



गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड  
Garden Reach Shipbuilders & Engineers Ltd.

# वार्षिक रिपोर्ट ANNUAL REPORT 2017-18



पोतनिर्माण में उत्कृष्टता एवं गुणवत्ता की दिशा में अग्रसर  
“In Pursuit of Excellence and Quality in Shipbuilding”





माननीय रक्षा मंत्री, श्रीमती निर्मला सीतारमण को वर्ष 2016 -17 का लाभांश चेक प्रदत्त

Presentation of dividend cheque for the year 2016-17 to Hon'ble Raksha Mantri, Smt. Nirmala Sitharaman

कमोर्टा श्रेणी के तृतीय एंटी सबमरीन वारफेयर (एसडबल्यू) कोर्वेट, भानौपो किलटान का प्रवर्तीकरण माननीय रक्षा मंत्री श्रीमती निर्मला सीतारमण द्वारा विशाखापत्तनम में किया गया

The Third of the Kamorta Class Anti-Submarine Warfare (ASW) Corvette, INS Kiltan, was Commissioned by Hon'ble Raksha Mantri Smt. Nirmala Sitharaman, at Visakhapatnam



एल-53 नामक, आठ लैंडिंग क्राफ्ट यूटिलिटी (एलसीयू) के तृतीय पोत का प्रवर्तीकरण वाइस एडमिरल बी.के. वर्मा, एवीएसएम, एडीसी, फ्लैग ऑफिसर कमांडर-इन-चीफ, अंडमान एवं निकोबार कमान द्वारा को पोर्ट ब्लेयर में किया गया

The Third of Eight Landing Craft Utility (LCU) Ships, named "L-53" was Commissioned by Vice Admiral B.K.Verma, AVSM, ADC, Flag Officer Commander-in-Chief, Andaman & Nicobar Command at Port Blair







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

AUTHENTICATED

**RAKSHA RAJYA MANTRI**

गार्डेन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड  
Garden Reach Shipbuilders & Engineers Ltd.





### Vision

◆ To become a Global Leader in Warship Construction

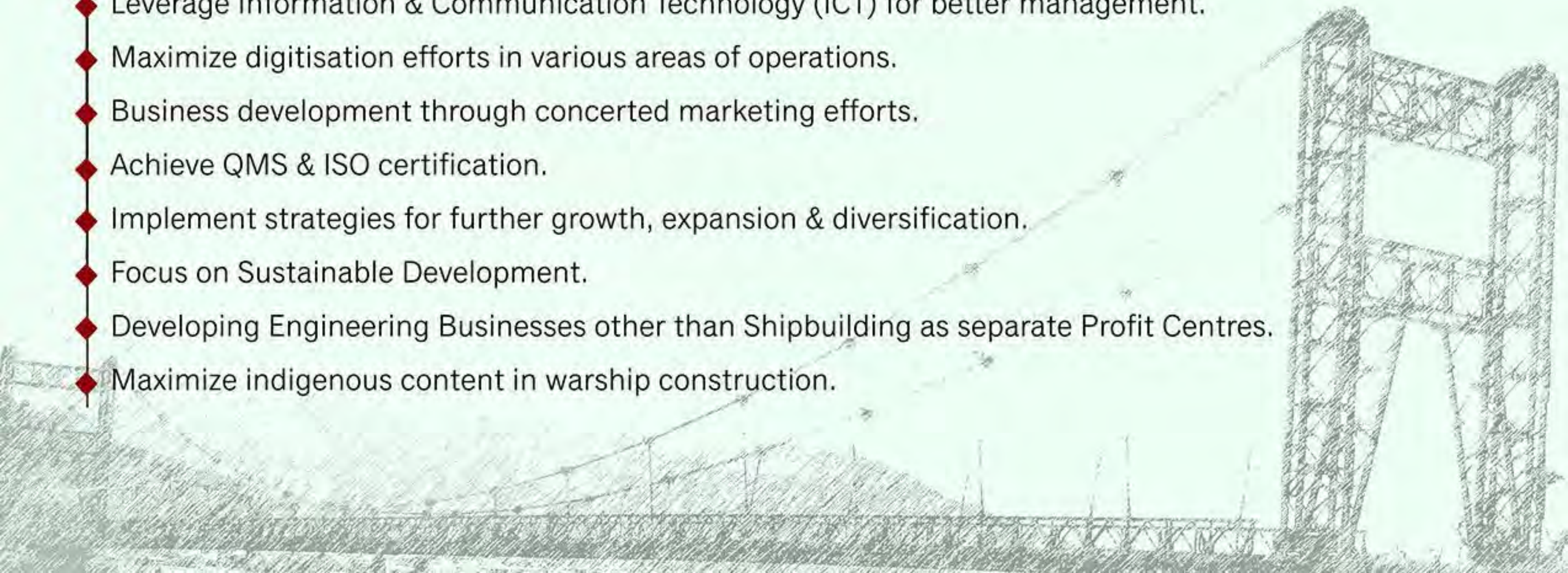
- ◆ To be self-reliant in design capability and deploy state-of-the-art manufacturing processes.
- ◆ To build quality Warships at competitive prices, exceeding customer's expectation in terms of delivery time and product support.
- ◆ To achieve sustained growth through customer satisfaction, product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

### Mission



### Objectives

- ◆ Develop the Design Department into a 'Centre of Excellence'.
- ◆ Upgrade shipbuilding technology / processes.
- ◆ Improve Material Management / Supply Chain Management.
- ◆ Vendor development and building long term partnerships.
- ◆ Improve Project Management in shipbuilding projects.
- ◆ Upgrade products of Bridge Unit, Deck Machinery Unit & Diesel Engine Plant.
- ◆ Improve quality of products.
- ◆ Thrust towards cost reduction and further enhancement of productivity.
- ◆ Focus on Customer Satisfaction.
- ◆ Leverage Information & Communication Technology (ICT) for better management.
- ◆ Maximize digitisation efforts in various areas of operations.
- ◆ Business development through concerted marketing efforts.
- ◆ Achieve QMS & ISO certification.
- ◆ Implement strategies for further growth, expansion & diversification.
- ◆ Focus on Sustainable Development.
- ◆ Developing Engineering Businesses other than Shipbuilding as separate Profit Centres.
- ◆ Maximize indigenous content in warship construction.





