retd.)	2.20	1.50	3.70
Dr. Biswapriya Roychoudhury*	1.60	-	1.60

* From 15 Aug 2018

36. Further, there has been no other pecuniary relationship or transactions of the Part-time Directors vis-à-vis the Company during the year under review.

Evaluation Criteria

37. Since the Board level appointments are made by the President of India, evaluation of performance of such appointees is also done by the Government of India.



PROCUREMENT COMMITTEE

38. The Procurement Committee has been delegated full powers of the Board in respect of:
- 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.
 - 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.
 - 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 give 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.
 - All the procurement proposals approved by Procurement Committee are placed before the Board for information.

39. The composition of the Procurement Committee of the Board of Directors as on 31 Mar 2019 is as follows:

(a)	RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman & Managing Director</i>	Chairperson
(b)	Shri Bharat Bhushan ^[1] <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member
(d)	Cmde Sanjeev Nayyar, IN (Retd.) ^[2] <i>Director (Shipbuilding)</i>	Member

^[1] & ^[2] Admitted as a member of the Committee w.e.f. 08 May 2018.

40. The Company Secretary is the Secretary to the Committee.
41. The Chairman of the Procurement Committee apprises the Board about the observations of the Procurement Committee during the Board Meeting.
42. During the financial year 2018-19, one (1) Meeting of the Procurement Committee was held. The attendance of the members at the Procurement Committee meeting during the financial year 2018-19 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors	% of attendance
	09 Jan 19	
RAdm Vipin Kumar Saxena		100
Shri Bharat Bhushan		100
Shri Sarvjit Singh Dogra		100
Cmde Sanjeev Nayyar		100

- Present × - Absent NA - Not Applicable

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY COMMITTEE (“CSR & SD COMMITTEE”)

43. 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 of the CSR & SD activities of your Company.
44. The terms of reference of the CSR & SD Committee are as follows:-
- 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.
 - Recommend amount of expenditure to be incurred on CSR activities.
 - Monitor the Corporate Social Responsibility and Sustainability Policy of your Company and its effective implementation from time to time.
45. The composition of the CSR & SD Committee of the Board of Directors as on 31 Mar 2019 is as follows:

(a)	Smt. Kanwaljit Deol <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Shri Asit Kumar Nanda <i>Director (Personnel)</i>	Member
(c)	Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	Member

46. The Company Secretary is Secretary to the Committee.

47. During the financial year 2018-19, three (3) Meetings of the CSR & SD Committee were held. The attendance of the members at the CSR & SD Committee meetings during the year 2018-19 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors			% of attendance
	01 Jun 18	13 Nov 18	07 Feb 19	
Smt. Kanwaljit Deol				100
Shri Asit Kumar Nanda				100
Cmde Sanjeev Nayyar				100

- Present × - Absent NA - Not Applicable

MoU COMMITTEE

48. 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.

49. The composition of the MoU Committee of the Board of Directors as on 31 Mar 2019 is as follows:

(a)	Shri Bharat Bhushan ^[1] <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Dr. Ajai Bhandari ^[2] <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member
(d)	Cmde Sanjeev Nayyar, IN (Retd.) ^[3] <i>Director (Shipbuilding)</i>	Member

^{[1], [2] & [3]} Admitted as a member of the Committee w.e.f. 08 May 2018.

50. The Chief General Manager / General Manager (CE&CP) is the Secretary to the Committee.

51. During the financial year 2018-19, three (3) Meetings of the MoU Committee were held. The attendance of the members at the MoU Committee meetings during the financial year 2018-19 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors			% of attendance
	13 Sep 18	14 Nov 18	09 Feb 19	
Shri Bharat Bhushan				100
Dr. Ajai Bhandari	×			67
Shri Sarvjit Singh Dogra				100
Cmde Sanjeev Nayyar		×		67

- Present × - Absent NA - Not Applicable

PROJECT REVIEW SUB-COMMITTEE

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

53. The composition of the Project Review Sub-Committee of the Board of Directors as on 31 Mar 2019 is as follows:

(a)	RAm I P S Bali, IN (Retd.) ^[1] <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member
(c)	Cmde Sanjeev Nayyar, IN (Retd.) ^[2] <i>Director (Shipbuilding)</i>	Member

^{[1] & [2]} Admitted as a member of the Committee w.e.f. 08 May 2018.

54. Chief General Manager / General Manager (PP&C) is the Secretary to the Committee.

55. During the year 2018-19, two (2) Meetings of the Project Review Sub-Committee were held. The attendance of the members at the Project Review Sub-Committee meetings during the financial year 2018-19 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors		% of attendance
	21 Aug 18	28 Dec 18	
RAm I P S Bali			100
Shri Sarvjit Singh Dogra			100
Cmde Sanjeev Nayyar			100

- Present × - Absent NA - Not Applicable



BUSINESS STRATEGY AND CAPACITY AUGMENTATION COMMITTEE

56. To formulate future business strategy of your Company, to expand its spheres of activities, explore possibilities of export, identifying new products 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.

57. The composition of the Business Strategy and Capacity Augmentation Committee of the Board of Directors as on 31 Mar 2019 is as follows:

(a)	RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman & Managing Director</i>	Chairperson
(b)	RAdm I P S Bali, IN (Retd.) ^[1] <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member
(d)	Cmde Sanjeev Nayyar, IN (Retd.) ^[2] <i>Director (Shipbuilding)</i>	Member

^[1] & ^[2] Admitted as a member of the Committee w.e.f. 08 May 2018.

58. The Chief General Manager / General Manager (CE&CP) is the Secretary to the Committee.

59. The Committee has been tasked with:

- Business Strategy formulation for future growth
- Infusion of new technologies
- Identify Schemes for Productivity Improvement
- Finalise the Infrastructure Augmentation / Capacity Enhancement to meet future business strategy and to improve shipbuilding efficiency.

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

61. During the financial year 2018-19, one (1) Meeting of the Business Strategy and Capacity Augmentation Committee was held. The attendance of the members at the Business Strategy and Capacity Augmentation Committee meeting during the financial year 2018-19 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors			% of attendance
	01 Jun 18	13 Nov 18	07 Feb 19	
RAdm Vipin Kumar Saxena				100
RAdm I P S Bali				100
Shri Sarvjit Singh Dogra				100
Cmde Sanjeev Nayyar				100

- Present × - Absent NA - Not Applicable

LEGAL COMMITTEE

62. The Legal Committee of the Board of Directors was formed to review, monitor and suggest an appropriate course of action for the legal cases of the Company, other than taxation matters.

63. The composition of the Legal Committee of the Board of Directors as on 31 Mar 2019 is as follows:

(a)	Dr. Ajai Bhandari ^[1] <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Smt. Kanwaljit Deol ^[2] <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	Shri Asit Kumar Nanda <i>Director (Personnel)</i>	Member

^[1] & ^[2] Admitted as a member of the Committee w.e.f. 08 May 2018.

64. The Company Secretary is the Secretary to the Committee.

65. During the year 2018-19, three (3) Meetings of the Legal Committee were held. The attendance of the members at the Legal Committee meetings during the year 2018-19 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors			% of attendance
	01 Jun 18	13 Nov 18	07 Feb 19	
Dr. Ajai Bhandari				100
Smt. Kanwaljit Deol				100
Shri Asit Kumar Nanda				100

- Present × - Absent NA - Not Applicable

IPO COMMITTEE

66. In line with DIPAM's Guidelines on disinvestment through public offerings, an IPO Committee of the Board of Directors was formed on 14 Nov 2017 to assist the legal counsels and the BRLMs in the preparation of the offer document for public issue, by providing all relevant information / documents / records of the Company.
67. One meeting of IPO Committee was held during the year on 06 Oct 2018 which was attended by the Chairman & Managing Director and Director (Finance) of your Company. Shri Ashwani Kumar Mahanjan, Member of the Committee, was granted leave of absence from attending the meeting.
68. Post successful completion of the IPO of your Company, the Board of Directors formally dissolved the IPO Committee w.e.f. 08 Feb 2019.

STAKEHOLDERS RELATIONSHIP COMMITTEE

69. The Stakeholders Relationship Committee became functional on 10 Oct 2018 i.e. the date of listing of your Company's shares on the NSE and BSE in terms of section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations.
70. In line with recent amendments to the SEBI Listing Regulations, terms of reference of the Stakeholders Relationship Committee include the following:
- Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
 - Review of measures taken for effective exercise of voting rights by shareholders.
 - Review of adherence to the service standards adopted by your Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
 - Review of the various measures and initiatives taken by your Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the Shareholders.
71. The composition of the Stakeholders Relationship Committee of the Board of Directors as on 31 Mar 2019 is as follows:

(a)	Dr. Biswapriya Roychoudhury ^[1] <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member
(c)	Shri Asit Kumar Nanda <i>Director (Personnel)</i>	Member

^[1] Admitted as a member of the Committee w.e.f. 15 Nov 2018.

72. The Company Secretary of the Company is the Secretary to the Committee.
73. No meeting of the Committee was held during the financial year 2018-19.
74. Status of Investor Complaints as on 31 Mar 2019 and reported under Regulation 13(3) of the SEBI Listing Regulations is as under:

Complaints as on 10 Oct 2018 i.e. date of listing of the shares of the Company	0
Received during the year	1
Resolved during the year	1
Not solved to the satisfaction of shareholders	0
Pending as on 31 Mar 2019	0

ANNUAL GENERAL MEETINGS

75. The details of the last three (3) Annual General Meetings of your Company are given below:

Financial Year	Date and Time	Venue	Special Resolution Passed
2015-16	28 Sep 16 1300 Hrs.	Registered Office at 43/46, Garden Reach Road, Kolkata - 700 024	No special resolution passed in the meeting
2016-17	25 Aug 17 1400 Hrs.	Registered Office at 43/46, Garden Reach Road, Kolkata - 700 024	Two (2) special resolutions were passed in the meeting
2017-18	04 Oct 18 1000 Hrs.	Registered Office at 43/46, Garden Reach Road, Kolkata - 700 024	No special resolution passed in the meeting

POSTAL BALLOT

76. During the FY 2018-19, no resolution was put to vote through Postal Ballot.
77. None of the business proposed to be transacted in the ensuing AGM requires the passing of a Special Resolution by way of Postal Ballot.



FAMILIARISATION PROGRAMME AND TRAINING FOR DIRECTORS

78. Familiarization programme for Directors generally form part of the Board process. All new Directors are provided with an overview of the operations of the Company at the time of their induction to the Board. They are familiarized to your Company's culture, values and commitments through orientation sessions. They are also regularly encouraged and assisted for attending training programmes on various topics of Corporate Governance. Further, the Independent Directors are updated on an on-going basis at the Board / Committee meetings, inter-alia, on the following:

- Nature of industry in which the Company operates;
- Business environment and operational model of various business divisions of the Company including important developments thereon;
- Important changes in regulatory framework having impact on the Company.

79. Details of the familiarization programme for Independent Directors can be accessed at <http://grse.in/pdf/investors/Familiarisation%20Programme.pdf>

CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

80. The Board of Directors of your Company has formulated a "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 2019. A declaration to this effect signed by the Chairman & Managing Director of your Company is appended at the end of this Report.

INSIDER TRADING CODE

81. The Company's Code of Conduct for Prevention of Insider Trading and Fair disclosure of Unpublished Price Sensitive Information, approved by the Board of Directors, *inter alia*, prohibits trading in securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company.

SHAREHOLDER INFORMATION

82. Various shareholder information required to be disclosed pursuant to Schedule V of the SEBI Listing Regulations is provided in **Annexure I** to this Report titled 'Shareholder Information'.

DISCLOSURES

83.(a) **Conflict of Interest:** During the year 2018-19, your Company has not entered into any transaction 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. The Related Party Transaction Policy is also available on the Company's website.

(c) **Material Subsidiaries:** Your Company does not have any subsidiary or associate company. The Company's Policy on Determining Material Subsidiaries framed as per Regulation 16 of the SEBI Listing Regulations is available on the Company's website at <http://grse.in/pdf/investors/policy%20for%20determining%20material%20subsidiaries.pdf>

(d) **Inter-se relationships between Directors and Key Managerial Personnel of the Company:** None

(e) **Whistle Blower Policy:** Synopsis of the Whistleblower Policy of the Company is provided in the 'Directors' Report', forming part of this Annual Report. The Whistleblower Policy is also available on the Company's website.

(f) **Integrity Pact:** The Central Vigilance Commission (CVC) issued a circular on 04 Dec 07 recommending adoption and implementation of the Integrity Pact in respect of all major procurements of the Government Organisations. Accordingly, your Company adopted the Integrity Pact for procurement of material and / or service for a value above ₹2 crore. 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 Girish Shankar, IAS (Retd.), and Shri R Kuppan, IRSME (Retd.) as the Independent External Monitors (IEMs) for monitoring implementation of Integrity Pact in your Company. The IEMs independently and objectively reviews whether and to what extent parties have complied with their obligations under the Pact. IEMs 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 IEMs, who looks into the records, conducts an investigation, and submits recommendations to the management. During their visit to the Corporate Office every quarter, the IEMs hold structured meetings with the Chairman & Managing Director.

- (g) **Compliance with Presidential Directives:** The Company has complied with all Presidential Directives issued by Central Government regarding the operation of PSUs, both during the year and also in the last three (3) years.
- (h) **Items of expenditure debited in books of accounts, which are not for the purposes of the business:** Nil
- (i) **Expenses incurred, which are personal in nature and incurred for the Board of Directors and top Management:** Nil
- (j) **Details of Administrative and Office expenses as a percentage of total expenses vis-à-vis financial expenses:**

(₹ in crore)			
Sl. No.	Particulars	2018-19	2017-18
(a)	Total Expenditure (Other than materials)	613.21	676.26
(b)	Administrative & Office Expenses	9.74	10.33
(c)	Percentage of (b) on (a)	1.58	1.53
(d)	Finance expenditure as a % of total expenditure	0.37	0.55

- (k) **Mandatory Compliances:** During the last three (3) years, there has been no instance of non-compliance by your Company on any matter related to Companies Act, 2013, SEBI Listing Regulations and the Guidelines

on Corporate Governance for CPSEs issued by the Department of Public Enterprises, Government of India. A Compliance Certificate from M/s. Maheshwari R & Associates, Company Secretaries, confirming compliance with the conditions of Corporate Governance, as required under both, the SEBI Listing Regulations and the DPE Guidelines on Corporate Governance for CPSEs is provided as **Annexure II** to this Report.

Further, no penalties / strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter relating to capital markets during the last three years.

- (l) **Non-Mandatory Compliances under SEBI Listing Regulations 2015:** The status of compliance with the discretionary requirements under the SEBI Listing Regulations is provided below:

- (i) **The Board:** As per para A of Part E of Schedule II of the SEBI Listing Regulations, a non-executive Chairman of the Board may be entitled to maintain a Chairman's Office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties. The Chairman of the Company is an Executive Director and hence this provision is not applicable to us.
- (ii) **Shareholder Rights:** Your Company displays the quarterly and half yearly financial results on the Company's website www.grse.in and also publishes the financial results in widely circulated newspapers. We have communicated the payment of dividend by e-mail to shareholders in addition to dispatch of letters to all shareholders.
- (iii) **Modified Opinion in Audit Report:** Your Company continuously strives to maintain accounts in a transparent, true and fair manner in conformity with the accounting principles generally accepted in India. During the last fifteen years (2002-2003 to 2017-18) there have been no audit qualifications. Your Company has also received "Nil" comments from the CAG during these years. Further, for the FY 2018-19, the Statutory Auditors have issued an unmodified opinion on the financial statements of the Company.
- (iv) **Separate posts of Chairman and Chief Executive officer:** Being a Government Company, the appointment of the Chairman & Managing Director is done by the President of India. At present, the post of the Chairman & Managing Director is held by an Executive Director.



- (v) **Reporting of internal auditor:** The Head of Internal Audit Department of the Company administratively reports to the Chairman & Managing Director. He is regularly invited to attend the Audit Committee meetings. Further, the Internal Auditors of the Company are also invited to the Audit Committee meetings to discuss their Internal Audit Report on a quarterly basis.
- (m) **Certificate from Practicing Company Secretary on qualification of the Board:** A certificate from M/s. Maheshwari R & Associates, Company Secretaries, confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI / Ministry of Corporate of Affairs or any such authority is provided at **Annexure III** to this Report.
- (n) **Fees to Statutory Auditors:** The total fees paid by the Company to M/s. A Kayes & Co., Statutory Auditors of the Company during FY 2018-19 aggregate to ₹ 9 lakh. Details are available under Note 27 of the 'Financial Statements'.

DECLARATION

Pursuant to the Department of Public Enterprises Guidelines on Corporate Governance for Central Public Sector Enterprises dated 14th May, 2010 and Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 31st March, 2019.

For Garden Reach Shipbuilders & Engineers Limited

Sd/-
V K Saxena
Rear Admiral, IN (Retd.)
Chairman & Managing Director

Kolkata
11th July, 2019

ANNEXURE - I

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2018-19

Date	20 th September, 2019
Venue	Bhasha Bhawan Auditorium, National Library, Belveria Road, Block A, Alipore, Kolkata – 700 025
Time	10:30 A.M.

DIVIDEND PAYMENT

- The final dividend for the year ended 31 Mar 2019, if approved at the AGM, will be paid on or after 21 Sep 2019. Your Company has been consistently paying dividend to its shareholders. The dividend declared in the last five (5) financial years are provided below:

Financial Year	Dividend per share (in ₹) [^]	Total Dividend paid (in ₹ crore)
2018-19*	6.95	79.61
2017-18 [#]	4.44	50.80
2016-17	4.37	54.08
2015-16	4.30	53.22
2014-15	2.00	24.77

[^] The dividend value per share has been adjusted to reflect the sub-division of the face value of the equity shares of the Company from ₹100/- to ₹10/- each in the financial year ended 31 Mar 2018.

* Includes interim dividend of ₹1.85 per equity share of ₹10/- each.

[#] After effecting Buyback of 7.50% of the paid-up Equity Share capital comprising of 92,88,000 Equity Shares from the Promoter of your Company.

LISTING OF SHARES ON STOCK EXCHANGES

- The equity shares of your Company were listed on National Stock Exchange of India Limited (“NSE”) and BSE Limited (“BSE”) w.e.f. 10 Oct 2018. Your Company has paid the annual listing fees to both NSE and BSE on time. Details of NSE and BSE alongwith stock codes are provided below:

Stock Exchanges	Stock Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 Website: www.nseindia.com	GRSE
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001 Website: www.bseindia.com	542011

MEANS OF COMMUNICATION

- Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Your Company has a website (www.grse.in) which provides information on GRSE’s leadership, management, product spectrum, CSR initiatives, annual reports, policies, financial information etc.
 - All price-sensitive information, statutory notices and data that are material to the shareholders are disclosed to the Stock Exchanges viz. NSE and BSE. The quarterly, half yearly and annual financial results, notices of Board Meetings etc. are published in the Financial Express (in English), Prabhat Khabar (in Hindi) and Bartaman (in Bengali). The financial results were published as under:
- | | |
|-------------------------------------|--------------------------|
| Quarter ending 31 Dec 2018 | In the month of Feb 2019 |
| Quarter and Year ending 31 Mar 2019 | In the month of May 2019 |
- The ‘Investors Corner’ tab on your Company’s website contains the financial results, presentations made to the analysts and other information submitted to the Stock Exchanges such as notices and corporate announcements, shareholding pattern, corporate governance reports, dividend etc. The ‘News Room’ section on the website includes all major press releases from the Company and relevant media reports.

FINANCIAL CALENDAR

- The financial year of the Company starts from the 1st day of April and ends on 31st day of March of next year. Our tentative calendar for declaration of results for the financial year 2019-20 are as given below:

Quarter Ending	Release of Results
For the Quarter ending 30 Jun 2019	Second week of Aug 2019
For the Quarter and half year ending 30 Sep 2019	Third week of Nov 2019
For the Quarter and nine months ending 31 Dec 2019	Third week of Feb 2020
For the year ending 31 Mar 2020	Fourth week of May 2020



DEMATERIALIZATION OF SHARES AND LIQUIDITY

7. The equity shares of the Company are available for trading in the dematerialised form under both the Depository Systems in India viz. NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE382Z01011.
8. As on 31 Mar 2019, 11,45,51,840 equity shares of the Company, representing 100% (approx.) of the issued, subscribed and paid-up equity share capital of the Company are held in dematerialized form. The details of shares in physical and demat form is given below:

Form	No. of Equity Shares	% of Shareholding
Demat Form with NSDL	11,36,31,045	99.20
Demat Form with CDSL	9,20,795	0.80
Physical Form	160	0.00

9. The holding by the President of India in the equity share capital of the Company is 74.50%, which are not actively traded. The remaining 25.50% of the Company's shares are liquid and actively traded shares on the Stock Exchanges. The Company's market capitalization as on 31 Mar 2019 stood at ₹1,123.18 crore.

DISTRIBUTION OF SHAREHOLDING

No. of Equity Shares	Shareholders		Shareholding	
	No.	%	No.	%
1-500	10,438	93.51	14,14,762	1.24
501-1000	398	3.57	2,95,686	0.26
1001-2000	247	2.21	3,75,229	0.33
2001-3000	26	0.23	63,192	0.06
3001-4000	14	0.13	50,815	0.04
4001-5000	11	0.10	47,986	0.04
5001-10000	12	0.11	84,103	0.07
>10000	16	0.14	11,22,20,227	97.96

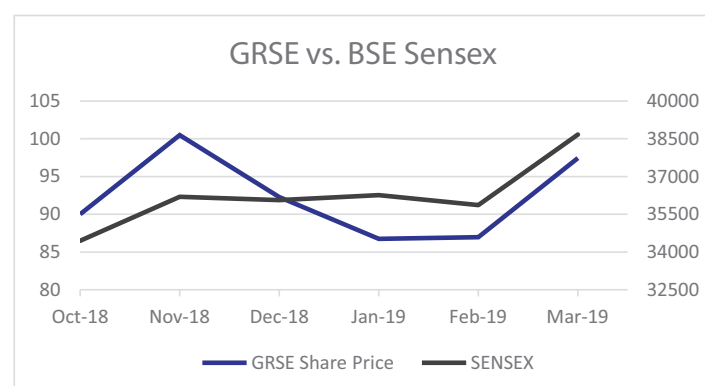
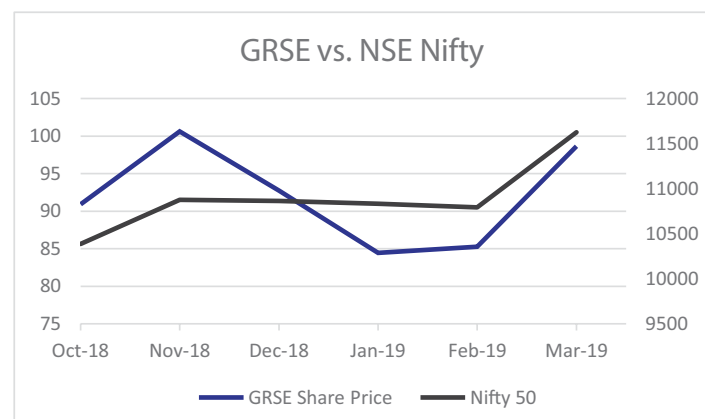
SHAREHOLDING PATTERN AS ON 31 MAR 2019

Sl. No.	Category & name of the Shareholder	Number of Shareholders	Total No. of Shares held	Shareholding % calculated as per SCRR 1957
Promoter Shareholding				
	Central Government	1	8,53,41,240	74.50
(1)	Total Promoter Shareholding	1	8,53,41,240	74.50
Public Shareholding				
Institutional				
a	Mutual Funds	3	70,20,031	6.13
b	Financial Institutions / Banks	5	1,84,87,241	16.14
(A)	Total Institutional Shareholding	8	2,55,07,272	22.27
Non-Institutional				
a	Bodies Corporate	86	13,52,742	1.18
b	Public and Others	10961	23,50,746	2.05
(B)	Total Non-Institutional Shareholding	11,047	37,03,488	3.23
(2)	Total Public Shareholding (A)+(B)	11,055	2,92,10,760	25.50
Total Shareholding (1)+(2)		11,056	11,45,52,000	100

PRICE AND VOLUME OF SHARES TRADED

Year & Month	NSE			BSE			
	High (₹)	Low (₹)	Volume (in nos.)	High (₹)	Low (₹)	Volume (in nos.)	
2018	Oct	109	77.7	40,67,527	109.5	77	8,21,942
	Nov	102.4	88.05	4,52,412	105	85.6	70,101
	Dec	101.2	88.75	3,14,761	101	90.1	25,767
2019	Jan	100.8	81.60	2,14,828	100	82.25	70,047
	Feb	88.8	80.10	4,72,745	88.5	78.55	29,913
	Mar	106.05	86.50	14,08,225	109.1	87.6	1,48,974

PERFORMANCE IN COMPARISON TO BROAD BASED INDICES



COMMODITY PRICE RISK, FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

- Your Company had no exposure to commodity and commodity risks for the financial year 2018-19. Further, your Company does not involve in hedging activities.
- The Company is exposed to foreign exchange exposures related to procurement of materials and services. These procurements are mostly covered under exchange rate variation clause for reimbursement of exchange rate variations arising out of foreign currency fluctuations. Hence, your Company has no direct exposure on this account.

SHARE TRANSFER SYSTEM

- The dematerialized shares of the Company are transferable through the depository system. However, the shares held in physical form are processed by the Registrar & Transfer Agent of the Company in co-ordination with your Company.
- The Share Transfer Committee of the Company met (3) times since the date of listing of the Company's shares on 10 Oct 2018 to approve share transfers. The Committee presently comprises the following:

(a)	Shri Sarvjit Singh Dogra <i>Director (Finance) & CFO</i>	Chairperson
(b)	Shri Asit Kumar Nanda <i>Director (Personnel)</i>	Member
(c)	Shri Sandeep Mahapatra <i>Company Secretary and Compliance officer</i>	Member Secretary

- Further, in accordance with the proviso to Regulation 40(1) of the SEBI Listing Regulations, effective from 01 Apr 2019, transfer of shares of the Company shall not be processed unless the shares are held in the dematerialized form with a depository. As on 31 Mar 2019, 160 equity shares of the Company were held in physical form.

UNCLAIMED DIVIDEND

- Pursuant to the applicable provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund ('IEPF') Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.
- No unclaimed dividend from previous years is due to be transferred to the IEPF as on 31 Mar 2019.

DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT

- The Company does not have any shares in the Demat Suspense Account or Unclaimed Suspense Account.

INVESTOR SERVICES

- M/s. Alankit Assignments Limited is the Registrar & Transfer Agent to your Company in respect of the equity shares.

Address for correspondence:

205-208 Anarkali Complex,
Jhandewalan Extension, New Delhi – 110 055

- Since the date of listing i.e. 10 Oct 2018 till 31 Mar 2019, one (1) investor complaint was received by the Company which was resolved promptly.
- The e-mail ID earmarked by the Company for receiving investor complaints is investor.grievance@grse.in.

**DETAILS OF COMPLIANCE OFFICER / ADDRESS FOR INVESTOR CORRESPONDENCE**

Name: Shri Sandeep Mahapatra
Designation: Company Secretary and Compliance Officer
Address: Garden Reach Shipbuilders & Engineers Limited
 43/46, Garden Reach Road
 Kolkata – 700 024
 Tel: +91 (033) 2469 8150
 Fax: +91 (033) 2469 8100
 Email: co.sec@grse.co.in
 Website: www.grse.in

PLANT LOCATIONS

Shipbuilding Activities	Engineering Activities	Engine Activities
Main Works Unit 43/46, Garden Reach Road, Kolkata – 700 024	61 Park Unit 61, Garden Reach Road, Kolkata – 700 024	DEP Ranchi Unit Plant Plaza Road, Dhurwa, Ranchi – 834 004
Rajabagan Dockyard Unit 44, Garden Reach Road, Kolkata – 700 044	Taratata Unit P-2/2, Taratata Road, Kolkata – 700 088	
Fitting Out Jetty Unit P-70, Karl Marx Sarani, Kolkata – 700 043		

UPDATION OF DETAILS**For Shares held in Demat Form**

- The Company sends Notices, Report and Accounts and other communications in electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories and in physical mode to the other Shareholders. Shareholders who wish to register or update their e-mail addresses with the Company may update the same by sending a request to their respective Depository Participant (DPs).
- Further, Shareholders who wishes to receive dividend through electronic mode may provide / update their Bank Account details, including IFSC (Indian Financial System Code) and MICR (Magnetic Ink Character Recognition), to their respective DPs.

For Shares held in Certificate Form

- Shareholders holding shares in the certificate form are requested to promptly advise the Company's RTA or the Company of any change in their address / mandate / bank details etc. to facilitate better servicing.

ANNEXURE - II

CERTIFICATE ON CORPORATE GOVERNANCE

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

I have examined the compliance of Corporate Governance by Garden Reach Shipbuilders & Engineers Limited, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) Regulation 46(2) and para C and D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, for the financial year ending 31st March, 2019.

The Compliance of Conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the review of procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Regulation.

On the basis of my findings from the examination of the records produced and explanations and information furnished to me, in my opinion, the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, for the financial year ending 31st March, 2019.

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

For **Maheshwari R & Associates**
Company Secretaries

Sd/-
Rashmi Maheshwari
C.P.No.:3309 of ICSI
FCS:5126

Place: Kolkata
Date: 3rd July, 2019



ANNEXURE - III

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Garden Reach Shipbuilders & Engineers Limited having CIN : L35111WB1934GOI007891 and having registered office at 43/46, Garden Reach Road, Kolkata-700024 (hereinafter referred to as 'the Company'), produced before me / us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	RAdm Vipin Kumar Saxena, IN (Retd.)	07696782	1 st March, 2017
2.	Shri Sarvjit Singh Dogra	07052300	31 st December, 2014
3.	Shri Asit Kumar Nanda	07506042	3 rd May, 2016
4.	Cmde Sanjeev Nayyar, IN (Retd.)	07973950	16 th December, 2017
5.	Shri Ashwani Kumar Mahajan	07483427	2 nd April, 2016
6.	Shri Bharat Bhushan	00262278	15 th September, 2017
7.	Smt. Kanwaljit Deol	03192289	15 th September, 2017
8.	RAdm Inder Paul Singh Bali, AVSM, VSM, IN (Retd.)	07912223	9 th March, 2018
9.	Dr. Ajai Bhandari	00322233	9 th March, 2018
10.	Dr. Biswapriya Roychoudhury	08200896	15 th August, 2018

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Maheshwari R & Associates**
Company Secretaries

Sd/-

Rashmi Maheshwari
C.P.No.:3309 of ICSI
FCS:5126

Place: Kolkata
Date: 3rd July, 2019

CEO AND CFO COMPLIANCE CERTIFICATE

To,
The Board of Directors,
Garden Reach Shipbuilders & Engineers Limited,
Kolkata

Dear Members of the Board,

We, V. K. Saxena, Chairman & Managing Director and S. S. Dogra, Director (Finance) & Chief Financial Officer certify that:

- A) We have reviewed the financial statements including the cash flow statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B) To the best of our knowledge and belief, none of the transactions entered into by the Company during the year ended 31st March, 2019 are fraudulent, illegal or violative of the Company's Code of Conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- D) (i) There has not been any significant change in internal control over financial reporting during the year under reference;
- (ii) Changes in accounting policies consequent to the implementation of new Indian Accounting Standards (Ind AS) have been appropriately disclosed in the financial statements; and
 - (iii) We are not aware of any instance during the year, of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Kolkata
Dare: 11th July 2019

Sd/-
RAdm V. K. Saxena, IN (Retd.)
Chairman & Managing Director

Sd/-
S. S. Dogra
Director (Finance) & CFO



INDEPENDENT AUDITOR'S REPORT

To the Members of Garden Reach Shipbuilders & Engineers Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Garden Reach Shipbuilders & Engineers Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information in which are included the Returns for the year ended on that date audited by the branch auditor of the Company's branch located at Ranchi.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("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 March 31, 2019, the profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl.No.	Key Audit Matters	Our Response
1	Estimation vis-à-vis accuracy of recognition, measurement and disclosures of revenue and other related balance of Work in Progress and Trade Receivables for long term contracts over the period in view of adoption of Ind AS 115- "Revenue from Contracts with Customers" Revenue and related cost for long term contracts are recognized by applying certain key judgments by management relating to identification of performance obligation to be satisfied, determination of transaction price including any variable consideration, and the stage of completion. Refer Note 1.2(i), "Revenue Recognition" to the Ind AS financial statements	Our procedures included, inter alia, obtaining and understanding of the contract execution processes and relevant controls relating to the accounting for customer contracts. We tested selected key controls including results reviewed by management for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts. These procedures included examining the contracts to understand the terms and conditions including distinct performance obligations, transaction price including any variable considerations. We reconciled revenue with the supporting documents, validated estimates of costs to complete and tested the mathematical accuracy of calculations. We also examined cost included within work in progress and tested their recoverability through comparing the net realizable values as per agreements with estimated cost to complete.
2	Liquidated Damages. Refer Note No. 30(A) (iii) to the Ind AS financial statements.	The Company is exposed to claims for liquidated damages by customers for not meeting contractual obligation. The management based on their knowledge gained through contracts and project reviews assessed that there is no need for further provision for liquidated damages at this point of time for the continuing contracts.

Information Other than the Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Annual Report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Other Matter

- (i) We did not audit the Ind AS financial statements/ information of one branch included in the Ind AS financial statements of the Company whose Ind AS financial statements/financial information reflect total assets of ₹ 3793.52 lakhs as at 31st March 2019 and the total revenue of ₹ 486.57 lakhs for the year ended on that date, as considered in the Ind AS financial statements. The Ind AS financial statement/information of the branch have been audited by the branch auditor whose reports have 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.
- (ii) Amount shown in Note No. 30 (Contingent Liabilities) does not include interest/ penalty that may be payable on final settlement of claims.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 the branch office of the Company audited under Section 143(8) of the Act by branch auditor have been sent to us and have been properly dealt with by us in preparing this report.
- (d) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (e) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.

- (f) In our opinion, provisions under section 164(2) of the Act, regarding disqualification of Directors are not applicable to a Government Company in terms of Notification No. G.S.R. 463(E) dated June 5, 2015 issued by Ministry of Corporate Affairs.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure-B.
- (h) 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 Ind AS financial statements - Refer Note. 30 (Contingent Liabilities) to the Ind AS financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by Section 143(5) of the Act, we give in Annexure-C a statement on the matters contained in directions issued by the Comptroller & Auditor General of India in terms of aforesaid section.