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## Board of Directors



**Rear Admiral Vipin  
Kumar Saxena,  
IN (Retd.)**

**RAdm Vipin Kumar Saxena**, IN (Retired), aged fifty-five (55) years and having an experience of over thirty-two (32) years was appointed as the Chairman & Managing Director of our Company with effect from March 1, 2017. and is responsible for the overall management of our Company. Prior to joining our Company, he has put in over thirty-one (31) years of commissioned service in the Indian Navy since March 05, 1985 after completing Bachelor of Engineering (Electrical) from Jabalpur University. He also holds a Master of Science degree in Defence Studies from Madras University. He has varied experience and exposure of working in various organisations of the Indian Navy ranging from operational appointment on-board frontline warships, naval dockyards, warship acquisitions & construction programmes and project management at apex level for mega infrastructure project of the Indian Navy. 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.



**Sarvjit Singh Dogra**

**Sarvjit Singh Dogra**, aged fifty-seven (57) years and having an experience of over thirty-one (31) years was appointed as Director (Finance) of our Company with effect from December 31, 2014 and heads the finance function of our Company. He is a qualified fellow member of the Institute of Costs Accountants of India. He has served in the Fertilizer Corporation of India Limited as Grade II - Accounts Officer. Thereafter, he has served in National Aluminum Company Limited, a Navratna CPSE under the Ministry of Mines, GoI, prior to joining our Company.



**Asit Kumar Nanda**

**Asit Kumar Nanda**, aged fifty-eight (58) years and having an experience of over thirty-two (32) years was appointed as Director (Personnel) of our Company with effect from May 03, 2016 and heads the human resource function of our Company. He holds a Bachelors' Degree in Law from Sambalpur University and a Masters' Degree in Social Work (Specialisation in Personnel Management & Industrial Relations) from Devi Ahilya Vishwavidhyalya, Indore. He is also credited with holding a Post-Graduate Diploma in human resource management from Indira Gandhi National Open University. 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. Prior to joining our Company, he was working as CGM (HR) in BEML Limited.





**Cmde Sanjeev Nayyar**, IN (Retired), aged fifty-six (56) years and having an experience of over thirty-five (35) years, assumed charge as Director (Shipbuilding) of our Company with effect from December 16, 2017 and heads the shipbuilding division of our Company. Prior to joining GRSE, he has put in over thirty-five (35) years of commissioned service in the Indian Navy from July 1, 1982. 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 Indian Institute of Technology, Delhi, and a Master of Management Studies from Osmania University, Hyderabad.



**Cmde Sanjeev  
Nayyar, IN (Retired)**



**Ashwani Kumar Mahanjan**, aged fifty-four (54) years and having an experience of over twenty-eight (28) years was appointed as a Government Nominee Director of our Company with effect from April 02, 2016. He holds a degree in Bachelor of Medicine and Bachelor of Surgery, 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 Additional Financial Advisor & Joint Secretary, DDP.



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



**Bharat Bhushan**, aged fifty-three (53) years and having an experience of twenty-seven (27) years in the practice of chartered accountancy, was appointed as a Part-Time Non-Official (Independent) Director of our Company with effect from September 15, 2017. He holds a degree in Bachelor of Commerce from Punjabi University and is a Fellow Member of the Institute of Chartered Accountants of India. Presently, he is a Partner in Chandiwala Virmani & Associates since 2004. He also has post-qualification certification in Information Systems Audit.



**Bharat Bhushan**







**Kanwaljit Deol**

**Kanwaljit Deol** aged sixty-three (63) years and having an experience of thirty-eight (38) years was appointed as a Part-Time Non-Official (Independent) Director of our Company with effect from September 15, 2017. She holds a Masters Honours degree in Physics from Punjab University and a Bachelors' degree in Law from University of Delhi. She was appointed into the Indian Police Service in 1977 and assigned to the Union Territories cadre. During thirty-eight (38) years of service in the police she has been posted in Delhi, Goa and Arunachal Pradesh, and has received training in various aspects of policing, vigilance, road traffic and transport, and human rights in India and abroad.

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 October 31, 2014.



**Dr. Ajai Bhandari**

**Dr. Ajai Bhandari**, Indian Administrative Services (Retired) aged sixty-four (64) years and having 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 appointed as Part-Time Non-Official (Independent) Director of our Company with effect from March 9, 2018. He holds a Ph.D. in Life Sciences and Masters' in Science (Botany) degree from the Himachal Pradesh University. He was Secretary to the State Government and held the 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.



**RAdm Inder Paul  
Singh Bali,  
IN (Retired)**

**RAdm Inder Paul Singh Bali**, AVSM, VSM, IN(Retired) aged fifty-eight (58) years and having an experience of over thirty-four (34) years in the Indian Navy and Ministry of Defence, was appointed as a Part-Time Non-Official (Independent) Director of our Company with effect from March 9, 2018. 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 holds a degree in Bachelors of Engineering (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 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.





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



**Dr Biswapriya Roy  
Chowdhury**

### Independent External Monitors

Smt. Bulbul Sen  
Shri Samar Ray

### Company Secretary

Shri Sandeep Mahapatra

### Auditors

G P Agrawal & Co.  
Chartered Accountants

### Branch Auditor

Sinha & Ghelani  
Chartered Accountants

### Bankers

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

### Registered Office

43/46, Garden Reach Road,  
Kolkata - 700 024  
CIN No.: U35111WB1934GOI007891  
Website: [www.grse.in](http://www.grse.in)





## Senior Management

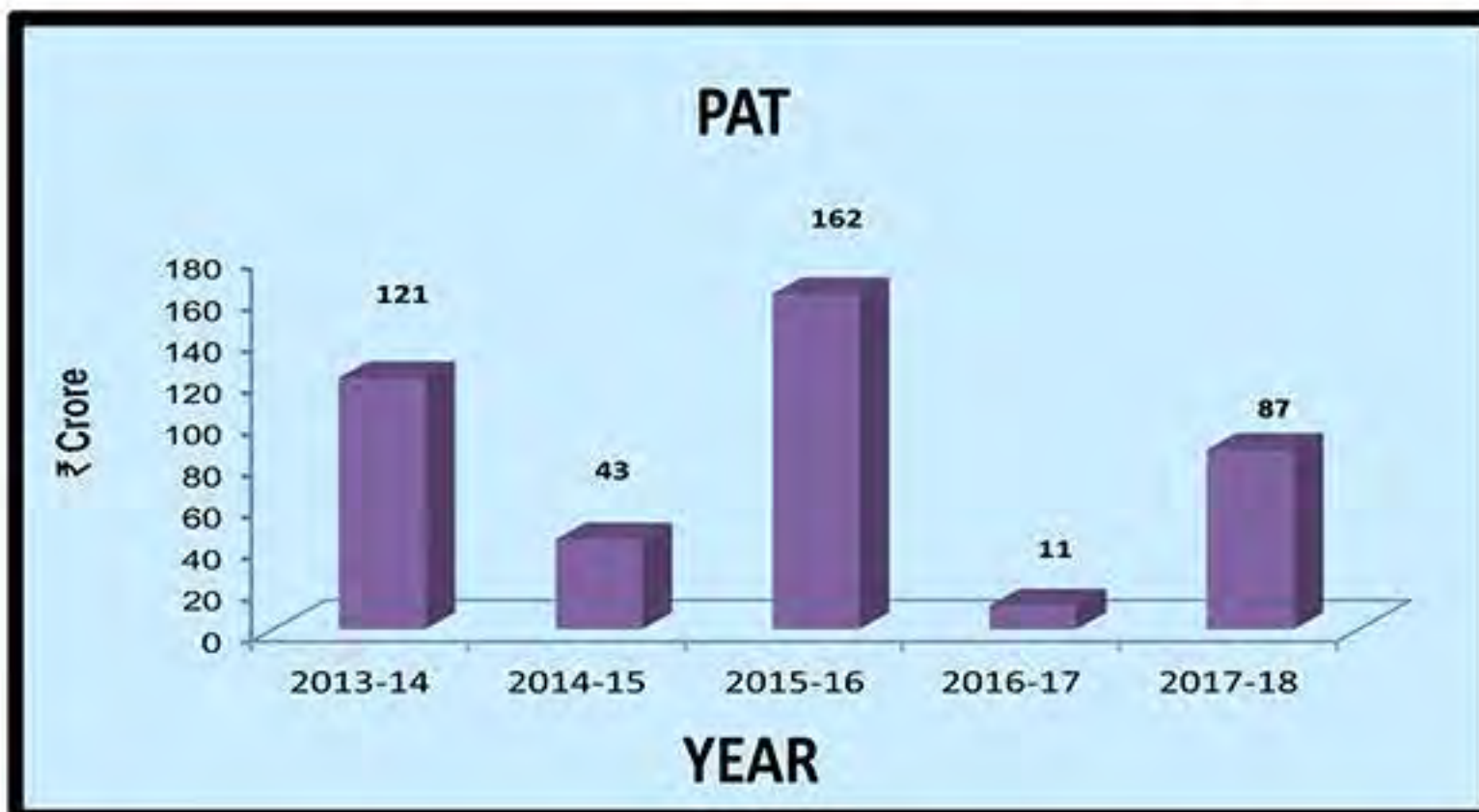
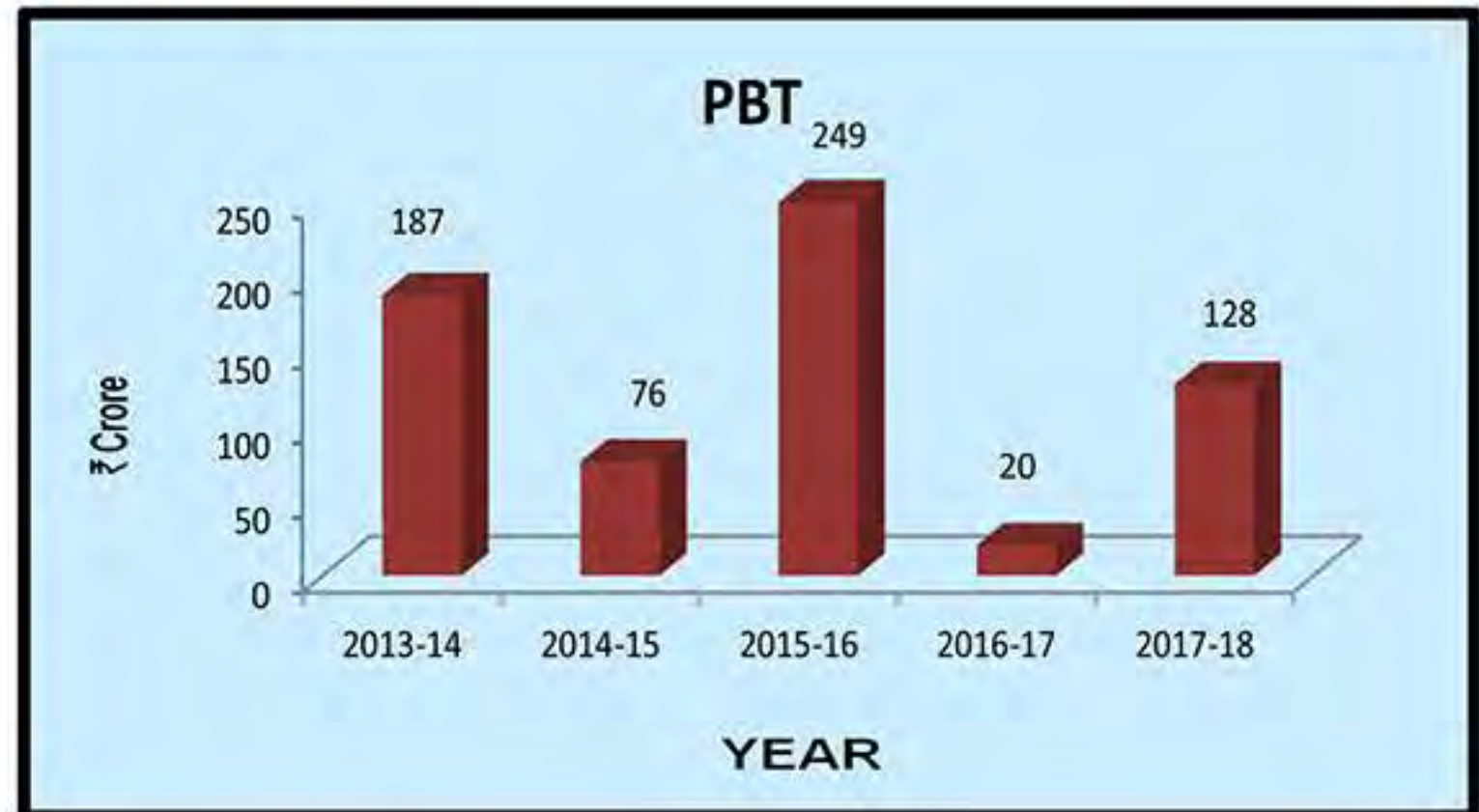
RAdm V K Saxena, IN (Retd.)	:	Chairman & Managing Director
Shri Sarvjit Singh Dogra	:	Director (Finance)
Shri A K Nanda	:	Director (Personnel)
Cmde Sanjeev Nayyar, IN (Retd.)	:	Director (Shipbuilding)
Shri Subrat Das, IPoS	:	Chief Vigilance Officer
Shri Arup Ratan Pal	:	Chief General Manager (ERP, YM & CM)
Cmde P R Hari, IN (Retd.)	:	Chief General Manager (PP&C)
Shri D Vijayam	:	Chief General Manager (Engineering & DEP)
Shri D Maitra	:	Chief General Manager (Main Works)
Shri Siddhartha Ray	:	General Manager (Finance)
Cdr Soumya Choudhury, IN (Retd.)	:	General Manager (FOJ)
Capt Jagmohan, IN (Retd.)	:	General Manager (Design)
Shri Venkatesh Murthy	:	General Manager (Material)
Cdr B Sengupta, IN (Retd.)	:	General Manager (QA and IE&P)
Shri A K Mohapatra	:	General Manager (HR)
DIG Subrato Ghosh, ICG (Retd.)	:	General Manager (RBD)
Cdr B Mishra, IN (Retd.)	:	Addl. General Manager (Taratala Unit)
Shri S Mahapatra	:	Company Secretary & Compliance Officer