For **A. Kayes & Co.**
Chartered Accountants
Firm's Registration No. 311149E

Sd/-
(CA. S.R. Biswas)
Partner
Membership No. 051512

Place : Kolkata
Date: 29th May, 2019

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

- (i)(a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all assets are verified in a phased manner over a period of three years. Accordingly, fixed assets of some division/ unit of the Company were verified internally by management during the year. Discrepancies noticed on such verification have been properly dealt with in the accounts. In our opinion, the periodicity of such physical verification is reasonable having regard to the size of the Company and nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories (other than those lying with third parties), have been physically verified during the year by the management. In respect of goods lying with third parties, these have substantially been confirmed by them. The discrepancies between physical stock and book records arising out of physical verification, have been dealt with in the books of accounts.
- (iii) According to the information given to us, the Company has not granted any loan, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act and as such, reporting under this clause is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees or any securities in connection with any loans in respect of which provision of section 185 and 186 of the Companies Act, 2013 are applicable. In terms of Notification No. G.S.R. 463(E) dated June 5, 2015, the provisions of section 186 of the Companies Act, 2013 are not applicable to the Company as the Company is a Government Company engaged in defence production and as such, reporting under this clause is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 73 to 76 or any other relevant provision of the Companies Act, 2013 and the rules framed thereunder and as such, reporting under this clause is not applicable to the Company.
- (vi) According to the information and explanations given to us, maintenance of cost records by the Company has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed such cost records and are of the opinion that, prima facie, such accounts and records have been made and maintained.
- (vii) (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, income tax, goods and service tax, duty of customs, cess and any other statutory dues with the appropriate authorities where applicable and no undisputed amount payable in respect of aforesaid dues as on 31st March, 2019 for a period of more than six months from the date they become payable.
- (b) According to the records of the Company and information and explanations given to us, the following are the details of disputed dues not deposited on 31st March, 2019 as the matter is pending before appropriate authorities:

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	Central Sales Tax Act, 1956	Central Sales Tax	2010-11	1,201.93	Commissioner of Commercial Taxes
3	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2010-11	768.01	Commissioner of Commercial Taxes
4	Central Excise Act, 1944	Central Excise	2001-02 to 2005-06	17.90	Commissioner of Central Excise (Appeals)
5	Central Excise Act, 1944	Central Excise	2011-12	75.54	CESTAT
6	Central Excise Act, 1944	Central Excise	2016-17	106.54	Joint Secretary, Revision Application, Govt. of India.
7	Income Tax Act, 1961	Income Tax	2008-09	352.85	Commissioner of Income Tax (Appeal)
8	Income Tax Act, 1961	Income Tax	2011-12	111.33	Commissioner of Income Tax (Appeal)
9	Income Tax Act, 1961	Income Tax	2013-14	1.92	Commissioner of Income Tax (Appeal)
10	Income Tax Act, 1961	Income Tax	2012-13	136.98	Commissioner of Income Tax (Appeal)
11	Income Tax Act, 1961	Income Tax	2013-14	96.18	Commissioner of Income Tax (Appeal)
12	Central Excise Act, 1944	Central Excise	2011-12	2.92	Commissioner of Central Excise
13	Service Tax Act, 1994	Service Tax	2006-07 to 2011-12	9.92	CESTAT
	Total			3388.85	

The amount mentioned above is exclusive of interest and penalties that may be payable on final settlement of pending cases.



- (viii) The Company has not taken any loan or borrowing from financial institutions, bank, Government or debenture holders and as such, reporting under this Clause is not applicable to the Company.
- (ix) On the basis of our examination of records and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including Debt Instruments) and term loans during the year, and as such, reporting under this clause is not applicable to the Company.
- (x) According to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In view of exemption given vide Notification No. G.S.R. 463(E) dated June 5, 2015, issued by Ministry of Company Affairs, provision of section 197 read with Schedule V to the Companies Act, 2013 regarding managerial remuneration are not applicable to a Government Company, and as such, reporting under this clause is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and as such, reporting under this clause is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and as such, reporting under this clause is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them and as such, reporting under this clause is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and as such, reporting under this clause is not applicable to the Company.

For **A. Kayes & Co.**
Chartered Accountants
Firm's Registration No. 311149E

Sd/-
(CA. S.R. Biswas)
Partner
Membership No. 051512

Place : Kolkata
Date: 29th May, 2019

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of Garden Reach Shipbuilders & Engineers Limited ("the Company") as of 31st March, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **A. Kayes & Co.**
Chartered Accountants
Firm's Registration No. 311149E

Sd/-
(CA. S.R. Biswas)
Partner
Membership No. 051512

Place : Kolkata
Date: 29th May, 2019



ANNEXURE- C TO THE INDEPENDENT AUDITOR'S REPORT

Sl. No.	Directions	Auditor's Comments
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the Company has system in place to process all the accounting transactions through IT system and no accounting transaction is processed outside IT system. Therefore, any implication of processing accounting transactions outside IT system on the integrity of the accounts along with financial implication does not arise.
2	Whether there is any restructuring of an existing loan and cases of waiver/written off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.	There is no instance of restructuring of an existing loan and cases of waiver/written off of debts/loans/interest etc. made by any lender to the Company due to the Company's inability to repay the loan. Therefore, the financial impact due to above reasons does not arise.
3	Whether funds received/receivable for specific scheme from Central/State agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.	No such cases of receipts/receivables of any amount by the Company in the financial year 2018-19 for specific scheme from Central/State agencies have come to our notice, nor have we been informed of receipts/receivables of any such amount by the management.

For **A. Kayes & Co.**
Chartered Accountants
Firm's Registration No. 311149E

Sd/-
(CA. S.R. Biswas)
Partner
Membership No. 051512

Place : Kolkata
Date: 29th May, 2019

COMMENTS OF C&AG

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 OF THE FINANCIAL STATEMENTS OF GARDEN REACH SHIP BUILDERS & ENGINEERS LIMITED, KOLKATA FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statements **Garden Reach Shipbuilders & Engineers Limited, Kolkata** for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Garden Reach Shipbuilders & Engineers Limited, Kolkata** for the year ended 31 March 2019 under section 143 (6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

Sd/-

(**Santosh Kumar, IA&AS**)

Pr. Director of Commercial Audit
& Ex-Officio Member, Audit Board , Bangalore.

Bangalore
Date: 9th July, 2019



BALANCE SHEET

AS AT 31 MARCH 2019

(₹ in lakh)

Particulars	Note No.	As at 31 March, 2019	As at 31 March, 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	29,727.67	38,296.06
(b) Capital work-in-progress	4	3,418.60	1,602.77
(c) Intangible assets	5	497.52	620.64
(d) Financial assets			
(i) Investments	6(a)	0.44	0.44
(ii) Other financial assets	6(b)	18,177.09	130,987.73
(e) Non-current tax assets	7	9,171.48	8,557.32
(f) Other non-current assets	8	856.15	839.42
Total non-current assets		61,848.95	180,904.38
(2) Current assets			
(a) Inventories	9	34,956.91	51,309.50
(b) Financial assets			
(i) Current Investment	10(a)	183.01	-
(ii) Trade receivables	10(b)	21,985.99	20,206.36
(iii) Cash and cash equivalents	10(c)	927.43	1,189.26
(iv) Bank balances other than (iii) above	10(d)	198,012.61	101,025.83
(v) Other financial assets	10(e)	43,704.64	47,519.28
(c) Other current assets	11	57,330.46	29,709.64
(d) Assets classified as held for sale	12	43.09	36.42
Total current assets		357,144.14	250,996.29
TOTAL ASSETS		418,993.09	431,900.67
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13(a)	11,455.20	11,455.20
(b) Other equity	13(b)	92,375.51	90,698.34
Total equity		103,830.71	102,153.54
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
Trade payables	14	762.79	780.10
(b) Provisions	15	6,432.07	6,078.98
(c) Deferred tax liabilities (net)	16	1,122.53	1,152.83
Total non-current liabilities		8,317.39	8,011.91
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
(a) total outstanding dues of micro and small enterprises	17(a)	1,390.82	3,206.12
(b) total outstanding dues other than (i) (a) above	17(a)	35,618.17	65,676.43
(ii) Other financial liabilities	17(b)	2,152.46	2,154.78
(b) Other current liabilities	18	253,602.54	236,364.54
(c) Provisions	19	14,081.00	14,333.35
Total current liabilities		306,844.99	321,735.22
TOTAL EQUITY AND LIABILITIES		418,993.09	431,900.67
Company information and Significant Accounting Policies	1		
Critical estimates and judgements	2		

The accompanying notes 1 to 50 form an integral part of the financial statements.

In terms of our report of even date.

For A. Kayes & Co.
Chartered Accountants
Firm Registration No - 311149E

Sd/-
(CA. S.R. Biswas)
Partner
Membership No. 051512

Place of Signature : Kolkata
Date : 29th day of May, 2019

For and on behalf of the Board of Directors

Sd/-
Rear Admiral V.K. Saxena IN (Retd.)
Chairman & Managing Director
DIN - 07696782

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

Sd/-
S. Mahapatra
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH, 2019

(₹ in lakh)

Particulars	Note No.	Year ended 31 March, 2019	Year ended 31 March, 2018
Revenue from operations	20	138,642.16	134,966.00
Other income	21	17,123.93	17,923.40
Total income		155,766.09	152,889.40
EXPENSES			
Cost of materials consumed	22(a)	68,018.44	58,150.72
Purchase of products for resale (B & D spares)		9,225.74	14,156.70
Changes in inventories of work-in-progress and scrap	22(b)	(915.38)	180.97
Sub-contracting charges		12,580.02	13,705.13
Excise duty		-	189.95
Employee benefits expense	23	29,146.70	29,859.70
Finance costs	24	511.31	769.12
Depreciation and amortisation expense	25	2,708.47	2,895.56
Other expenses - project related	26	5,461.31	7,266.11
Other expenses	27	10,913.57	12,940.48
Total expenses		137,650.18	140,114.44
Profit before exceptional items and tax		18,115.91	12,774.96
Exceptional items	28	(219.89)	-
Profit before tax		17,896.02	12,774.96
Tax expense	29(a)		
- Current tax		6,590.19	4,533.98
- Deferred tax		311.96	(999.37)
Total tax expense		6,902.15	3,534.61
Profit for the year		10,993.87	9,240.35
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
- Remeasurements of defined benefit plans		(979.46)	1,160.63
- Income tax relating to above item		342.25	(405.58)
Other comprehensive income for the year, net of tax		(637.21)	755.05
Total comprehensive income for the year		10,356.66	9,995.40
Earnings per equity share:			
(Nominal value per share ₹ 10)			
Basic and diluted earnings per share		9.60	7.60
Company information and Significant Accounting Policies	1		
Critical estimates and judgements	2		

The accompanying notes 1 to 50 form an integral part of the financial statements.

In terms of our report of even date.

For A. Kayes & Co.
Chartered Accountants
Firm Registration No - 311149E

Sd/-
(CA. S.R. Biswas)
Partner
Membership No. 051512

Place of Signature : Kolkata
Date : 29th day of May, 2019

For and on behalf of the Board of Directors

Sd/-
Rear Admiral V.K. Saxena IN (Retd.)
Chairman & Managing Director
DIN - 07696782

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

Sd/-
S. Mahapatra
Company Secretary



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2019

(₹ in lakh)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2018
A. Cash flow from operating activities:				
Profit before taxation		17,896.02		12,774.96
Adjustments for -				
Interest income		(16,834.80)		(16,263.96)
Gain on fair valuation		(130.47)		(741.28)
Depreciation & amortisation expense		2,708.47		2,895.57
Retirement /Write off of Assets -Net		(17.03)		(23.62)
Finance cost		511.31		769.12
Unrealized loss/ (gain) on foreign exchange fluctuation		(2.56)		195.78
Write down/(Reversal of written down) of inventories		-		(28.09)
Allowance for doubtful debts		-		33.14
Liabilities no longer required written back		(10.55)		(748.96)
Operating profit before working capital changes		4,120.41		(1,137.35)
Adjustments for changes in working capital :				
(Increase)/Decrease in Trade and other receivables	(12,729.56)		(401.78)	
(Increase)/Decrease in Other financial assets	(22,455.17)		(24,701.38)	
(Increase)/Decrease in Other non-current assets	(16.73)		1,097.47	
(Increase)/Decrease in Other current assets	(3,504.72)		(1,495.28)	
(Increase)/Decrease in Inventories	16,352.59		(2,277.02)	
Increase/(Decrease) in Trade payables	11,195.96		32,737.92	
Increase/(Decrease) in Provisions	(2,480.63)		(1,570.73)	
Increase/(Decrease) in Other financial liabilities	(2.32)		1,401.88	
Increase/(Decrease) in Other current liabilities	(14,238.00)	(27,878.58)	(14,744.88)	(9,953.79)
Cash generated from/ (used in) operations		(23,758.18)		(11,091.15)
Taxes paid (net of refunds)		12,590.92		3,689.56
Net cash from/(used in) operating activities		(11,167.26)		(7,401.58)
B. Cash flow from investing activities				
Purchase of Property, plant and equipment (including intangibles and capital work in progress)		(5,251.59)		(5,017.82)
Proceeds from maturity of Fixed deposits		11,113.22		15,128.17
Interest received		13,919.25		16,626.73
Net cash from/(used in) investing activities		19,780.88		26,737.08

(₹ in lakh)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2018
C. Cash flow from financing activities:				
Proceeds from/(Repayment of) Short term borrowings		-		(2,500.00)
Buy Back of Shares (including Tax)		-		(9,553.74)
Interest and other borrowing cost paid		(195.96)		(769.12)
Dividend paid (incl tax)		(6124.67)		(5,407.57)
Interim Dividend (incl tax)		(2,554.82)		(1,100.85)
Net cash from/(used in) financing activities		(8,875.45)		(19,331.28)
Net Increase/(Decrease) in Cash and cash equivalents		(261.83)		4.22
Opening Cash and cash equivalents		1,189.26		1,185.04
Closing Cash and cash equivalents (Refer note 10(c))		927.43		1,189.26

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard - 7 on Cash Flow Statement as notified under the Companies (Indian Accounting Standards) Rules, 2015.
- Cash and cash equivalents do not include any amount which is not available to the Company for its use.
- Cash and cash equivalents as at the Balance sheet date consists of :

Particulars	As at 31 March, 2019	As at 31 March, 2018
Balances with banks		
Current accounts	927.24	1,187.49
Cash in hand	0.19	1.77
Cash and cash equivalents	927.43	1,189.26

- The figure in brackets represent cash outflow from respective activities.
- As break up of Cash and cash equivalents is also available in Note No. 10 (c), reconciliation of items of Cash and cash equivalents as per Cash Flow Statement with the respective items reported in the Balance Sheet is not required and hence not provided.

The accompanying notes 1 to 50 form an integral part of the financial statements.

In terms of our report of even date.

For A. Kayes & Co.
Chartered Accountants
Firm Registration No - 311149E

Sd/-
(CA. S.R. Biswas)
Partner
Membership No. 051512

Place of Signature : Kolkata
Date : 29th day of May, 2019

For and on behalf of the Board of Directors

Sd/-
Rear Admiral V.K. Saxena IN (Retd.)
Chairman & Managing Director
DIN - 07696782

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

Sd/-
S. Mahapatra
Company Secretary



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH, 2019

A. Equity share capital		(₹ in lakh)
Particulars		Amount
As at 1 April, 2017		12,384.00
Changes in Equity share capital		(928.80)
As at 31 March, 2018		11,455.20
Changes in Equity share capital (Refer Note 13 (a))		-
As at 31 March, 2019		11,455.20

B. Other equity		Reserve and surplus				(₹ in lakh)
Particulars	Corporate social responsibility (CSR) reserve	Capital Redemption Reserve	General reserve	Retained earnings	Total other equity	
Balance as at 1 April, 2017	94.21	-	15,618.60	80,217.69	95,930.50	
Profit for the year (a)	-	-	-	9,240.36	9,240.36	
Other comprehensive income for the year (b)	-	-	-	755.05	755.05	
Total comprehensive income for the year (a + b)	-	-	-	9,995.41	9,995.41	
Dividend paid	-	-	-	(6508.42)	(6,508.42)	
Buy Back of Shares (Refer Note 13 (b))	-	928.80	(9,553.74)	-	(8,624.94)	
Expenses on account of CSR activities	(94.21)	-	-	-	(94.21)	
Balance as at 31 March, 2018	-	928.80	6,064.86	83,704.68	90,698.34	
Balance as at 1 April, 2018	-	928.80	6,064.86	83,704.68	90,698.34	
Profit for the year (a)	-	-	-	10,993.87	10,993.87	
Other comprehensive income for the year (b)	-	-	-	(637.21)	(637.21)	
Total comprehensive income for the year (a + b)	-	-	-	10,356.66	10,356.66	
Dividend paid (incl. tax)	-	-	-	(6,124.67)	(6,124.67)	
Interim dividend paid (incl. tax)	-	-	-	(2,554.82)	(2,554.82)	
Balance as at 31 March, 2019	-	928.80	6,064.86	85,381.85	92,375.51	

The accompanying notes 1 to 50 form an integral part of the financial statements.

In terms of our report of even date.

For A. Kayes & Co.
Chartered Accountants
Firm Registration No - 311149E

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(CA. S.R. Biswas)
Partner
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S. Mahapatra
Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 1: COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

Note 1.1: Company Information

Garden Reach Shipbuilders & Engineers Limited ('GRSE Ltd.' or 'the Company') was incorporated on 26th February, 1934. The Company is domiciled in India having its registered office at 43/46, Garden Reach Road, Kolkata - 700 024 and the Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is mainly engaged in the construction of war ships.

Note 1.2: Significant Accounting Policies

(a) Basis of preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statements.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the followings:

- a) certain financial assets and liabilities that are measured at fair value;
- b) assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- c) defined benefit plans - plan assets measured at fair value.

(iii) Current versus Non-current classification

The assets and liabilities in the Balance Sheet are based on current/non-current classification.

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 to the date of expiry of guarantee period.
- (b) In case of other business activities, normal operating cycle is 12 months.

An asset is classified as current when it is:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle,

- ii. Held primarily for the purpose of trading,
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non - current.

A liability is classified as current when it is:

- i. Expected to be settled in normal operating cycle,
- ii. Held primarily for the purpose of trading,
- iii. Due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non – current liabilities.

Deferred tax assets and liabilities are classified as non - current assets and liabilities.

(iv) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh as per the requirement of Schedule III, unless otherwise stated.

(v) Functional and Presentation Currency

The Financial Statements are presented in Indian rupees which is the functional currency for the Company.

(b) Property, plant and equipment

- I. Property, Plant and Equipment including Capital Work in Progress are shown at cost, less accumulated depreciation and impairment, if any.

(i) Cost of Property, Plant and Equipment, not ready for their intended use as at each Balance Sheet date is disclosed as Capital Work in Progress. It comprises supply cum erection contract, value of capital supplies received at site and accepted, capital goods in transit and under inspection and the cost of Property, Plant and Equipment that are yet to ready for their intended use.

(ii) Cost means purchase price considered as cash price after deducting trade discount, rebates and adding duties, non-refundable taxes and costs directly attributable to make the asset available for intended use, other cost for replacing part of plant & equipment borrowed cost for long term project, if the recognition criteria are met.