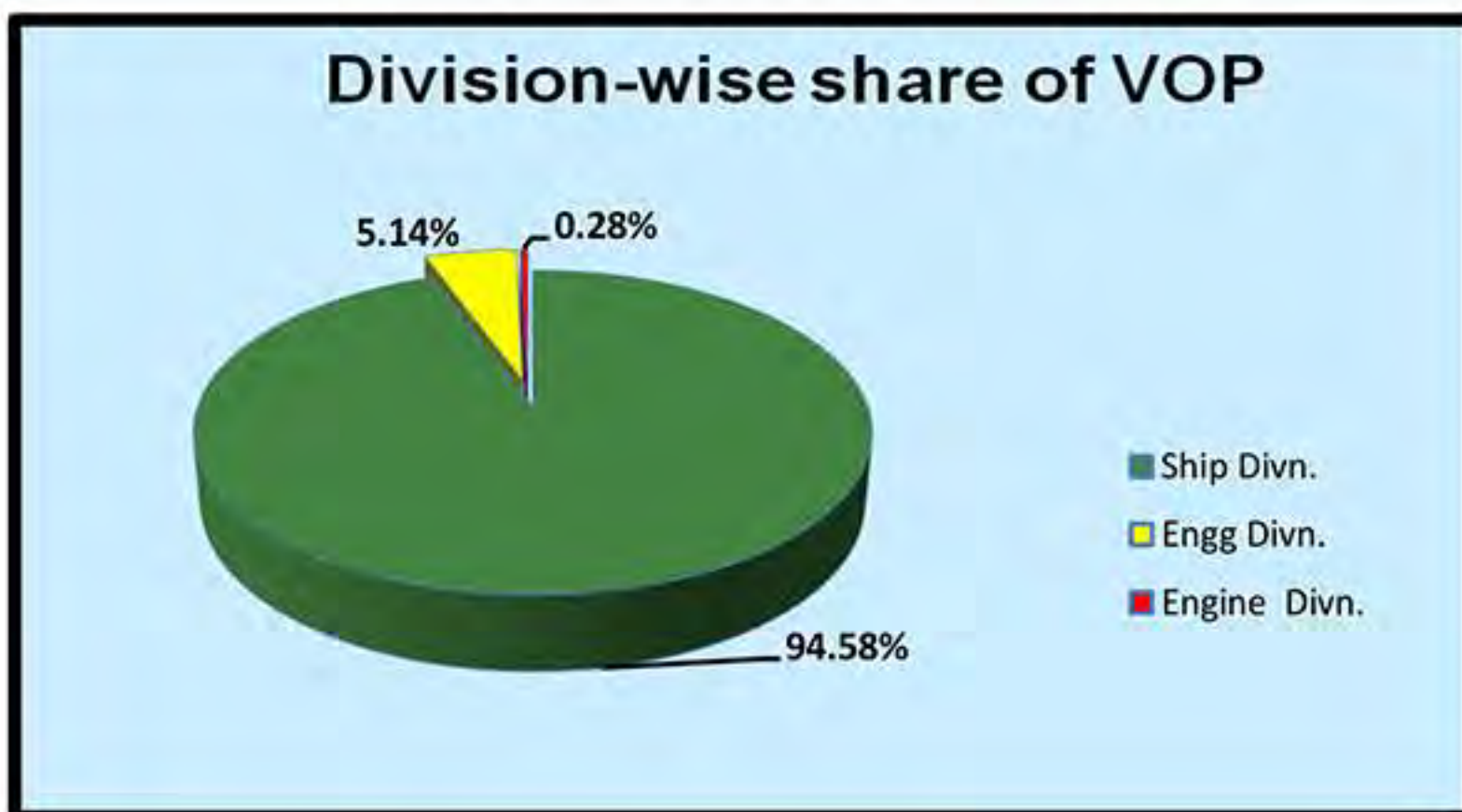
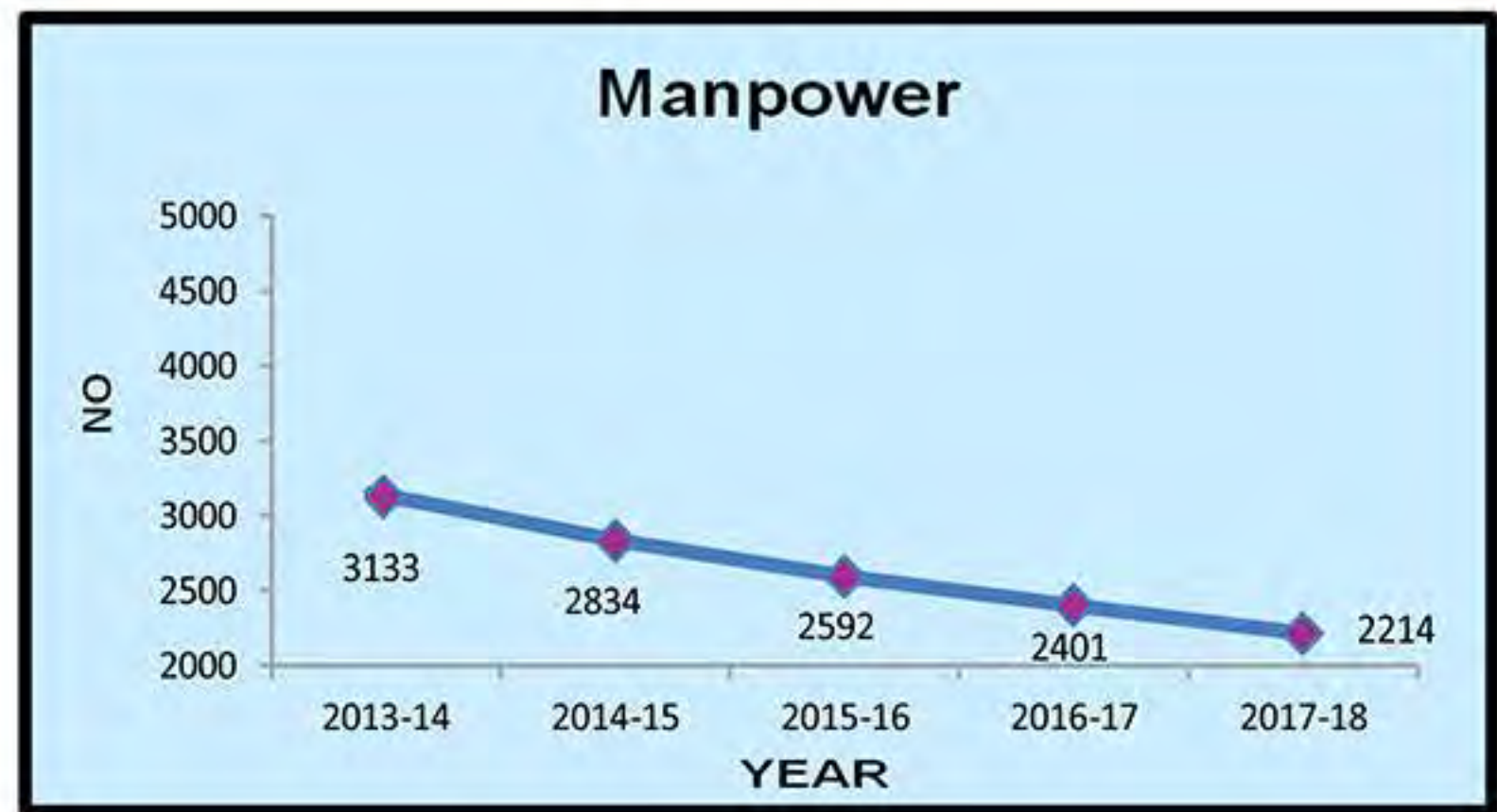
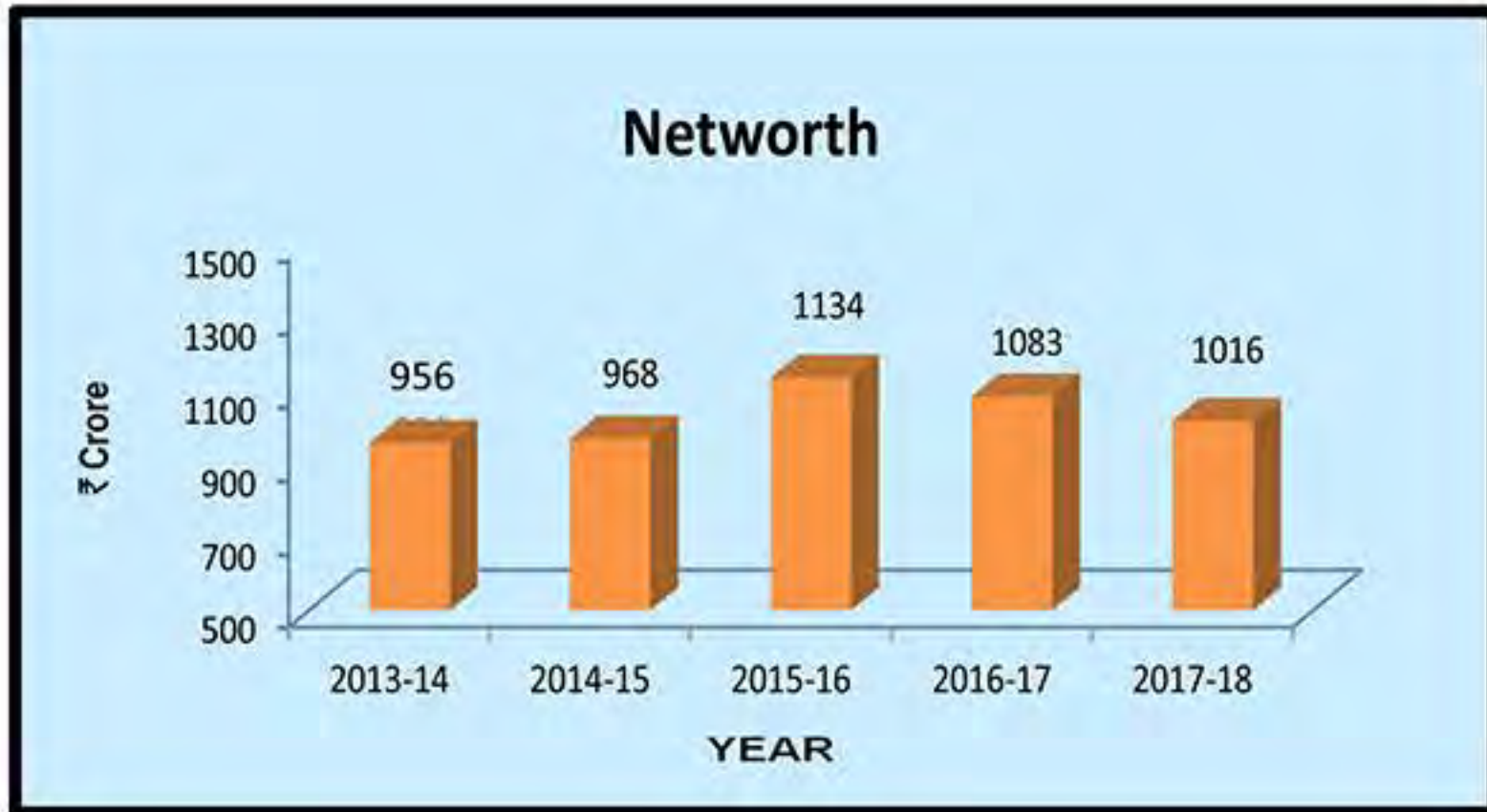
## Ten Years at a Glance