(iii) When a major inspection is performed, its cost is recognised in the carrying amount of the plant and



Note 1.2: Statement of Significant Accounting Policies (Contd.)

equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

- (iv) Where cost of an item of Property, Plant and Equipment are significant and have different useful lives, they are treated as separate component and depreciated over their estimated useful lives.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognised as at 1 April, 2015 measured as per the previous GAAP (Indian GAAP) and use that carrying value as the deemed cost of the Property, Plant and Equipment.

- II. Retirement & De-recognition: Carrying amount of an item of Property Plant and Equipment is derecognized on disposal or when no future economic benefit is expected from its use or disposal. Gain /loss arising from de recognition/retirement of an item is included in Statement of Profit & Loss of that reporting period

III. Jointly Funded Assets

Plant and equipment acquired with financial assistance from outside agencies either wholly or partially are capitalised at gross value.

On transition to Ind AS, the Company has opted for exemption under Ind AS 101. Therefore, the Plant and equipment which were capitalised, net of cost to the Company have been carried forward to their net value. Any addition made of such assets from 1 April, 2015 are disclosed at gross value and are amortised over the useful life of the respective item of Property, Plant and Equipment.

IV. Depreciation methods, estimated useful lives and residual values

Depreciation is provided, under the Straight Line Method, pro rata to the period of use, based on useful life specified in Schedule II to the Companies Act, 2013 except the following items, where useful life estimated on technical assessment, past trends and expected useful life differ from those provided in Schedule II to the Companies Act, 2013:

Asset Class	Description	Years
Plant & equipment	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	08
Plant & equipment	Miscellaneous tools/tackles and accessories thereof; Welding Torches, Gas Torches, Portable Electrode Ovens, Masks & helmets; Small instruments, measurements /control devices	05
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, Communication equipment	05

- i. In respect of additions/extensions forming an integral part of the existing assets, depreciation is provided over residual life of the respective asset. Significant additions which are required for replacement/ performed at regular interval are depreciated over the useful life of the respective item of Property, Plant and Equipment.
- ii. Depreciation on Property, Plant and Equipment
 - a) Depreciation on the asset commences when asset are available for use. It ceases at the earlier of the date that the asset is classified as held for sale and the date of de recognition of the asset. Depreciation is recognized to write of the cost of asset (other than free hold land and properties under construction less their residual values) over their respective useful life.
 - b) The residual value is considered at the rate of 5% of the original cost of the respective assets except computers & IT peripherals.
 - c) Computer & peripherals (excluding servers & network equipment) are fully depreciated over their useful life.
- iii. The estimated useful life, residual value and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.
- iv. 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.
- v. Air Conditioners have been classified under the head furniture & fixtures and useful life is considered as applicable to furniture & fixtures under Schedule II to Companies Act, 2013.
- vi. 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.
- (c) **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered

highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets, which are specifically exempt from this requirement.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

(d) Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset (net of income earned on temporary deployment of funds) are capitalised as a part of the cost of such assets. Borrowing cost consists of interest, other cost incurred in connection with borrowings of fund and exchange differences to the extent regarded as an adjustment to the borrowing cost. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

(e) Impairment of Assets

Cash generating units as defined in Ind AS 36 on Impairment of Assets are identified by technical evaluation. At the date of balance sheet, if there are indications of impairment and the carrying amount of the cash generating unit exceeds its recoverable amount (i.e. the higher of the fair value less costs of disposal and value in use), an impairment loss is recognized. The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss.

The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

(f) Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any. Amortization is done over their estimated useful life on straight line basis from the date they are available for intended use, subjected to impairment test. Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of 5 years. Licence fee for specific period is amortised on straight line basis over the said period.

Individual items of intangible assets valuing ₹ 5,000 or less are fully amortized in the year of acquisition or put to use.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April, 2015 measured as per the previous GAAP (Indian GAAP) and use that carrying value as the deemed cost of the intangible assets.

(g) Research and Development

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

(h) 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: At standard cost.
- ii. Equipment for specific projects: At cost.
- iii. Stores in transit and non-stock items: 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 GST, where applicable.
- b) In-plant items are valued at standard cost for convenience taking into account normal level of activity and are 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 held for any specific project which do not move for 4 years or more from the date of receipt.
- v. All items of jobs in progress other than the Construction Contracts and Ship Repair Contracts are valued at lower of cost and net realisable value. Materials, if any, held by the contractors for processing are treated as part of work-in-progress.
- vi. Scrap: Valued at estimated net realisable value.
- vii. Inter-transfer items (Pending final transfer): At cost, limited to transfer price.

(i) Revenue Recognition

Keeping in view of applicable Ind AS 115, revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company considers whether there are other promises in the contract that are separate performance obligations. For each performance obligation identified in the contract, the Company determines at the inception of the contract whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Company does not satisfy a



Note 1.2: Statement of Significant Accounting Policies (Contd.)

performance obligation over time, the performance obligation is satisfied at a point in time.

Revenue from Operations

(A) Revenue from Ship Construction, Ship Repair and Other Construction Contracts :

- (i) Revenue from Ship Construction, Ship Repair and Other Construction Contracts is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met-

- (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- (b) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company recognises revenue for a performance obligation satisfied over time only if the entity can reasonably measure its progress towards complete satisfaction of the performance obligation.

Methods for Measuring Progress:

- Based on the nature of the goods, progress w.r.t Ship Construction is recognized over time using Input Method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract. These estimates are revised periodically.
- For ship repair contracts having defined performance obligation, revenue is recognized over time using Input Method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract.
- For Ship repair contracts involving continuous maintenance support, revenue is recognised by using Output Method to measure its progress based on time elapsed upto reporting date as the same is representative of the satisfaction of performance obligation.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

- (ii) Revenue from supply of B&D Spares is recognised based on satisfaction of performance obligation at point of time on proof of receipt of goods from Naval Stores.

- (iii) Revenue Recognition for Modification Jobs: In case of modification jobs, revenue against completed Modification jobs is recognised on the basis of Work Done Certificate issued by appropriate authority and for which Modification Cost for Approval is submitted to the customer, duly recommended by onsite representative of customer.

- (B) Revenue from contracts for construction of diesel engine, overhauling of diesel engine, and Helo -Traversing System (a product of deck machinery) which involves designing, engineering or constructing specifically designed products and service contracts, is recognized over time using input method. While other provisions attracting point over time, the same is recognised on the basis as stated in (A) (i) supra.

- (C) Revenue from Bailey Bridge Contracts is satisfied at point in time, as it does not meet the over-time criteria. Every set of bridge supplied is a distinct good and a separate performance obligation. Thus, the Company recognizes revenue (including transportation) when the control is transferred, that is when an entire set of bridge is delivered to customer.

For Bailey Bridge Contracts having multiple performance obligation such as the sale of Bailey Bridge, installation service and construction of approach roads, free maintenance service, project management service, etc., the Company recognises revenue of performance obligation related to sale of Bailey Bridge when the control of Bailey Bridge is transferred. However, for other performance obligations in the contract, revenue is recognised over time using input method. While other provisions attracting point over time, the same is recognised on the basis as stated in (A) (i) supra.

- (D) Revenue from sale of Deck Machinery (except Helo-Traversing System) is in substance similar to delivery of goods which is recognised when control over the assets that is subject of the contract is transferred to the customer considering performance obligations being satisfied at a point in time.

- (E) Other operational revenue represents income earned from activities incidental to the business which is recognised when a right to receive the income is established when performance obligation is satisfied as per terms of contract.

- (F) When either party to a contract has performed, the Company presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Company's performance and the customer's payment.

Contract Assets: When the contract revenue recognized by the company by satisfaction of performance obligation, exceeds the performance obligation satisfied by the customer by way of payment of consideration is presented as a Contract Assets.

Contract Liabilities: When the performance obligation satisfied by the customer through payment of consideration exceeds the contract revenue recognized by the company, the difference is presented as a Contract Liabilities.

Other Income

- (A) Interest income is recognised using the effective interest rate (EIR). Interest income is included in "Other Income" in the Statement of Profit and Loss and is accounted for on accrual basis on time proportion on certainty of receipt. In case of fixed

deposits, interest is accounted when it accrues to the Company by applying interest rate as applicable to each fixed deposit.

(B) Other items are recognized on accrual basis.

Insurance Claims

Amounts due against insurance claims are accounted for on accrual basis; in respect of claims which are yet to be finally settled at the end of reporting date by the underwriter, credits are reckoned, based on the Company's estimate of the realisable value

(j) **Foreign currency transactions:**

(i) **Initial recognition**

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

(ii) **Conversion**

Foreign currency monetary items are reported using the closing exchange rate as on the reporting date. 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.

(iii) **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.

(k) **Grants/Subsidy**

i. Capital grants / Subsidies

Capital grants/Subsidies relating to specific assets are disclosed at gross value and are amortised over the useful life of the respective item of PPE.

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.

(l) **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.

(m) **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.

(n) **Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial Assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial Assets measured at fair value through Other Comprehensive Income (FVTOCI)

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in Other Comprehensive Income.

Financial Assets measured at fair value through profit or loss (FVTPL)

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 discloses how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the 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.



Note 1.2: Statement of Significant Accounting Policies (Contd.)

Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company.

The Company's financial liabilities include borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective rate of interest.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance cost in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

(o) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing

the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's finance department determines the policies and procedures for recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

(p) Leases

Leases of Property, plant and equipment where the Company, as lessee, has assumed substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(q) Employee Benefits**I. Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

II. Other long-term employee benefit obligations

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the yield on Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

III. Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and Post-Retirement Medical Scheme; and
- (b) defined contribution plans such as provident fund and pension scheme.

Gratuity

Gratuity Fund, a defined benefit scheme, is administered through duly constituted independent Trust and yearly contributions are based on actuarial valuation. Any additional provision as may be required, is provided for on the basis of actuarial valuation as per Ind AS -19 on Employee Benefits.

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly

in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Post-Retirement Medical Scheme

The post-retirement medical benefit to the existing employees is a defined benefit plans and is determined based on actuarial valuation as per Ind AS -19 on Employee Benefits using Projected Unit Credit method which recognises 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.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

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 the Statement of Profit and Loss of the year.

Provident Fund and Pension scheme

Retirement benefits in the form of Provident Fund and Family Pension Funds are defined contribution plans and the contribution is charged to Statement of Profit and Loss in the year when the contributions to the respective funds are due in accordance with the relevant statute.

Defined contribution to Superannuation Pension Scheme is made at the applicable rates as per approved Pension scheme.

(r) Dividend to Equity Shareholders

Dividend to Equity Shareholders is recognised as a liability and deducted from shareholders equity, in the period in which dividends are approved by the equity shareholders in the general meeting. In case of Interim dividend, the same is recognised as a liability and deducted from shareholders equity in the period in which interim dividend are approved by the Board of Director.

(s) Provision for Current & Deferred Tax

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income, in which case it is recognized in Equity or in Other Comprehensive Income, as applicable.

i. Current tax

Current tax comprises of the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and



Note 1.2: Statement of Significant Accounting Policies (Contd.)

- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognized for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax base at the reporting date, using the tax rates and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in Other Comprehensive Income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

- Entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- Deferred tax assets and the deferred tax liabilities relate to the income taxes levied by the same taxation authority.

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

(u) Provision, Contingent Liabilities and Contingent Assets

- Provisions for legal claims, warranties, discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.
- 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.
- 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.
- Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.

- Contingent Liabilities are not recognised but are disclosed in the notes.

- Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period on the basis as detailed below. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A. In non-tax civil cases

In the case of non-tax civil cases, creation of accounting provision is considered on a review of status of each case as on the reporting date and provision if required is made in the accounts on the basis given below:

- In the arbitration cases where the Company has not contested or does not intend to contest the adverse outcome of arbitral award, the liability is not treated as contingent and full provision is considered.
- 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 is made as follows:-
 - After the claim is disposed of by the Arbitrator - 25% of the amount in dispute.
 - After the claim is disposed of 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 is considered as part of the relevant appeal process in the said court.
- Full provision of the disputed claim is considered in the case of an award/ decision where the Company does not proceed to contest the appellate award.
- No provision is made in case of demands raised by Government department/ statutory authority/ by Commissioner or Tribunal set up by such Government department/ statutory authority if the said demand is contested within the set-up of such Government department/ statutory authority and there is likelihood of deletion of demand in appeal based on legal opinion/latest judgement in favour of the Company.

B. In taxation cases

In the matter of taxation cases, the claimed amount is considered as contingent liability and no provision is considered if the decision up to Appeal stage goes against the Company and if the Company contests or intends to contest such decision before the Appellate Tribunal or decision of High Court/Supreme Court in similar cases is against the Company.

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

Note 2: Critical estimates and judgements:

The preparation of Financial Statements in accordance with Ind - AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realised may differ from these estimates. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the period in which the results are known/materialised and, if material, their effects are disclosed in the notes to the Financial Statements.

Estimates and assumptions are required in particular for:

- i. Estimated useful life of Property, plant and equipment (PPE):**
Determination of the estimated useful life of PPE and the assessment as to which components of the cost may be capitalized. Useful life of PPE is based on the life prescribed in Schedule II to the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.
- ii. Recognition and measurement of defined benefit obligations:**
The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds corresponds to the probable maturity of the post-employment benefit obligations.
- iii. Recognition of deferred tax assets:**
A Deferred tax asset is recognised for all the deductible temporary differences to the extent it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.
- iv. Recognition and measurement of other provisions:**
The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the figure included in other provisions.
- v. Discounting of long-term financial liabilities**
All financial liabilities are measured at fair value on initial recognition. In case of financial liabilities, which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest rate method.



Note 3: Property, plant and equipment

(₹ in lakh)

Particulars	Gross Carrying Amount				Depreciation and Amortisation				Net carrying amount	
	a	b	c	d = (a + b - c)	e	f	g	h=(e+f-g)	i=(d-h)	
	As at 1 April 2018	Addition	Deductions / Adjustments	As at 31 March 2019	As at 1 April 2018	Charge for the year	Deductions / Adjustments	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Land - Freehold	5,125.72	-	-	5,125.72	-	-	-	-	5,125.72	5,125.72
Building - Freehold	3,885.56	1,341.25	-	5,226.81	340.07	156.13	-	496.20	4,730.61	3,545.49
Plant & equipment	19,299.24	714.74	10,088.22	9,925.76	3,278.31	797.06	1,283.31	2,792.06	7,133.70	16,020.93
Electrical installations	606.54	1.19	-	607.73	94.02	76.79	-	170.81	436.92	512.52
Docks & jetties	4,880.89	234.95	-	5,115.84	1,008.08	318.32	-	1,326.40	3,789.44	3,872.81
Furniture & fixtures	728.36	57.95	10.68	775.63	203.25	85.71	-	288.96	486.67	525.11
Office equipment	362.93	25.19	0.79	387.33	84.66	16.29	-	100.95	286.38	278.27
Computer	1,505.53	324.25	0.91	1,828.87	526.45	350.28	0.28	876.45	952.42	979.08
Launches, barges & boats	60.61	-	-	60.61	2.82	2.02	-	4.84	55.77	57.79
Vehicles	36.38	-	0.32	36.06	6.75	4.65	-	11.40	24.66	29.63
Motor lorries, trailers, mobile cranes etc.	45.58	59.28	0.62	104.24	16.47	9.05	-	25.52	78.72	29.11
Sub-total (1)	36,537.34	2,758.80	10,101.54	29,194.60	5,560.88	1,816.30	1,283.59	6,093.59	23,101.01	30,976.46
Previous Year	30,827.23	5,733.40	23.29	36,537.34	3,544.65	2,024.94	8.71	5,560.88	30,976.46	
Assets jointly funded by GRSE & Indian Navy										
Building	4,516.49	-	-	4,516.49	-	-	-	-	-	-
Less: Funded by Navy	3,224.69	-	-	3,224.69	-	-	-	-	-	-
Building funded by GRSE (a)	1,291.80	-	-	1,291.80	162.96	54.32	-	217.28	1,074.52	1,128.84
Plant & Equipment	3,320.27	-	-	3,320.27	-	-	-	-	-	-
Less: Funded by Navy	861.00	-	-	861.00	-	-	-	-	-	-
Plant & equipment funded by GRSE (b)	2,459.27	-	-	2,459.27	678.57	226.19	-	904.76	1,554.51	1,780.70
Dock & Jetties	33,894.69	-	-	33,894.69	-	-	-	-	-	-
Less: Funded by Navy	28,240.08	-	-	28,240.08	-	-	-	-	-	-
Dock & jetties funded by GRSE (c)	5,654.61	-	-	5,654.61	1,244.55	412.43	-	1,656.98	3,997.63	4,410.06
Sub-total (a+b+c)(2)	9,405.68	-	-	9,405.68	2,086.08	692.94	-	2,779.02	6,626.66	7,319.60
Previous Year	9,405.68	-	-	9,405.68	1,393.14	692.94	-	2,086.08	7,319.60	
Total property, plant and equipment (1+2)	45,943.02	2,758.80	10,101.54	38,600.28	7,646.96	2,509.24	1,283.59	8,872.61	29,727.67	38,296.06
Previous Year	40,232.91	5,733.40	23.29	45,943.02	4,937.79	2,717.88	8.71	7,646.96	38,296.06	

Note :

- (i) Current year deductions include adjustment for write off of Goliath Crane valued ₹ 8784.75 Lakh (Deemed cost ₹ 10, 046.99 Lakh), Scrapping of assets valued ₹ 10.93 lakh (Deemed Cost ₹ 11.21 Lakh) and retired assets valued ₹ 6.87 Lakh (Deemed cost ₹ 9.30 lakh). Further it also includes assets valued ₹ 15.40 Lakh (Deemed Cost ₹ 34.04 lakh) retired and sold during the year. Scrapping of assets and retired assets in 2017-18 were 1.70 Lakh (Deemed Cost ₹ 4.87 Lakh) and ₹ 5.49 lakh (Deemed Cost ₹ 11.16 Lakh) respectively.