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (INDAS)	2016-17 (INDAS)	2017-18 (INDAS)
<b>FINANCIAL POSITION</b>										
Equity Share Capital	12384	12384	12384	12384	12384	12384	12384	12384	12384	11455
Reserve & Surplus	38692	47255	55947	63872	73948	83196	84391	101042	95931	90138
Net Worth	51076	59639	68331	76256	86332	95580	96775	113426	108315	101593
Capital Employed	45284	47610	55911	60062	75907	91667	90810	113426	108315	101593
Gross Block	25812	26224	29612	30829	42732	53387	56381	56640	41263	47233
Net Fixed Assets	15144	14897	17402	17481	27979	36548	36574	34370	35834	38917
Working Capital	30140	32713	38509	42582	47928	55119	54236	76243	62320	55072
<b>OPERATING RESULTS</b>										
Sales	74062	42427	54622	54506	46434	30819	230805	30668	22162	22827
Cost of Production	64325	80153	96405	110752	138105	146585	154452	156382	103786	135536
Value of Production	67269	87074	105330	129253	152915	161167	161266	166075	92708	134238
Value Added	23353	30771	37868	49613	49609	50463	47702	48182	31858	41923
Profit/(Loss) Before Tax	8898	13075	16276	16935	19315	18723	7602	24915	2012	12775
Provision for Tax	3733	1633	4705	6132	6161	6577	3257	8710	865	4095
Profit/(Loss) after Tax	5165	11441	11571	10803	13154	12146	4345	16205	1147	8680
<b>APPROPRIATION</b>										
CSR Reserve	-	-	228	10	-	-	2	-	94	-
General Reserve	517	1144	1134	1079	1315	1215	435	1607	15619	6065
Proposed Dividend on Equity	2477	2477	2477	2477	2631	2477	2477	5322	5408	5080
Tax on Proposed Dividend	421	411	402	402	447	421	504	1083	1101	1034
<b>RATIOS</b>										
Gross Profit/ Capital Employed	0.20	0.27	0.29	0.28	0.26	0.21	0.08	0.22	0.02	0.13
PBT/ Production (VOP)	0.13	0.15	0.15	0.13	0.13	0.12	0.05	0.15	0.02	0.10
Production (VOP)/ Capital Employed	1.49	1.83	1.88	2.15	2.01	1.76	1.78	1.46	0.86	1.32
Value Added/ Production (VOP)	0.36	0.35	0.36	0.38	0.32	0.31	0.30	0.29	0.34	0.31
No. of Employees	4768	4345	4117	3792	3491	3133	2834	2592	2401	2214













## **Notice of 102<sup>nd</sup> Annual General Meeting**

NOTICE is hereby given that the 102<sup>nd</sup> Annual General Meeting of the Shareholders of Garden Reach Shipbuilders & Engineers Ltd. will be held on **Thursday, the 04<sup>th</sup> October, 2018 at 1000 hours at the Registered Office of the Company at 43/46, Garden Reach Road, Kolkata – 700 024** to transact the following businesses:

### **ORDINARY BUSINESS:**

- (1) To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 Mar 2018 and the Reports of the Directors and Auditors thereon.
- (2) To declare Dividend for the financial year 2017-18.
- (3) To fix the remuneration of Auditors to be appointed by the Comptroller & Auditor General of India for the financial year 2018-19.

### **SPECIAL BUSINESS:**

- (4) To appoint Shri Bharat Bhushan as Part-Time Non-Official (Independent) Director 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 Sections 149, 152, 160, 161, Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Rules made thereunder, Shri Bharat Bhushan (DIN: 00262278), who was appointed as a Part-Time Non-Official (Independent) Director of the Company by the Govt. of India vide Ministry of Defence letter No. PC No. 11(57)/2017/Misc/D(NS) dated 15 Sep 2017 and subsequently appointed as an Additional Director by the Board of Directors w.e.f. 15 Sep 2017, pursuant to the provisions of Section 161 of the Act to hold Office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

- (5) To appoint Smt. Kanwaljit Deol as Part-Time Non-Official (Independent) Director 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 Sections 149, 152, 160, 161, Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Rules made thereunder, Smt. Kanwaljit Deol (DIN: 03192289), who was appointed as a Part-Time Non-Official (Independent) Director of the Company by the Govt. of India vide Ministry of Defence letter No. PC No. 11(57)/2017/Misc/D(NS) dated 15 Sep 2017 and subsequently appointed as an Additional Director by the Board of Directors w.e.f. 15 Sep 2017, pursuant to the provisions of Section 161 of the Act to hold Office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

- (6) To appoint Cmde Sanjeev Nayyar, IN (Retd.) as Director (Shipbuilding) 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 Sections 152, 160, 161 and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Rules made thereunder, Cmde Sanjeev Nayyar, IN (Retd.) (DIN: 07973950), who was appointed as Director (Shipbuilding) of the Company by the Govt. of India vide Ministry of Defence letter No. 2(14)/2015/GRSE/D(NS-II) dated 01 Nov 2017 and subsequently appointed as an Additional Director and designated as Director (Shipbuilding) by the Board of Directors w.e.f. 16 Dec 2017 to hold Office upto the date of this Annual General Meeting, in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from Cmde Sanjeev Nayyar IN (Retd.) under Section 160 of the Act, signifying his intention to propose himself as a candidate for the office of a Director of the Company, be and is hereby appointed as Director of the Company on terms & conditions as stipulated by the Government of India and liable to retire by rotation.”

- (7) To appoint Dr. Ajai Bhandari as Part-Time Non-Official (Independent) Director 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 Sections 149, 152, 160, 161, Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Rules made thereunder, Dr. Ajai Bhandari (DIN: 00322233), who was appointed as a Part-Time Non-Official (Independent) Director of the Company by the Govt. of India vide Ministry of Defence letter No. PC No. 11(57)/2017/Misc/D(NS) dated 09 Mar 2018 and subsequently appointed as an Additional Director by the Board of Directors w.e.f. 09 Mar 2018, pursuant to the provisions of Section 161 of the Act to hold Office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

- (8) To appoint RAdm Inder Paul Singh Bali AVSM, VSM, IN (Retd.) as Part-Time Non-Official (Independent) Director 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 Sections 149, 152, 160, 161, Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Rules made thereunder, RAdm Inder Paul Singh Bali, AVSM, VSM, IN (Retd.) (DIN: 07912223), who was appointed as a Part-Time Non-Official (Independent) Director of the Company by the Govt. of India vide Ministry of Defence letter No. PC No. 11(57)/2017/Misc/D(NS) dated 09 Mar 2018 and subsequently appointed as an Additional Director by the Board of Directors w.e.f. 09 Mar 2018, pursuant to the provisions of Section 161 of the Act to hold Office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

- (9) To ratify the remuneration payable to the Cost Auditors for the financial year ending 31 Mar 2019 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) therein or re-enactment thereof, for the time being in force), the remuneration payable, as set out in the Statement annexed to the Notice convening this Meeting, to the Cost Auditors appointed by the Board of Directors of the Company to conduct audit of the cost records of the Company for the financial year ending 31 Mar 2019, 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.”





- (10) To appoint Dr. Biswapriya Roychoudhury as Part-Time Non-Official (Independent) Director 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 Sections 149, 152, 160, 161, Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Rules made thereunder, Dr. Biswapriya Roychoudhury (DIN: 08200896), who was appointed as a Part-Time Non-Official (Independent) Director of the Company by the Govt. of India vide Ministry of Defence letter No. PC No. 11(57)/2017/Misc/D(NS) dated 25 Jul 2018 and subsequently appointed as an Additional Director in the Company w.e.f. 15 Aug 2018 i.e. the date of allotment of his DIN, pursuant to the provisions of Section 161 of the Act to hold Office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

By Order of the Board  
Garden Reach Shipbuilders & Engineers Limited

**(Sandeep Mahapatra)**  
Company Secretary

Date: 28<sup>th</sup> September, 2018  
Place: Kolkata

**Notes:**

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





## **Statement Pursuant to Section 102(1) of the Companies Act, 2013**

### **Item Nos. (4), (5), (7), (8) & (10)**

Your Company being a Government Company, the Directors on the Board are appointed by the Government of India (the 'Government').

The Government has vide its letter dated 15 Sep 2017 appointed Shri Bharat Bhushan and Smt. Kanwaljit Deol, as Part-Time Non-Official (Independent) Director on the Board of the Company for a period of 3 years w.e.f. 15 Sep 2017, or till further orders, whichever is earlier.

Further, the Government has vide its letter dated 09 Mar 2018 appointed Dr. Ajai Bhandari and RAdm Inder Paul Singh Bali, AVSM, VSM, IN (Retd.) as Part-Time Non-Official (Independent) Director on the Board of the Company for a period of 3 years w.e.f. 09 Mar 2018, or till further orders, whichever is earlier.

Dr. Biswapriya Roychoudhury was appointed by the Government as a Part-Time Non-Official (Independent) Director on the Board of the Company for a period of 3 years w.e.f. 15 Aug 2018, or till further orders, whichever is earlier.

Pursuant to Section 161(1) of the Companies Act, 2013 and Articles 195 & 196 of the Articles of Association of the Company, the Board of Directors appointed Shri Bharat Bhushan, Smt. Kanwaljit Deol, Dr. Ajai Bhandari, RAdm Inder Paul Singh Bali, IN (Retd.) and Dr. Biswapriya Roychoudhury as Additional Directors, to hold office upto the date of this Annual General Meeting.

Brief resumes of Shri Bharat Bhushan, Smt. Kanwaljit Deol, Dr. Ajai Bhandari, RAdm Inder Paul Singh Bali, IN (Retd.) and Dr. Biswapriya Roychoudhury is provided elsewhere in the Annual Report which forms part of this Notice. Your Directors feel that the Company would immensely benefit from the knowledge and rich experience possessed by the new Directors and recommends the resolutions for the approval of the Members as Ordinary Resolutions.

None of the Directors, Key Managerial Personnel of the Company or their relatives except, Shri Bharat Bhushan, Smt. Kanwaljit Deol, Dr. Ajai Bhandari, RAdm Inder Paul Singh Bali, IN (Retd.) and Dr. Biswapriya Roychoudhury and their relatives, is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item Nos. (4), (5), (7), (8) and (10) of this Notice.