- (ii) Jointly funded assets - Plant & Machinery as at 31 March 2019 of ₹ 1554.51 lakh (₹ 1780.70 lakh as at 31 March, 2018) also includes Electrical installation of New Dry Dock valued ₹ 586.11 lakh (31 March, 2018: ₹ 715.13 lakh).
- (iii) Property, plant and equipment as at 31 March 2019 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 (original cost).
- (iv) Assets as at 31 March, 2019 exclusively funded by Navy (original Cost) not included in Property, plant and equipment is ₹ 801.23 lakh. (31 March, 2018: ₹ 801.23 lakh).
- (v) Building as at 31 March 2019 includes ₹ 95.96 lakh (original cost) (31 March, 2018: ₹ 95.96 lakh) being one third share of the Company in Delhi Shipyard House. The building is jointly held by Garden Reach Shipbuilders and Engineers Limited, Mazagon Dock Shipyard Limited and Goa Shipyard Limited.

Note 4: Capital work-in-progress

(₹ in lakh)

Particulars	a	b	c	d = (a+b-c)
	As at 1 April, 2018	Addition	Deductions / Adjustments	As at 31 March 2019
Plant & equipment	-	22.25	-	22.25
Docks & jetties	178.60	-	-	178.60
Furniture, fixtures, office equipment	545.09	589.47	-	1,134.56
Computer	107.66	0.89	-	108.55
Civil construction	771.42	1,203.22	-	1,974.64
Total capital work-in-progress	1,602.77	1,815.83	-	3,418.60
Previous Year	2,318.35	1,144.90	1,860.48	1,602.77

Civil construction in capital work in progress mainly comprises of Engineering complex, corporate office building and development of panel cum fabrication areas for P17A at RBD unit.

Note 5: Intangible assets

(₹ in lakh)

Particulars	Gross Block				Amortisation				Net Carrying Amount	
	As at 1 April, 2018	Additions	Deductions / Adjustments	As at 31 March 2019	As at 1 April, 2018	Charge for the year	Deductions / Adjustments	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Software (acquired)	1,289.75	76.11	7.50	1,358.36	669.11	199.23	7.50	860.84	497.52	620.64
Total Intangible assets	1,289.75	76.11	7.50	1,358.36	669.11	199.23	7.50	860.84	497.52	620.64
Previous Year	1,030.40	259.35	-	1,289.75	491.43	177.68	-	669.11	620.64	



Note 6: Financial assets (Non-current)

Note 6(a): Investments - Non-current

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Equity instruments		
Fully Paid up, Unquoted		
At Fair value through Profit and Loss		
6,145 shares of Woodlands Multispecialty Hospital Ltd (31 March,2019: 6,145 shares) equity shares of ₹ 10/- each.	0.44	0.44
Total investments	0.44	0.44
Total non-current investments	0.44	0.44
Aggregate amount of unquoted investments	0.44	0.44

Considering investment amount is not material, management believes that fair value of the same will also be immaterial and hence the same is carried at cost as on the reporting date.

Note 6(b): Other financial assets (Non - current)

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Bank Deposits with maturity more than 12 months	10,000.00	118,100.00
Leave Encashment invested with LIC (Refer Note 32)	5,444.10	5,138.87
Deposits with electricity board and others	759.59	759.66
Deferred credit recoverable from Navy	762.79	780.11
Interest accrued but not due on deposits	1,210.61	6,209.09
Total other financial assets (non - current)	18,177.09	130,987.73

Note 7: Non-current tax assets

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Advance income tax and TDS (Net of provisions for tax)	9,171.48	8,557.32
Total non-current tax assets	9,171.48	8,557.32

Note 8: Other non-current assets

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Capital advances	811.19	782.06
<i>Advances other than capital advances</i>		
Prepaid expenses	18.76	29.09
Advance operating lease rental	8.30	10.37
Other advances	17.90	17.90
Total other non-current assets	856.15	839.42

Note 9: Inventories

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Raw materials	29,767.97	46,987.35
Provision for obsolescence	(72.24)	(427.66)
Work in progress	29,695.73	46,559.69
Stores, Spares & Consumables	4,611.25	4,027.40
Scrap	118.70	522.72
	531.23	199.69
Total inventories	34,956.91	51,309.50

Note 10: Financial assets (Current)**Note 10(a): Current Investment**

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Investment in quoted mutual funds measured at fair value	183.01	-
Total current investment	183.01	-

Note 10(b): Trade receivables - Current

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Trade receivables		
Unsecured, considered good*	21985.99	20,206.36
Unsecured, considered doubtful	1126.63	1,145.61
	23112.62	21,351.97
Less: Provision for doubtful trade receivable	1126.63	1,145.61
Total trade receivables - Current	21,985.99	20,206.36

* Included above are following deferred Receivables:

- ₹ 4461.68 Lakh (31 March, 2018 : ₹ 3,259.46 lakh) on account of last Stage (Stage XV) payment of LCU Contract (Yards 2094 - 2097) which are contractually due after completion of warranty period of 12 months and upon completion of all D-448 Liabilities & Guarantee Repairs.
- ₹ 5345.45 Lakh (31 March, 2018 : ₹ 8,796.88 lakh) withheld out of Stage XIV payment of P-28 Contract (Yard 3019) by Indian Navy pending settlement of delivery extension case and amendment of contract in this regard.
- ₹ 745.91 Lakhs (31 March, 2018 : ₹ 745.91 lakh) withheld out of Stage XIV payment of FO-WJFAC Contract (Yards 2110, 2111 & 2112) by Indian Navy pending settlement of delivery extension case and amendment of contract in this regard.
- ₹ 314.81 Lakh (31 March, 2018 : Nil) on account of last Stage (Stage XV) payment of FPV Contract (Yard 2113) which are contractually due after completion of warranty period of 12 months and upon completion of all D-448 Liabilities & Guarantee Repairs.

Note 10(c): Cash and cash equivalents

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Balances with banks		
- in current accounts	927.24	1,187.49
Cash in hand	0.19	1.77
Total cash and cash equivalents	927.43	1,189.26

**Note 10(d): Other bank balances**

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
- Bank Deposits with maturity more than 3 months to 12 months	137,112.61	70,900.00
- Current portion of Bank deposits with original maturity of more than 12 months	60,900.00	30,125.83
Total other bank balances	198,012.61	101,025.83

Note 10(e): Other financial assets - Current

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Deposit with Customs and Port trust	28.16	3.95
Leave Encashment invested with LIC (Refer Note 32)	469.42	738.77
Interest accrued but not due on deposits	10,925.05	4,670.53
Contract Assets	32,176.09	42,000.11
Current portion of deferred credit recoverable from Navy	105.92	105.92
Total other financial assets - Current	43,704.64	47,519.28

Note 11: Other current assets

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
<i>Advances recoverable in kind or for value to be received</i>		
- Employees	136.11	109.62
- Excise	132.74	181.29
- Sales Tax /VAT	303.49	407.46
- Goods and Services Tax	3,354.54	2,456.68
- Prepaid expenses	2,321.51	733.82
- Suppliers	39,791.07	25,479.70
- Advance operating lease rental	2.07	2.07
Other receivables	11,288.93	339.00
Total other current assets	57,330.46	29,709.64

Note 12: Assets classified as held for sale

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Plant & equipment	10.68	6.05
Docks & jetties	0.04	0.04
Furniture & fixtures	29.07	27.97
Motor cars	2.53	1.59
Office equipments	0.77	0.77
Total assets classified as held for sale	43.09	36.42

Non-recurring fair value measurements

Assets classified as held for sale during the reporting period is measured at the lower of its carrying amount and fair value less costs to sell. The Company has estimated the fair value to be higher than the carrying amount based on historical trend of realisation.

Note 13: Equity share capital and other equity**Note 13(a): Equity share capital**

(₹ in lakh)

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of ₹ 10/- (31 March, 2018: ₹ 10/-) each	125,000,000	12,500.00	125,000,000	12,500.00
Issued, subscribed and paid up				
Equity shares of ₹ 10/- (31 March, 2018: ₹ 10/-) each	114,552,000	11,455.20	114,552,000	11,455.20
		11,455.20		11,455.20

Reconciliation of number and amount of equity shares outstanding:

(₹ in lakh)

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	114,552,000	11,455.20	12,384,000	12,384.00
Add: Issue of shares upon sub-division *	-	-	111,456,000	-
	114,552,000	11,455.20	123,840,000	12,384.00
Less: Buy Back of shares	-	-	9,288,000	928.80
At the end of the year	114,552,000	11,455.20	114,552,000	11,455.20

*The Company in its board meeting held on 30th June, 2017 and the Annual General Meeting held on 25 August, 2017, sub-divided the Authorised Share Capital of the Company, comprising of 1,25,00,000 shares of ₹ 100/- each, into 12,50,00,000 shares of ₹ 10/- each.

Terms and rights attached to equity shares

Equity shares have a par value of ₹ 10/- (31 March, 2018: ₹ 10/-). They entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Details of shareholders holding more than 5% shares in the Company

Shareholder	As at 31 March, 2019		As at 31 March, 2018	
	Number of shares	% holding	Number of shares	% holding
President of India including his nominees	85,341,180	74.5%	114,552,000	100%
Life Insurance Corporation of India	8,400,208	7.33%	-	-



Note 13(b): Other Equity

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Corporate social responsibility (CSR) reserve	-	-
Capital Redemption Reserve	928.80	928.80
General reserve	6,064.86	6,064.86
Retained earnings	85,381.85	83,704.68
Total reserves and surplus	92,375.51	90,698.34

(i) Corporate social responsibility (CSR) reserve

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Opening balance	-	94.21
Less: Decrease during the year	-	(94.21)
Closing balance	-	-

(ii) Capital Redemption Reserve

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Opening balance	928.80	-
Increase/ (decrease) during the year	-	928.80
Closing balance	928.80	928.80

(iii) General reserve

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Opening balance	6,064.86	15,618.60
Less: Utilised on buy back of equity share	-	(8,624.94)
Less: Transfer to capital redemption reserve on buy back of equity share	-	(928.80)
Closing balance	6,064.86	6,064.86

(iv) Retained earnings

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Opening balance	83,704.68	80,217.69
Net profit for the period	10,993.87	9,240.36
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
- Remeasurements of defined benefit plans (net of tax)	(637.21)	755.05
Dividend paid (incl. tax ₹ 1044.29 Lakh)	(6,124.67)	(6,508.42)
Interim Dividend paid (incl. tax ₹ 435.61 Lakh)	(2,554.82)	-
Closing balance	85,381.85	83,704.68

Nature and purpose of other reserves:

Note:

- (i) Pursuant to Section 69 of The Companies Act, 2013 the Company has transferred a sum equal to the nominal value of the shares so purchased to the capital redemption reserve account out of free reserves of the Company.
The capital redemption reserve is not in nature of free reserve.
- (ii) 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.

Note 14: Financial liabilities (Non-current)**Trade payable (non-current)**

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Trade payable		
- Russian deferred credit - foreign supplier	762.79	780.10
Total trade payables (non-current)	762.79	780.10

Note 15: Provisions (non-current)

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Accrued Leave Liability (Refer Note 32)	5,444.10	5,138.87
Post retirement medical benefits	987.97	940.11
Total provisions (non-current)	6,432.07	6,078.98

(i) Information about individual provisions and significant estimates

Information about individual provisions and significant estimates, are set out in Note 19.

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out in Note 19.

Note 16: Deferred tax liabilities (net)**The balance comprises temporary differences attributable to:**

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Deferred tax liability		
Property, plant & equipment and intangible asset	4,481.99	4,661.94
Financial liability	399.69	430.65
Others	(25.00)	111.25
Total deferred tax liabilities	4,856.68	5,203.84
Deferred tax asset		
Defined benefit obligation	2,842.87	3,145.23
Allowance for doubtful trade receivables	491.59	475.13
Financial asset	399.69	430.65
Total deferred tax assets	3,734.15	4,051.01
Net deferred tax liabilities	1,122.53	1,152.83

Note 16 (a): Deferred tax liabilities (net)

Movement in deferred tax liabilities/ (assets) -

Particulars	Property, plant and equipment & intangible asset	Defined benefit obligation	Other items	Total
At 01 April, 2017	4,349.21	(1,796.26)	(806.33)	1,746.62
(Charged)/credited:				
- to profit or loss	312.73	(1,754.55)	442.45	(999.37)
- to other comprehensive income	-	405.58	-	405.58
At 31 March, 2018	4,661.94	(3,145.23)	(363.88)	1,152.83
(Charged)/credited:				
- to profit or loss	(179.95)	644.62	(152.71)	311.96
- to other comprehensive income	-	(342.26)	-	(342.26)
At 31 March, 2019	4,481.99	(2,842.87)	(516.59)	1,122.53

**Note 17: Financial liabilities (current)****Note 17(a): Trade payables (current)**

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Trade payables		
- Micro and small enterprises	1,390.82	3,206.12
- Russian deferred credit	105.92	105.92
- Others	35,512.25	65,570.51
Total trade payables (current)	37,008.99	68,882.55

Note 17(b): Other financial liabilities

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Security deposit	464.94	438.11
Accrued expenses		
Accrued salaries and benefits	501.70	649.95
Rent	136.60	99.37
Other payables	1,049.22	967.35
Total other financial liabilities	2,152.46	2,154.78

Note 18: Other current liabilities

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Contract liabilities	253,337.22	235,159.91
Statutory liabilities	265.32	1,194.91
Other liabilities	-	9.72
Total other current liabilities	253,602.54	236,364.54

Note 19: Provisions (current)

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Guarantee repair	2,239.81	1,949.61
Provision for liquidated damages	3,719.51	6,139.49
Accrued Leave Liability (Refer Note 32)	698.39	784.64
Post retirement medical benefits	295.60	342.27
Other Provisions	7,127.69	5,117.34
Total provisions (current)	14,081.00	14,333.35

*Information about individual provisions and significant estimates**Guarantee repairs*

Provision is made for estimated warranty claims in respect of ships and other products delivered which are still under warranty at the end of the reporting period. Management estimates the related provision for future warranty claims in respect of delivered ships based on the actuarial report which takes into consideration the historical warranty claim information as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in the current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives. For provision with respect to other products management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

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.

Other Provisions

Other Provisions represent employee related provisions based on the management's assessment.

Movements in provisions

Movements in each class of provision during the financial year, are set out below: (₹ in lakh)

Particulars	Liquidated damages	Guarantee Repairs	Other Provisions
As at 01 April, 2017	12275.35	736.89	1,155.00
Charged/(credited) to profit or loss			
additional provision recognised	4,327.20	1279.57	3,962.34
unused amounts reversed	(745.91)	-	-
Amount used during the year	(9717.15)	(66.85)	-
As at 31 March, 2018	6139.49	1949.61	5117.34
Charged/(credited) to profit or loss			
additional provision recognised	1,393.28	1170.42	3356.78
unused amounts reversed		(56.68)	-
Amount used during the year	(3,813.26)	(823.54)	(1346.43)
As at 31 March, 2019	3,719.51	2,239.81	7127.69

Note 20: Revenue from operations

(₹ in lakh)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
a) Contract revenue		
- Shipbuilding	122,845.05	110,917.89
- General engineering	308.57	(161.26)
- Diesel engines	46.51	405.96
b) Sale of products (including excise duty)		
- B & D spares	10,008.76	15,234.88
- Bailey bridge	2,491.03	5,551.59
- General engineering	1,068.53	562.77
(c) Sale of services		
- Ship repair	912.52	614.22
- General engineering	196.49	1,250.56
- Diesel engines	-	175.64
(d) Other operating revenue		
- Scrap sales	693.62	306.31
- Written down value of inventories	-	28.09
- Training Fees	71.08	79.35
Total revenue from operations	138,642.16	134,966.00

Note :

- Effective from April 1, 2018, the company has adopted Ind AS 115 "Revenue from Contracts with Customers" using cumulative catch up method which is applied to contracts that are not completed as of 1st April, 2018. The adoption of Ind AS 115 did not have any material impact on the financial statements of the Company.
- The Company is engaged in the production of defence equipment and was exempted from Segment Reporting vide notification S.O. 802 (E) dated 23rd February, 2018 by amending notification no G.S.R. 463(E) dated 5th June, 2015. In view of the above, no disclosure is made separately by the company on operating segments under Ind AS 115.



Note 21: Other income

(₹ in lakh)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Interest income	16,834.80	16,263.96
Gain on fair valuation	130.47	741.28
Rental income	8.09	7.65
Net foreign exchange gains	2.56	-
Insurance claims	-	2.53
Liability/provision written back	10.55	748.96
Profit/(Loss) on retired assets (net)	27.93	28.81
Allowances for bad and doubtful loan (including interest) written back	-	457.75
Less : Loan (including interest) written off	-	391.75
	-	66.00
Other items	109.53	64.21
Total other income	17,123.93	17,923.40

Note 22(a): Cost of materials consumed

(₹ in lakh)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Raw Materials	8,288.47	11,630.77
Components	59,729.97	46,519.95
Total cost of materials consumed	68,018.44	58,150.72

Note 22(b): Changes in inventories of work-in-progress and scrap

(₹ in lakh)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Opening balance		
- Bailey bridge unit	3,290.71	3,304.44
- Engine unit	293.03	138.32
- Others	443.66	758.09
Total opening balance	4,027.40	4,200.85
Closing balance		
- Bailey bridge unit	3,831.25	3,290.71
- Engine unit	306.49	293.03
- Others	473.50	443.66
Total closing balance	4,611.24	4,027.40
Total changes in inventories of work-in-progress	(583.84)	173.45
Change in inventories of scrap	(331.54)	7.52
Total changes in inventories of work-in-progress and scrap	(915.38)	180.97

Note 23: Employee benefits expense

(₹ in lakh)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Salaries and wages	22,518.71	22,175.68
Contribution to provident fund and other funds	3,167.87	5,060.55
Staff welfare expenses	3,460.12	2,623.47
Total employee benefit expense	29,146.70	29,859.70

Note 24: Finance costs

(₹ in lakh)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Interest expense		
- Banks	55.95	199.77
- Others	96.52	65.29
Loss on fair valuation	315.35	490.07
Other borrowing costs		
- Bank charges & commission	43.49	13.99
Total finance costs	511.31	769.12

Note 25: Depreciation and amortisation expense

(₹ in lakh)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Depreciation of property, plant and equipment	2,509.24	2,717.88
Amortisation of intangible assets	199.23	177.68
Total depreciation and amortisation expense	2,708.47	2,895.56

Note 26: Other expenses - Project Related

(₹ in lakh)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Facility hire	518.87	181.24
Insurance	24.16	31.72
Travelling expenses	54.69	185.71
Technicians' fees	4,064.39	6,210.14
Launching & commissioning expenses	155.50	130.85
Miscellaneous expenses	643.70	526.45
Total other expenses - project related	5,461.31	7,266.11



Note 27: Other expenses

(₹ in lakh)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Consumption of stores and spares parts	146.17	95.90
Power and fuel	871.01	968.62
Rent	138.76	141.83
Repair and maintenance		
- buildings	756.78	763.09
- plant & equipments	403.78	416.29
- other	907.07	872.55
Insurance	69.18	102.33
Rates and taxes	182.26	183.21
Marketing Expenses	84.45	115.85
Stores clearing & dispatch expenses	42.59	37.28
Liquidated damages	1,502.04	3,660.04
Provision for non moving & obsolete inventory	83.21	-
Written off inventory*	691.32	-
Transport hire charges	424.31	365.17
Travelling expenses	349.48	317.15
Advertisement & publicity	380.80	488.57
Printing & stationary	3.86	3.98
Postage & courier	12.03	12.65
Telephone & fax	45.67	55.77
Legal expenses	53.70	51.21
Corporate social responsibility	268.23	172.65
Allowance for doubtful debts	-	33.14
Service tax	-	79.99
Auditors' remuneration:		
(a) Audit Fees	6.75	5.40
(b) Tax audit fees	1.25	1.15
(c) Fees for limited review	1.00	-
CISF Expenses	3,173.45	3,478.77
Fixed assets written off	10.90	5.19
Net foreign exchange loss	-	195.78
Other miscellaneous expenses	303.52	316.92
Total other expenses	10,913.57	12,940.48

* Estimated realisable value of written off inventories of ₹ 314.86 lakh included in change in inventories of work-in-progress and scrap (Note 22(b)). Hence, loss due to written off of inventory (net of estimated realisable value) is ₹ 376.46 lakh.

Note 28: Exceptional Item

(₹ in lakh)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Expenses on Offer for Sale of shares of the Company	219.89	-
Total exceptional item	219.89	-

Note 29: Income tax expense

(₹ in lakh)

	Year ended 31 March, 2019	Year ended 31 March, 2018
(a) Income tax expense		
Current tax		
Current tax (net of adjustment of earlier year) on profits for the year	6,590.19	4533.98
Total current tax expense	6,590.19	4,533.98
Deferred tax		
Deferred tax for the year	311.96	(999.37)
Total deferred tax	311.96	(999.37)
Total tax expense	6,902.15	3,534.61

(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

(₹ in lakh)

	Year ended 31 March, 2019	Year ended 31 March, 2018
Enacted income tax rate in India applicable to the Company	34.94%	34.61%
Profit before tax	17,896.03	12,774.96
Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	6,253.59	4,421.15
Effect of expenses that are not deductible in determining taxable profit	2,145.18	2,099.86
Effect of expenses that are allowable in determining taxable profit	(1,789.44)	(2,039.86)
Effect of expenses incurred on Corporate Social Responsibility not deductible in determining taxable profit	93.73	59.75
Effect of income that is exempt from taxation	-	(6.92)
Adjustments for changes in estimates of deferred tax assets	311.96	(999.37)
Adjustments for excess provision of last year	(117.70)	-
Effect of Interest u/s 234c	4.83	
Total income tax expense recognised in Statement of Profit and Loss	6,902.15	3,534.61

Note 30: Contingent Liabilities and Contingent Assets

As per Indian Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets", the disclosures are given here under:

(₹ in lakh)

A)	Contingent Liabilities	As at 31 March, 2019	As at 31 March, 2018
i)	Claims against the Company not acknowledged as debts	6,061.24	6,623.81
ii)	Guarantees		
	a) Guarantees given by Banks	61,947.59	6,647.82
	b) Indemnity Bonds for Performance & Warranties	202,528.64	186,955.52
	c) Unexpired Letters of Credit	497.76	1,454.22
iii)	Liquidated Damages	7,442.10	7,442.10
iv)	Other money for which the Company is contingently liable		
	a) Sales Tax	2,476.77	2,975.07
	b) Excise Duty	202.90	199.98
	c) Service Tax	9.92	121.30
	d) Income Tax	699.26	485.33

- a) Contingent liability on account of Sales Tax amounts to ₹ 2476.77 lakh (31 March, 2018: ₹ 2,975.07 lakh) towards assessment dues and demand for the years 2007-08 & 2010-11. 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 demands of ₹ 202.90 lakh (31 March, 2018: ₹ 199.98 lakh) against clearance of goods to Naval Stores Department of Indian Navy - ₹ 17.90 lakh, for alleged imposition of duty for wrong interpretation of Return filed by GRSE - ₹ 75.54 lakh, alleged arrear interest of ₹ 106.54 lakh claimed on the excise liability of CIWTC included in the sale consideration received as per agreement for purchase of certain assets of CIWTC and alleged duty charged based on wrong interpretation of revised ER-4 Return filed by the Company. Since the Company has made appeals before respective Appellate Authorities against the impugned demands, those demands have not been acknowledged as debts and accordingly not provided for in the Accounts.
- c) Service Tax Authorities have raised a demand of ₹ 9.92 lakh (31 March, 2018: ₹ 121.30 lakh) against imposition of Service Tax on erection & commissioning of Bailey bridges though erection of bridges is exempted from service tax as per Act. 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 demands amounts to ₹ 699.26 lakh (31 March, 2018: ₹ 485.33 lakh) towards arbitrary increase by the Income Tax Authority in taxable income based on Form 26Q for the A.Y. 2009-10 - ₹ 352.85 lakh, addition towards delayed deposit of employees P.F. and E.S.I. contribution for A.Y. 2012-13 - ₹ 111.33 lakh, disallowance of Provision for Liquidated damages - ₹ 1.92 lakh, disallowance of CSR expenses of ₹ 136.98 lakhs and ₹ 96.18 lakhs respectively for AY 2013-14 and 2014-15. Above disputes have not been acknowledged as debt and accordingly not provided for in the Accounts as all the issues are under different stages of appeal.
- e) Contingent Liability on account of Liquidated damages (LD)
*ASWC Project:
The contractual delivery date of Yard 3019 (3rd in the series of 4 Ships) was July 2014. The Ship was delivered on 14 Oct 17 with a delay of 38 months 14 days. The case for delivery extension of Yard 3019 was taken up with the customer (Indian Navy), post-delivery of the Ship. Warship Overseeing Team (WOT), Kolkata, the onsite representatives of Indian Navy, have recommended a delay of 02 months 10 days attributable to GRSE. Considering a grace period of 01 month, Provision for LD in case of this Yard has been made @1.33% of Basic Ship Cost for delay of 01 month 10 days in FY 2017-18. The delays have been scrutinized by IHQ/MoD(N)/DND with the help of WOT Kolkata and forwarded its final recommendation to MoD for amendment of contract for delivery date extension. The delivery date extension is in the last stage of finalization at MoD and contract amendment is expected shortly.
- Delay in case of any Ship of a series has a cascading effect on delivery schedule of the follow-on Ships of the project. Moreover, the factors leading to delays vary on a case to case basis and the assessment of the delays is made independently by IHQ/MoD(N) post-delivery of each Ship depending on the facts and circumstances of each case.
- As per the Company's internal assessment, the delays in case of last Ship (Yard 3020) are not attributable to GRSE and are

likely to be waived off by the customer. However, there may be a situation where the Company may be held accountable for some delays during final assessment at IHQ/MoD(Navy) for which there is no measure to quantify such unforeseen delays, and hence, due to this uncertainty no provision of LD has been made in this regard.

In view of the above, company has decided to continue with its disclosure of ₹ 7,442.10 lakh (31 March, 2018: ₹ 7,442.10 lakh) for Yard 3020 being 5% of Basic Ship Cost, as contingent liability.

* Refer Note 1(u)(ii)

- f) The amounts shown under 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.

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) Contingent Assets

- i) Central Coalfield Limited (CCL) awarded four contracts to GRSE in early 1990 for the supply, erection and commissioning of DG sets, which were executed by GRSE. CCL did not honour the contract in totality and withheld an amount of ₹ 1,553 lakh since then. The matter was referred to arbitration before the PMA. The Arbitral Award published in 2008, in favour of GRSE, whereby CCL was required to pay ₹ 1,489 lakh within 90 days from the Award plus interest at prescribed rates. Subsequently, CCL appealed against Award, Appellate Authority rejected the appeals filed by CCL and upheld the Arbitral Award in 2011. CCL filed Writ Petition against the Arbitral Award before the Hon'ble Jharkhand High Court in 2011, which is yet to be listed for admission. Repeated requests to CCL from time to time for settlement of awarded sum have remained infructuous. GRSE had since referred the matter to Cabinet Secretariat through MoD as per PMA Guidelines for implementation of the Awards.
- Under the circumstances, in order to resolve the issue, a meeting was held on 18.06.2018 at the CMD level of both the companies, and accordingly an amount of ₹ 1,489 lakh (Awarded amount, exclusive of any interest) has been considered as a Contingent Asset. Three options were given to the parties for settlement in a meeting of the Group of Officers at the Cabinet Secretariat held on 23.10.2017 subject to the approval of the respective Boards. Accordingly matter is under a close consideration of both the parties with intervention of the Administrative Ministry (Ministry of Coal & Ministry of Defence) for an amicable settlement.
- ii) The land and various other assets of erstwhile Raja Bagan Dockyard of Central Inland Water Transport Corporation Limited (CIWTC) was purchased by the Company in the Year 2006. The assets like vessels, cranes etc. were not taken over by the Company and were to be removed by CIWTC which they did not remove. CIWTC is presently under liquidation. The Company

has raised a claim upon the liquidator towards ground rent and reimbursement of payment of interest on Excise Duty by the Company of ₹ 2,429.74 lakh. The matter is pending with the liquidator. Therefore, this has been considered as a Contingent Asset.

- iii) LD imposed and collected by the Company from its subcontractors as per order terms w.r.t Yard 3020 amounting to ₹ 1532.85 lakh (31 March, 2018 : ₹ 1515.94 lakh) which need not be reimbursed to the customer based on the terms of delivery extension has been considered as Contingent Asset.

Note 31: Commitments

(₹ in lakh)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	3,557.57	2,947.18
Advance paid against above	811.19	782.06

Note 32: Employee benefit obligations

(i) Leave obligations

The leave obligations cover the Company's liability for sick and earned leave.

Based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Accordingly, leave obligation of ₹ 698.39 lakh (31 March, 2018: ₹ 784.64 lakh) is presented as current and remaining amount is presented as non current. The leave obligation is an unfunded plan, the Company makes contributions to scheme maintained by Life Insurance Corporation of India (LIC). Based on actuarial valuation, a provision is recognised in full for the projected obligation over and above the funds held in scheme.

(₹ in lakh)

Particulars	Leave obligation
As at 31 March, 2018	
Current portion	784.64
Non-current portion	5,138.87
Total	5,923.51
As at 31 March, 2019	
Current portion	698.39
Non-current portion	5,444.10
Total	6,142.49

(ii) Post-employment obligations

a) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees

who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary (including dearness allowance) per month computed proportionately for 15 days salary (reckoning 26 days for a month) multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

Based on actuarial valuation, a provision is recognised in full for the projected obligation over and above the funds held in scheme.

b) Post-retirement medical scheme

The Company operates post-retirement medical benefit scheme. The plan is an unfunded plan. Based on actuarial valuation, a provision is recognised in full for the projected obligation.

Apart from above, post retirement medical benefits to the superannuated employees are defined contribution schemes and premium of ₹ 802.74 lakh (31 March, 2019) (31 March, 2018: ₹ 634.03 lakh) paid to an Insurance Company is charged to the Statement of Profit and Loss of the year. There are no other obligations to employees other than the contribution payable to the Insurance Company.

(iii) Defined contribution plans Provident fund and Pension fund

The Company also has certain defined contribution plans. Contributions are made to Provident Fund at the rate of 12% of basic salary (including dearness allowance) as per regulations. The contribution is charged to Statement of Profit and Loss of the year when the contributions to the respective funds are due in accordance with relevant statute.



Employer's contribution to Provident Fund & Family Pension fund is ₹ 1590.66 lakh for the year 2018-19 (Rs.1,591.21 lakh for the year 2017-18).

Superannuation Pension Fund:

The Pension Scheme is administered by a Trust. The Company has transferred an amount of ₹ 417.81 lakh for officers and non-unionised supervisors to LIC towards employer's contribution for the year 2018-19 (₹ 279.48 lakh for the year 2017-18).

The pension scheme for unionised employees has been introduced w.e.f. 01 January 2012. An amount of ₹ 349.73 lakh has been transferred to LIC for the year 2018-19 (₹ 374.16 lakh for the year 2017-18) towards employer's contribution for operatives and office assistants.

(iv) **Balance sheet recognition**

a) **Post retirement medical scheme**

The amounts recognised in the Balance Sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ in lakh)

Particulars	Present value of obligation
1 April, 2017	1,424.16
Current service cost	9.94
Interest expense/(income)	110.37
Total amount recognised in Profit or Loss	120.31
<i>Remeasurements</i>	
Return on plan assets, excluding amounts included in interest	-
(Gain)/loss from change in demographic assumptions	-
(Gain)/loss from change in financial assumptions	(68.03)
Experience (gains)/losses	(194.05)
Total amount recognised in other comprehensive income	(262.08)
Employer contributions/ premium paid	-
Benefit payments	-
31 March, 2018	1,282.39

Particulars	Present value of obligation
1 April, 2018	1,282.39
Current service cost	9.84
Interest expense/(income)	96.18
Total amount recognised in Profit or Loss	106.02
<i>Remeasurements</i>	
Return on plan assets, excluding amounts included in interest	-
(Gain)/loss from change in demographic assumptions	-
(Gain)/loss from change in financial assumptions	64.37
Experience (gains)/losses	(169.21)
Total amount recognised in other comprehensive income	(104.84)
Employer contributions/ premium paid	-
Benefit payments	-
31 March, 2019	1,283.57

b) *Gratuity*

The amounts recognised in the Balance Sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ in lakh)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1 April, 2017	9,082.27	(10,462.69)	(1,380.42)
Current service cost	532.15	-	532.15
Interest expense/(income)	646.64	(810.86)	(164.22)
Total amount recognised in profit or loss	1,178.79	(810.86)	367.93
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest	-	(646.13)	(646.13)
Actuarial (gain)/loss from change in demographic assumptions	2,085.46	-	2,085.46
Actuarial (gain)/loss from change in financial assumptions	(1,140.16)	-	(1,140.16)
Actuarial (gain)/loss from unexpected experience	887.74	-	887.74
Total amount recognised in other comprehensive income	1,833.04	(646.13)	1,186.91
Employer contributions/ premium paid	-	(174.42)	(174.42)
Benefit payments	(1,477.07)	1,477.07	-
31 March, 2018	10,617.03	(10,617.03)	-

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1 April, 2018	10,617.05	(10,617.05)	-
Current service cost	593.87	-	593.87
Interest expense/(income)	739.42	(796.28)	(56.86)
Total amount recognised in profit or loss	1,333.29	(796.28)	537.01
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest	-	823.78	823.78
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	187.84	-	187.84
Actuarial (gain)/loss from unexpected experience	72.67	-	72.67
Total amount recognised in other comprehensive income	260.51	823.78	1,084.29
Employer contributions/ premium paid	-	(1,621.30)	(1,621.30)
Benefit payments	(1,516.30)	1,516.30	-
31 March, 2019	10,694.55	(10,694.55)	-

(v) *Significant estimates: actuarial assumptions*

The significant actuarial assumptions were as follows:

Particulars	31 March, 2019	31 March, 2018
Discount rate	7.50%	7.75%
Expected return on plan asset	7.50%	7.75%
Salary growth rate	6.50%	6.50%
Attrition rate	1.00%	1.00%
Mortality rate	IALM (2006-2008) Ultimate	IALM (2006-2008) Ultimate

Assumptions regarding future mortality for gratuity and medical are set, based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a person retiring at age 60.



(vi) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in lakh)

Particulars	Impact on defined benefit obligation (Gratuity)			
	31 March, 2019		31 March, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	10,324.82	11,089.19	10,298.11	10,956.26
% change compared to base due to sensitivity	-3.460%	3.690%	-3.004%	3.195%
Salary growth rate (-/+ 0.5%)	11,054.91	10,347.52	10,931.74	10,316.27
% change compared to base due to sensitivity	3.370%	-3.240%	2.964%	-2.833%
Attrition rate (-/+ 0.5%)	10,694.89	10,694.20	10,625.22	10,608.87
% change compared to base due to sensitivity	0.000%	0.000%	0.077%	-0.077%
Life expectancy/ mortality rate (-/+ 10%)	10,696.34	10,692.75	10,671.30	10,562.79
% change compared to base due to sensitivity	0.020%	-0.020%	0.511%	-0.511%

Particulars	Impact on defined benefit obligation (Gratuity)			
	31 March, 2019		31 March, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	1,159.01	1,426.31	1,159.32	1,423.26
% change compared to base due to sensitivity	-9.70%	11.12%	-9.60%	10.99%
Attrition rate (-/+ 0.5%)	1,282.80	1,284.34	1,281.56	1,283.22
% change compared to base due to sensitivity	-0.060%	0.060%	-0.065%	0.065%
Life expectancy/ mortality rate (-/+ 10%)	1,277.80	1,289.35	1,277.85	1,286.92
% change compared to base due to sensitivity	-0.45%	0.45%	-0.35%	0.35%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied while calculating the defined benefit liability recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vii) The major categories of plan assets

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. Thus, the composition of each major category of plan assets has not been disclosed.

(viii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies.

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

(ix) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending 31 March, 2020 are ₹ 900 lakh.

The weighted average duration of the defined benefit obligation (gratuity) is 12 years (31 March, 2018 – 12 years) and Post-retirement medical benefits is 37 years (31 March, 2018 – 37 years). The expected maturity analysis of undiscounted gratuity and post-retirement medical benefits are as follows:

(₹ in lakh)		
Particulars	Less than a year	More than 1 year
As at 31 March, 2019		
Defined benefit obligation (gratuity)	1,499.29	19,716.97
Post-retirement medical benefits	306.48	9,083.68
Total	1,805.77	28,800.65
As at 31 March, 2018		
Defined benefit obligation (gratuity)	2,119.64	17,749.60
Post-retirement medical benefits	354.88	9,319.21
Total	2,474.52	27,068.81

Note 33: Related party transactions

The Company is controlled by the President of India having ownership interest of 74.50%.

(a) Key management personnel compensation

(₹ in lakh)

Particulars	31 March, 2019	31 March, 2018
Short-term employee benefits	38.94	110.89
Post-employment benefits	-	18.61
Long-term employee benefits	-	-
Total compensation	38.94	129.50

No amount has been written back/written off during the year in respect of dues to related parties.

(b) Transactions with related parties

(₹ in lakh)

Particulars	31 March, 2019	31 March, 2018
Sales of goods and services		
Sale of goods (owned by Govt. of India)	89,632.31	129,955.31
Sale of services (owned by Govt. of India)	58.30	1,315.22
Other transactions		
Final Dividend paid to shareholder	5,079.67	5,407.57
Interim Dividend paid to shareholder	1,578.81	-

(c) Outstanding balances arising from sales/purchases of goods and services

(₹ in lakh)

Particulars	31 March, 2019	31 March, 2018
Trade receivables (sale of goods and services)		
Entities (owned by Govt. of India)	12,019.50	18,993.78



Note 34: Fair value measurements

Financial instruments by category

(₹ in lakh)

Particulars	31 March, 2019			31 March, 2018		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments						
Equity instruments	0.44	-	-	0.44	-	-
Trade receivables	-	-	21,985.99	-	-	20,206.36
Security deposits	-	-	787.75	-	-	763.61
Deferred credit recoverable from Navy	-	-	868.71	-	-	886.03
Contract Assets	-	-	32,176.09	-	-	42,000.11
Cash and cash equivalents	-	-	138,040.04	-	-	72,089.26
Other financial assets	-	-	83,035.66	-	-	159,105.44
Total financial assets	0.44	-	276,894.25	0.44	-	295,050.79
Financial liabilities						
Trade payables	-	-	37,771.78	-	-	69,662.65
Security deposits	-	-	464.94	-	-	438.11
Other payables	-	-	1,687.52	-	-	1,716.67
Total financial liabilities	-	-	39,924.25	-	-	71,817.42

(i) **Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian accounting standard.

(₹ in lakh)

Financial assets and liabilities measured at fair value - recurring fair value measurements At 31 March, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Financial investments at FVPL</i>				
Unquoted equity investments - healthcare sector	-	-	0.44	0.44
Total financial assets	-	-	0.44	0.44
Financial assets and liabilities measured at amortised cost for which fair values are disclosed At 31 March, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	-	813.71	813.71
Deferred credit recoverable from Navy	-	-	868.71	868.71
Trade receivables	-	-	23,112.63	23,112.63
Total financial assets	-	-	24,795.05	24,795.05
Financial liabilities				
Trade payable				
LD deducted from vendors	-	-	1,914.79	1,914.79
Russian deferred credit	-	-	868.71	868.71
Total financial liabilities	-	-	2,783.50	2,783.50

Financial assets and liabilities measured at fair value - recurring fair value measurements At 31 March, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Financial investments at FVPL</i>				
Unquoted equity investments - healthcare sector	-	-	0.44	0.44
Total financial assets	-	-	0.44	0.44

Financial assets and liabilities measured at amortised cost for which fair values are disclosed At 31 March, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	-	772.41	772.41
Deferred credit recoverable from Navy	-	-	886.03	886.03
Trade receivables	-	-	21,351.97	21,351.97
Total financial assets	-	-	23,010.41	23,010.41
Financial liabilities				
Trade payable				
LD deducted from vendors	-	-	1,599.47	1,599.47
Russian deferred credit	-	-	886.03	886.03
Total financial liabilities	-	-	2,485.50	2,485.50

(ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include the fair value of the remaining financial instruments which is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Security deposits	787.75	813.71	763.61	772.41
Deferred credit recoverable from Navy	868.71	868.71	886.03	886.03
Total financial assets	1,656.46	1,682.42	1,649.64	1,658.44
Financial liabilities				
Trade payable				
LD deducted from vendors	1,914.79	2,099.67	1,599.47	1,590.07
Russian deferred credit	868.71	868.71	886.03	886.03
Total financial liabilities	2,783.50	2,968.38	2,485.50	2,476.10

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values.

The fair values for financial instruments were calculated based on cash flows discounted using Marginal Cost of Funds based Lending Rate (MCLR) of State Bank of India on the reporting date for the same maturity. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

**Note 35: Financial risk management**

The Company's activities are exposed to a variety of financial risks: credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Management
<i>Credit risk</i>	Cash and cash equivalents, trade receivables and financial assets measured at amortised cost.	Diversification of bank deposits and credit limits.
<i>Liquidity risk</i>	Financial liabilities that are settled by delivering cash or another financial asset.	Projecting cash flows and considering the level of liquid assets necessary to meet the liabilities.
<i>Market risk – foreign exchange</i>	Future commercial transactions and recognised financial assets & liabilities not denominated in Indian rupee (INR).	Reimbursement from buyers for currency fluctuation.

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

i) Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying no credit terms. Outstanding customer receivables are regularly monitored. Trade receivables are primarily from Navy (owned by Govt. of India), hence the credit risk is considered low. Further, the Company receives advance against orders which also mitigates the credit risk. The ageing of trade receivables as at the balance sheet date is given below. The age analysis has been considered from the due date:

Particulars	(₹ in lakh)		
	One year or less	More than 1 year	Total
Trade receivable as on 31 March, 2019	13,602.77	8,383.22	21,985.99
Contract Assets as on 31 March, 2019	6,196.99	25,979.10	32,176.09
Trade receivable as on 31 March, 2018	12,351.40	7,854.96	20,206.36
Contract Assets as on 31 March, 2018	31,719.40	10,280.71	42,000.11

ii) Financial instruments and deposits

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investment of surplus funds are made in accordance with DPE Guidelines on investment of surplus funds of the Company. The limits are set to minimise the concentration of risks and to mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the Balance Sheet at 31 March, 2019 and 31 March, 2018 is the carrying amounts as illustrated in Note 10 (b).

(B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the underlying business, the Company maintains sufficient cash and liquid investments available to meet its obligation.

The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, if any.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in lakh)

Contractual maturities of financial liabilities - 31 March, 2019	One year or less	More than 1 year	Total
Trade payables	37,008.99	1,800.67	38,809.66
Other financial liabilities	2,152.46	-	2,152.46
Total financial liabilities	39,161.45	1,800.67	40,962.12

(₹ in lakh)

Contractual maturities of financial liabilities - 31 March, 2018	One year or less	More than 1 year	Total
Trade payables	68,882.55	1,906.59	70,789.14
Other financial liabilities	2,154.78	-	2,154.78
Total financial liabilities	71,037.33	1,906.59	72,943.92

(C) Market risk

Foreign currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk since it imports components from foreign vendors. Also, the Company exports some of its ships to foreign buyers and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (Rs.). The outflow on account of imports and payments in foreign currency is mostly reimbursable from the buyers. The risk in case of export is measured through a forecast of highly probable foreign currency cash flows.

Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:

	31 March, 2019			31 March, 2018		
	EUR	GBP	USD	EUR	GBP	USD
Financial assets	-	-	-	-	-	-
Financial liabilities	592.91	434.81	252.35	704.27	542.05	215.42
Net exposure to foreign currency risk	(592.91)	(434.81)	(252.35)	(704.27)	(542.05)	(215.42)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lakh)

	Impact on profit before tax	
	31 March, 2019	31 March, 2018
EUR sensitivity		
INR/EUR Increases by 13.45 % (31 March, 2018 - 15.11%)*	(80)	(106)
INR/EUR Decreases by 9.72 % (31 March, 2018 - 12.83%)*	58	90
GBP sensitivity		
INR/GBP Increases by 8.08 % (31 March, 2018 - 12.31%)*	(35)	(67)
INR/GBP Decreases by 7.91 % (31 March, 2018 - 11.04%)*	34	60
USD sensitivity		
INR/USD Increases by 5.59 % (31 March, 2018 - 6.94%)*	(14)	(15)
INR/USD Decreases by 1.10 % (31 March, 2018 - 1.10%)*	3	2

* Holding all other variables constant.

**Note 36: Capital management****(a) Risk management**

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The amount mentioned under total equity in balance sheet is considered as Capital.

(b) Dividends paid and proposed

(₹ in lakh)

Particulars	31 March, 2019	31 March, 2018
(i) Equity shares		
Final dividend for the year ended 31 March, 2018 - ₹ 4.44 (31 March, 2017 - ₹ 4.72) per fully paid share	5,080.38	5,407.57
Dividend Distribution Tax	1,044.29	1,100.85
Interim dividend for the year ended 31 March, 2019 - ₹ 1.85 (31 March, 2018 - Nil) per fully paid share	2,119.21	-
Dividend Distribution Tax	435.61	-
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the board has recommended the payment of a final dividend of ₹ 5.10 per fully paid equity share (31 March 2018: ₹ 4.43). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	5,842.15	5,079.67
Tax on Proposed Dividend	1,200.87	1,044.14

Note 37: Earnings per share

(₹ in lakh)

Particulars	31 March, 2019	31 March, 2018
Profit attributable to equity share holders of the Company used in calculating basic and diluted earnings per share (₹ in lakh)	10,993.88	9,240.35
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	114,552,000	121,600,701
Basic and diluted earnings per share (₹)	9.60	7.60

Note 38 : Expenditure on Corporate Social Responsibilities (CSR) Activities

The various heads under which the CSR expenditure was incurred during the year is detailed as follows:

(₹ in lakh)

Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR activities	Amount Spent
i) Clause (i)	Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water.	103.67
ii) Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the differently abled.	164.56
iii) Clause (iv)	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of air, water and soil.	NIL
	TOTAL	268.23

(₹ in lakh)

Particulars	2018-19	2017-18
Amount required to be spent by the Company during the year	268.23	230.71

Amount spent during the year on:

(₹ in lakh)

Particulars	In Cash	Yet to be paid in Cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	268.23	-	268.23

Note 39: Construction contracts

On the balance sheet date, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

(₹ in lakh)

Particulars	31 March, 2019	31 March, 2018
(i) Contract revenue recognized for the year	123,200.13	111,162.59
(ii) Aggregate amount of costs incurred and recognized profit (less recognized losses) upto the reporting date for all contracts in progress as at that date	316915.89	272,758.32
(iii) Amount of customer advances outstanding (gross) for contracts in progress	511,073.79	444,126.50

Note 40: 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.

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 March, 2019 and aggregated to ₹ 868.71 lakh (Undiscounted amount being ₹ 1906.59 lakh) (31 March 2018: ₹ 886.03 lakh (Undiscounted amount being ₹ 2,012.51 lakh).

Note 41:

- The Company follows a general practice of undertaking physical verification of all the fixed assets in a phased manner in a block of three years. In the current year, such physical verification has been done in the CDO, FOJ & DEP Ranchi units. Discrepancies found have been appropriately dealt with in the Accounts.
- Out of three docks and two slipways taken over from CIWTC Ltd. on 1 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.

- The 62 acre of 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 book value of ₹ 1230.03 lakh (original value ₹ 2909.81 lakh) as on 31 March, 2019 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 February, 1996. Later, HEC vide a letter of 07 August, 1999 raised a claim for a 30 year lease effective from 01.04.1996 of ₹ 1488 lakh as one-time premium and a sum of ₹ 148.8 lakh p.a. being 10% of the said premium as annual lease rent which GRSE repudiated. During April, 2013, HEC 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 with interest 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 was under adjudication before Smt. Zoya Hadke, Sole Arbitrator, PMA who after hearing both the parties at length, vide Order dated 30.6.2015 held that in absence of any agreement between the parties, the Arbitral Forum lacks jurisdiction to settle the dispute and rejected the reference of HEC. Accordingly, the arbitration- matter stood disposed off. No appeal filed by HEC.



GRSE has also filed a Civil Suit (TS- 117 of 2014) in March, 2014 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 in accordance with the law of the land and for permanent injunction restraining HEC from interfering with the possession of land by GRSE and running industry thereon. Hearing of the case is in progress.

HEC has filed an Application under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 before the Estate Officer appointed under the said Act by HEC, for eviction of GRSE alleging as 'unauthorised occupant' from the said land occupied by DEP Unit of GRSE.[Case no. P.P. ACT/REV/2018-01 dated 28.4.2018]

GRSE has filed a Writ Petition [being WP (C) No. 3359 of 2018] before the Hon'ble Jharkhand High Court praying for 'declaration' that summary proceeding before the Estate Officer under the Public Premises (Eviction of Unauthorised Occupants) Act is not maintainable involving intricate and complicated questions of law pertaining to title, right, interest and possession to the land and moreover competent civil court at Ranchi is already adjudicating the matter on the self-same cause of action. The High Court on 14.8.2018 directed HEC to file Opposition and not to evict GRSE from the said land. Meanwhile, upon approach by HEC, process to find out various possibilities to arrive at amicable settlement has been initiated.

In view of the above an amount of ₹ 4910.40 lakh (Previous year ₹ 4761.60 lakh) without interest has been considered as contingent liability not acknowledged as debt.

Note 42:

As required by Ind AS, if errors and omissions relating to prior period are material they have to be adjusted by restating the opening balances of assets, liabilities and equity for the earliest prior period presented. Since in the previous year, the calculation of deferred tax contained some mathematical errors due to inclusion of CWIP. This error was rectified with retrospective effect during the current financial year by restating the previous year figures. Thus, resulting in decrease in net deferred tax liabilities as on 31.03.2018, increase in profit after tax for the year ended 31.03.2018 to the tune of ₹ 560.07 lakh while increase in basic and diluted EPS by ₹ 0.46. The resultant effect being an increase in retained earnings at the beginning of the current year by ₹ 560.07 lakh and decrease in net deferred tax liabilities by ₹ 560.07 lakh as on 31.03.2019. The error has now been corrected in each of the affected financial statement line items for the prior years including current year as follows:-

(₹ in lakh)

Balance Sheet (Extract)	Note No.	31 March 2018 (as previously reported)	Increase/ (Decrease)	31 March 2018 (Restated)
Deferred tax liabilities (net)	16	1712.9	(560.07)	1152.83
Other equity	13(b)	83144.61	560.07	83704.68

Statement of profit and loss (Extract)	31 March 2018 (as previously reported)	Increase/ (Decrease)	31 March 2018 (Restated)
Deferred tax expense	(439.30)	(560.07)	(999.37)
Profit for the year	8680.29	560.07	9240.36
Basic and diluted earnings per share	7.14	0.46	7.60

Note 43:

Letters seeking confirmation of balances in the accounts as at 31st December, 2018 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.

Note 44:

- The Company has sent letters seeking confirmations of balances in respect of its Debtors. Though no response has been received from the debtors, in the opinion of the Company, the balances have realisable values equal to the amount as stated in the books in the ordinary course of business, unless otherwise stated.
- The amounts 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.

Note 45:

Rent under Other expenses includes Amortisation of Leasehold Land (under operating Lease) ₹ 10.32 lakh (31 March, 2018: ₹ 10.32 lakh).

Accordingly, Prepaid expenses under Note no. 8 & Note no: 11 include unamortised Leasehold Land of ₹ 29.08 lakh (31 March, 2018: ₹ 39.69 lakh).

Note 46: 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	2018-19	2017-18
a)	The principal amount remaining unpaid to suppliers as at the end of accounting year	1,390.82	3,206.12
b)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	23.42	6.17
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	73.11	52.91
e)	The amount of interest accrued during the year/period and remaining unpaid at the end of the accounting year	96.52	59.08
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	-	-

Note 47:

A 250 Ton Goliath Crane having a total cost of ₹ 11000 Lakhs was installed and commissioned in February 2013 as a part of modernization of infrastructure facilities in the Main Works Unit.

Since commissioning, this crane was extensively used in production uninterruptedly. On 17th April, 2018 a “Near Cyclonic Storm” hit Kolkata at around 8PM, intensity of which could not be predicted by Metrological Department, Kolkata. The storm resulted in collapse of the 250 Ton Goliath crane and damaged other facilities in the immediate vicinity of the fallen crane including stocks.

The assets of the Company damaged due to this accident are adequately insured and insurance co has been intimated about the incident. Company is yet to receive insurance surveyor's report and admission of the claim by insurance co is under process. ₹ 355.65 lakh was spent by the Company for removal of debris and Book value of stock worth ₹ 1666.69 lakh has been accepted by the insurance surveyor as damaged. These are adequately covered under insurance policies purchased by the Company for the financial year 2018-19. Company is in the process of restoration of damaged facilities including Goliath Crane on fast track basis.

Note 48:

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.

Note 49: Disclosure of recovery or settlement of assets and liabilities

		(₹ in lakh)			
Particulars	31 March, 2019		31 March, 2018		
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	
ASSETS					
(1) Non-current assets					
(a) Property, plant and equipment	-	29,727.67	-	38,296.06	
(b) Capital work-in-progress	3,418.60	-	1,602.77	-	
(c) Intangible assets	-	497.52	-	620.64	
(d) Financial assets					
(i) Investments	-	0.44	-	0.44	
(ii) Other financial assets	-	18,177.09	-	130,987.73	
(e) Non-current tax assets	-	9,171.48	-	8,557.32	
(f) Other non-current assets	811.19	44.96	782.06	57.36	
(2) Current assets					
(a) Inventories	34,956.91	-	51,309.50	-	
(b) Financial assets					
(i) Current Investment	183.01	-	-	-	
(ii) Trade receivables	21,985.99	-	20,206.36	-	



(₹ in lakh)

Particulars	31 March, 2019		31 March, 2018	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
(iii) Cash and cash equivalents	927.43	-	1,189.26	-
(iv) Bank balances other than (ii) above	198,012.61	-	101,025.83	-
(v) Other financial assets	43,704.64	-	47,519.28	-
(c) Other current assets	57,330.46	-	29,709.64	-
(d) Assets classified as held for sale	43.09	-	36.42	-
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
Trade payables	-	762.79		780.10
(b) Provisions	-	6,432.07		6,078.98
(c) Deferred tax liabilities (Net)	-	1,122.53	-	1,152.83
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	-	-	-	-
(ii) Trade payables				
(a) total outstanding dues of micro and small enterprises	1,390.82		3,206.12	
(b) total outstanding dues other than (i) (a) above	35,618.17		65,676.43	
(iii) Other financial liabilities	2,152.46	-	2,154.78	-
(b) Other current liabilities	253,602.54	-	236,364.54	-
(c) Provisions	14,081.00	-	14,333.35	-

NOTE 50: The financial statements are authorised for issue by the Board of Directors on 29th May, 2019.

In terms of our report of even date.

For A. Kayes & Co.

Chartered Accountants
Firm Registration No - 311149E

Sd/-

(CA. S.R. Biswas)

Partner
Membership No. 051512

Place of Signature : Kolkata

Date : 29th day of May, 2019

For and on behalf of the Board of Directors

Sd/-

Rear Admiral V.K. Saxena IN (Retd.)

Chairman & Managing Director
DIN - 07696782

Sd/-

S.S. Dogra

Director (Finance) & CFO
DIN -07052300

Sd/-

S. Mahapatra

Company Secretary



GARDEN REACH SHIPBUILDERS & ENGINEERS LTD.

Registered Office: 43/46, Garden Reach Road, Kolkata-700024

Ph: (033)-24698100-13, Fax: (033)-24698150

Website: www.grse.in Email: co.sec@grse.co.in

CIN: L35111WB1934GOI007891

NOTICE OF 103RD ANNUAL GENERAL MEETING

NOTICE is hereby given that the 103rd Annual General Meeting of the Shareholders of Garden Reach Shipbuilders & Engineers Limited will be held on **Friday, the 20th September, 2019 at 1030 hours at Bhasha Bhawan Auditorium, National Library, Belveria Road, Block A, Alipore, Kolkata – 700 025** to transact the following businesses:

ORDINARY BUSINESS:

- (1) To consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon.
- (2) To approve the payment of interim dividend of ₹1.85/- per equity share and declare final dividend of ₹5.10/- per equity share (face value ₹10/-) for the financial year 2018-19 (i.e. total Dividend of ₹6.95/- per equity share).
- (3) To appoint a director in place of Shri Sarvjit Singh Dogra (DIN: 07052300), who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To fix the remuneration of Statutory Auditors to be appointed by the Comptroller & Auditor General of India for the financial year 2019-20.

SPECIAL BUSINESS:

- (5) To ratify the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2020 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), remuneration of ₹69,000/- payable 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 31st March, 2020, 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 and Compliance Officer

Date: 11th July, 2019

Place: Kolkata

Notes:

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 (the ‘Act’), relating to the Special Business to be transacted at the Annual General Meeting (the “Meeting” or “AGM”) is annexed.
2. **A member entitled to attend and vote at the AGM 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 (i.e. on or before 18th September, 2019, 10:30 Hrs.). A proxy form for the AGM is enclosed.

Corporate Members are required to send a certified copy of the Board resolution to the Company or upload it on the e-voting portal, authorising their representatives to attend and vote at the AGM.

A person can act as a proxy on behalf of a maximum of fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company may appoint a single person as proxy, provided that the person does not act as proxy for any other person or shareholder.

3. Members / proxies / authorised representatives should bring the duly filled-in attendance slip enclosed herewith to attend the Meeting.
4. In terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Resolutions for consideration at this AGM will be transacted through remote e-voting (facility to cast vote from a place other than the venue of the AGM) and also e-voting at the AGM venue, for which purpose the Board of Directors of the Company (“the Board”) have engaged the services of NSDL. The Board has appointed Mr. A. K. Labh, Practising Company Secretary (FCS: 4848 / CP No.: 3238) of M/s. A. K. Labh & Co., Company Secretaries, as the Scrutinizer for this purpose.
5. The facility for e-voting will be available at the AGM venue to those Members who did not cast their votes by remote e-voting prior to the AGM. Members, who cast their votes by remote e-voting, may attend the AGM but will not be entitled to cast their votes once again.
6. Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members on **13th September, 2019**



- (“cut-off date”). Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by remote e-voting or e-voting at the AGM venue. A person who is not a Member on the cut-off date should accordingly treat this Notice for information purposes only.
7. The remote e-voting shall commence on **Tuesday, 17th September, 2019 (9:00 a.m.) and end on Thursday, 19th September, 2019 (5.00 p.m.)**. During this period, Members holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 13th September, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change the vote subsequently. E-voting cannot be exercised by a proxy, though corporate and institutional investors shall be entitled to vote through their authorised representatives with proof of their authorisation.
 8. Shareholders are requested to read the instructions as stated in the Notes under the section “*Instructions relating to Voting through Electronic Means*”.
 9. Dividend, if declared at the AGM, will be paid within 30 days from the date of declaration, to those Members whose names appear on the Register of Members as at the end of 13th September, 2019.
 10. Members are requested to claim any money lying in the Unpaid Dividend Account with the Company since the Company is obliged to transfer any money lying in such Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Account, to the credit of the Investor Education and Protection Fund established by the Central Government.
 11. This Notice of AGM alongwith the Annual Report 2018-19 is being sent to all the Shareholders whose names appear in the Register of Members / list of Beneficial Owners on the cut-off date, as received from NSDL / CDSL. For Shareholders whose e-mail IDs are not registered, physical copies are being sent through permitted modes. Shareholders wishing to obtain a physical copy of the Notice and Annual Report may send an e-mail to the Company’s Registrar and Transfer Agent (“RTA”), M/s. Alankit Assignments Limited, at rta@alankit.com or to the Company at evoting@grse.co.in, duly quoting their Demat account details.
 12. The Annual Report 2018-19 alongwith this AGM Notice is also being uploaded on the Company’s website at www.grse.in and on the website of NSDL at <https://evoting.nsd.com>.
 13. The Results of voting will be declared within 48 hours from the conclusion of the AGM and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes. The declared Results, along with the Scrutinizer’s Report, will be placed on the Company’s website www.grse.in under the section ‘Investors Corner’. The voting results will be communicated to the stock exchanges where the shares of the Company are listed, depositories, RTA and shall also be displayed on the website of NSDL i.e. www.nsd.com.in.
 14. Members may visit the Company’s website to view the Financial Statements or access information pertaining to the Company. Queries, if any, should be sent at least seven (7) days before the AGM to the Company Secretary at co.sec@grse.co.in.
 15. In case of any query or clarification, the Members are requested to address all correspondence, including on dividends, to the RTA at rta@alankit.com.
 16. All the material documents referred to in the explanatory statement will be available for inspection at the Registered Office of the Company during office hours on all working days, during business hours up to the date of the Meeting.
 17. The route map to reach the venue of the AGM including prominent land mark for easy location forms part of the Notice.
 18. Shareholders, who are holding the shares in electronic form are requested to update their email IDs with the concerned demat account, to enable the Company / RTA to send communications through e-mail in support of our commitment to the environment.
- #### Instructions relating to Voting through Electronic Means
- In compliance with Regulation 44 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) and Section 108 and other applicable provisions of the Act, read with the related rules, the Company is pleased to provide e-voting facility to all its Shareholders, to enable them to cast their votes electronically. The Company has engaged the services of NSDL for the purpose of providing e-voting facility to all its Shareholders.
- #### The instructions for e-voting are as follows:
- The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:
- Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsd.com/>
 - Step 2: Cast your vote electronically on NSDL e-Voting system.
- #### Step 1: Log-in to NSDL e-Voting system
1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
 2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
 3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

**Manner of holding shares i.e. Your User ID is:
Demat (NSDL or CDSL) or
Physical**

a) For Shareholders who hold shares in demat account with NSDL. 8 Character DP ID followed by 8 Digit Client ID
For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

b) For Shareholders who hold shares in demat account with CDSL. 16 Digit Beneficiary ID
For example, if your Beneficiary ID is 12***** then your user ID is 12*****.

c) For Shareholders holding shares in Physical Form. EVEN Number followed by Folio Number registered with the Company
For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
 - If your e-mail ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the.pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- [Click here](#) for "Forgot User Details/Password" (If you are holding shares in your demat account with NSDL or CDSL)
- [Click here](#) for "Physical User Reset Password?" (If you are holding shares in physical mode)
- If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

d) You can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

- After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- Now, you will have to click on "Login" button.
- After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically

- After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- Select "EVEN" of company for which you wish to cast your vote.
- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders

- Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to evoting@grse.co.in with a copy marked to evoting@nsdl.co.in
- Persons who acquire shares and become Members of the Company after the dispatch of Notice and hold shares as on cut-off date i.e. 13th September, 2019, may obtain the login ID and password by sending request at evoting@nsdl.co.in or to the RTA at their e-mail id rta@alankit.com. However, if you are already registered with NSDL for remote e-voting then you can use your existing User ID and password for casting your vote.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.:1800-222-990 or send a request at evoting@nsdl.co.in.



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

Item No. (5)

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s. Mou Banerjee & Co., Cost Accountants as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020 at an audit fees of ₹ 69,000/- 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. (5) of the Notice for ratification of

the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2020.

None of the Directors, 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. (5) of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. (5) of the Notice for approval of the Shareholders.

By Order of the Board
Garden Reach Shipbuilders & Engineers Limited

Sd/-
(Sandeep Mahapatra)
Company Secretary and Compliance Officer

Date: 11th July, 2019
Place: Kolkata



GARDEN REACH SHIPBUILDERS & ENGINEERS LTD.

Registered Office: 43/46, Garden Reach Road, Kolkata-700024

Ph: (033)-24698100-13, Fax: (033)-24698150

Website: www.grse.in Email: co.sec@grse.co.in

CIN: L35111WB1934GOI007891

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014 – Form MGT-11]

103rd Annual General Meeting – September 20, 2019

Name of the Member(s)

Registered Address

Registered E-mail

Folio No. / Client Id

DP ID

I/We, being a member holding shares of the above-named company, hereby appoint

1. Name
Address
E-Mail ID
Signature, or failing him/her

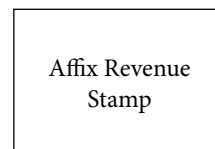
2. Name
Address
E-Mail ID
Signature, or failing him/her

3. Name
Address
E-Mail ID
Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 103rd Annual General Meeting of the Company, to be held on Friday, the 20th day of September, 2019 at 1030 Hrs. at Bhasha Bhawan Auditorium, National Library, Belveria Road, Block A, Alipore, Kolkata – 700 025 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote*	
		For	Against
Ordinary Business			
1.	To consider and adopt the Audited Financial Statements for the financial year ended 31 st March, 2019 and the Reports of the Board of Directors and Auditors thereon.		
2.	To approve the payment of interim dividend of ₹1.85/- per equity share and declare final dividend of ₹5.10/- per equity share (face value ₹10/-) for the financial year 2018-19 (i.e. total Dividend of ₹6.95/- per equity share).		
3.	To appoint a director in place of Shri Sarvjit Singh Dogra (DIN: 07052300), who retires by rotation and being eligible, offers himself for re-appointment.		
4.	To fix the remuneration of Auditors to be appointed by the Comptroller & Auditor General of India for the financial year 2019-20.		
Special Business			
5.	To ratify the remuneration payable to the Cost Auditors for the financial year ending 31 st March, 2020.		

Signed thisday of 2019.



.....

Signature of Shareholder

.....

Signature of Proxy holder(s)

Notes:

1. This Form of Proxy, in order to be effective, should be duly completed, stamped, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- *2. It is optional to indicate your preference. If you leave 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote (on poll) at the meeting in the manner he/she thinks appropriate.
3. Appointing Proxy does not prevent a Member from attending the AGM in person if he/she so wishes. When a member appoints a proxy and both the member and proxy attend the Meeting, the proxy will stand automatically revoked.
4. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



GARDEN REACH SHIPBUILDERS & ENGINEERS LTD.

Registered Office: 43/46, Garden Reach Road, Kolkata-700024

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Website: www.grse.in Email: co.sec@grse.co.in

CIN: L35111WB1934GOI007891

ATTENDANCE SLIP

(Please Fill Attendance Slip and Hand It Over at the Entrance of the Meeting Venue)

103rd Annual General Meeting

DP ID* **Client ID*/ Folio No.** **No. of Shares Held**

* Applicable only for members holding shares in electronic form.

Name of Member(s) :

Name of Proxyholder, if any:

I hereby record my presence at the 103rd Annual General Meeting of the Company on Friday, 20th September, 2019 at 10:30 a.m. at Bhasha Bhawan Auditorium, National Library, Belveria Road, Block A, Alipore, Kolkata – 700 025.

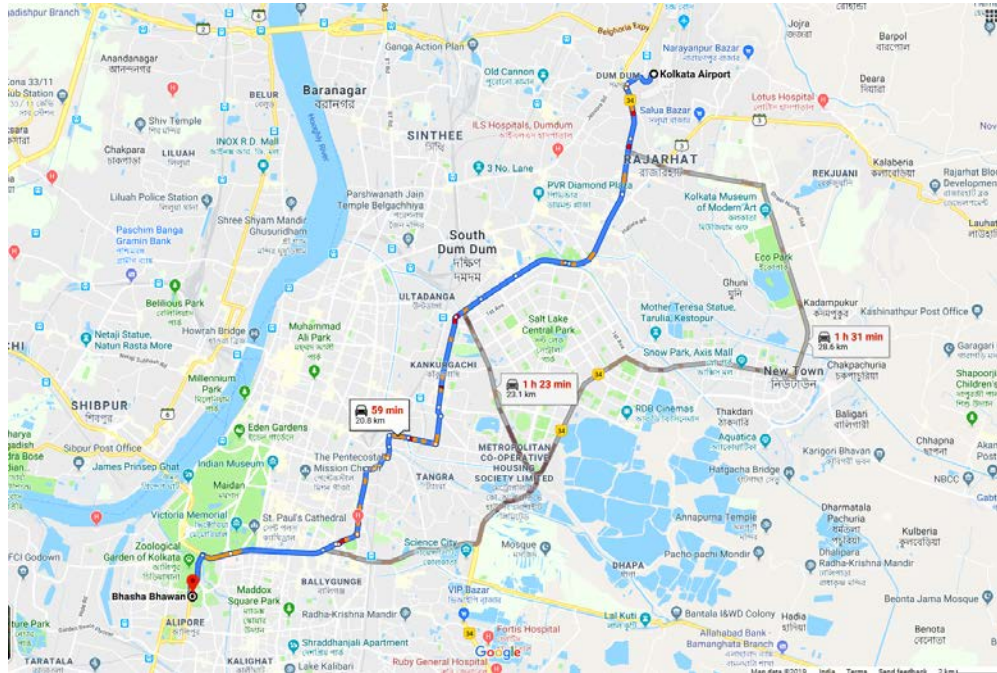
.....
Signature of Member / Proxy

Notes:

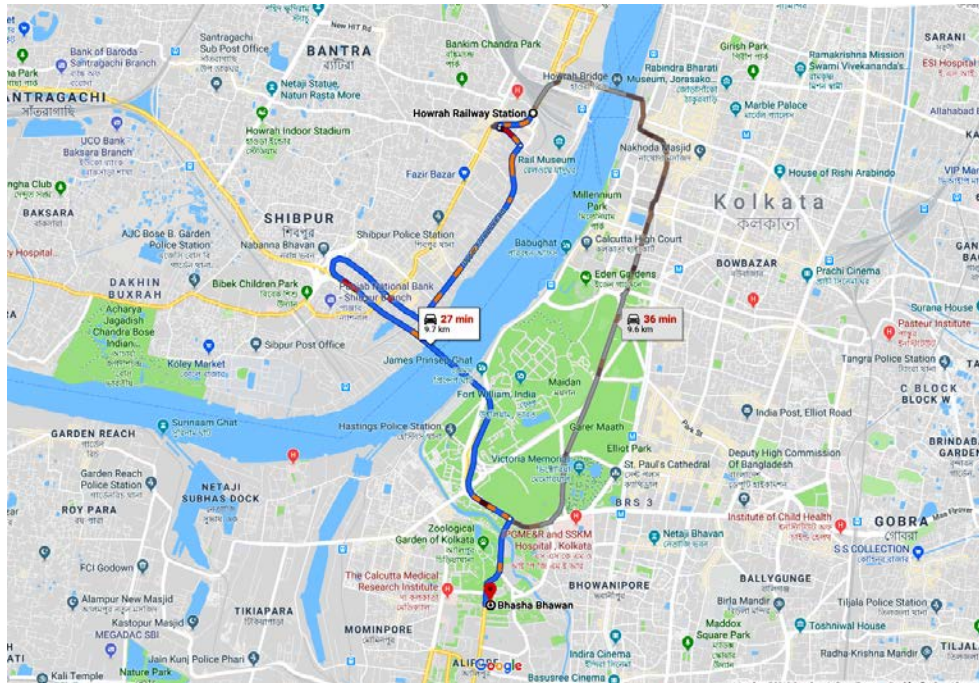
1. Only Member / Proxyholder can attend the Meeting.
2. Authorised Representatives of Corporate members shall produce proper authorisation issued in their favour.
3. Members are requested to bring their copies of the Annual Report 2018-19 to the AGM.

103RD ANNUAL GENERAL MEETING VENUE

Direction to the AGM venue from Airport



Direction to the AGM venue from Howrah Railway Station







गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड
GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED

CIN L35111WB1934GOI007891

पंजीकृत कार्यालय: 43/46, गार्डन रीच रोड, कोलकाता - 700 024

Registered Office: 43/46, Garden Reach Road, Kolkata 700 024

Tel: 033-2469 8100 to 8114

Fax: 033-2469 8150

E-mail: co.sec@grse.co.in