### **Item No. (6)**

Your Company being a Government Company, the Directors on the Board are appointed by the Government of India (the 'Government').

The Government has vide its letter's dated 01 Nov 2017 appointed Cmde Sanjeev Nayyar, IN (Retd.) as Director (Shipbuilding) of the Company from the date of assumption of charge of the post till the date of his superannuation or until further orders, whichever is earlier. Cmde Sanjeev Nayyar, IN (Retd.) assumed charge as Director (Shipbuilding) of the Company w.e.f. 16 Dec 2017.





Pursuant to Section 161(1) of the Companies Act, 2013 (the 'Act') and Articles 195 & 196 of the Articles of Association of the Company, the Board of Directors appointed him as Additional Director to hold office upto the date of the next Annual General Meeting. Subsequently, the Company has received notice in writing under Section 160 of the Act from Cmde Sanjeev Nayyar, IN (Retd.) signifying his intention to propose his appointment as Director of the Company and a deposit of ₹100,000/- has been received along with the notice.

Brief resume of Cmde Sanjeev Nayyar, IN (Retd.) is provided elsewhere in the Annual Report which forms part of this Notice. Your Directors feel that the Company would immensely benefit from the knowledge and rich experience possessed by Cmde Sanjeev Nayyar and accordingly recommends the passing of the resolutions proposed at Item No. 6 of the Notice as Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives except, Cmde Sanjeev Nayyar, IN (Retd.) and his relatives, is in any way concerned or interested in the resolutions set out at Item No. 6 of this Notice.

#### **Item No. (9)**

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 31 Mar 2019 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. (9) of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 Mar 2019.

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. (9) of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. (9) of the Notice for approval of the Shareholders.

By Order of the Board  
Garden Reach Shipbuilders & Engineers Limited

**(Sandeep Mahapatra)**  
Company Secretary

Date: 28<sup>th</sup> September, 2018  
Place: Kolkata





# CHAIRMAN'S STATEMENT





## Chairman's Statement

### Dear Shareholders,

It gives me immense pleasure in welcoming all of you to this 102<sup>nd</sup> Annual General Meeting of the Company. I would like to take this opportunity to share with you the current Industry Scenario, the Company's significant achievements during the past year and the future outlook for the Company.

### Industry Scenario & Growth Strategy

Defence shipbuilding in India is emerging as an area of focus for public and private sector shipyards alike. While the public sector shipyards 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. Few among the private shipyards, who entered the shipbuilding market as commercial shipbuilders, have been repositioning themselves as companies with defence shipbuilding capabilities.

Acknowledging the competition both from public and private shipyards, your Company has stepped up its performance in terms of productivity, cost competitiveness, quality, timely delivery etc. Your Company is striving to set up new profit centers through diversification, product addition, adoption of latest processes & methods, envisaging modern shipbuilding requirements and self-reliance. Your Company is also looking at opportunities to promote and fruitfully implement the real objectives of 'Make in India' initiative of the nation to become totally self-reliant in the area of Maritime Security of the country and to also explore opportunities in the export of warships.

### Turnaround Performance & Dividend

I am pleased to share that during the Financial Year 2017-18, the topline of your Company has achieved significant growth and recorded an increase of 45% over previous year. The Company's Profit Before Tax (PBT) was recorded at ₹ 127.75 crore and the Net Profit (PAT) was at ₹ 86.80 crore which are 535% and 657% higher than last year's results. The Company's Net Worth stands at ₹ 1015.93 crore as on 31 Mar 2018.



The Board of Directors of the Company has recommended a dividend @ 44.35% on the Company's paid up equity capital amounting to ₹ 50.80 crore (approx.). During the year, the Company has made a contribution of ₹ 218.61 crore to the National Exchequer by way of payment of dividend, taxes and duties to various Government Agencies.

### **Disinvestment and IPO**

The Cabinet Committee on Economic Affairs, on 12 Apr 2017, had approved disinvestment of the Company's shares through IPO and its subsequent listing. Your Company had filed the Draft Red Herring Prospectus with SEBI on 26 Mar 2018. Thereafter, your Company filed its Red Herring Prospectus with the Registrar of Companies on 07 Sep 2018 for disinvestment of 25.50% of the Equity Share Capital of the Company held by the President of India, through the Ministry of Defence, Government of India. The Issue opened on 24 Sep 2018 and closed on 01 Oct 2018. The Issue saw a reasonable response from the public.

### **MoU Rating**

In terms of parameters contained in the Memorandum of Understanding signed by your Company with the Government of India for the year 2017-18, your Company is expected to be rated as "Excellent" in its performance this year, which marks a significant improvement over the 'Good' rating received last year.

### **Significant Achievements**

- Delivered 06 Warships to Indian Navy in 16 months between Jun 2017 and Sep 2018.
- Delivery of last two LCUs & last WJFAC with Zero Shipbuilders Liability and after completion of Weapon & Sensor Trials
- For the 1<sup>st</sup> time in the country – Integration of Carbon Composite Superstructure with steel Hull on-board INS Kiltan, 3<sup>rd</sup> Anti-Submarine Warfare Corvette delivered to the Indian Navy.
- Successful Bidders for construction of 4 Hydrographic Survey Vessels (Large) and 8 Anti-Submarine Warfare Shallow Water Crafts for Indian Navy in Competitive Bidding Process which also included participation from Leading Private Shipyards of the Country.
- Received orders for supply of 28 Nos. 1 MW DG Set for P-17A project at a total value of ₹ 225.82 crore, which is highest ever order received by DEP, Ranchi.
- Commissioned a Virtual Reality Lab.

### **Corporate Governance**

Your Company has been upholding highest standards of transparent & ethical Governance practices while creating value for all the stakeholders. In testimony, for 9<sup>th</sup> 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.

GRSE also received 'Nil' comments from CAG for 18 years in a row.

Your Company also received ICC PSE Excellence Award for Corporate Governance.

### **Order Book Position**

As on 31 Jul 2018, the order book position of the Company stands at around ₹ 20,313.61 crore for all our product categories, of which our shipbuilding order book consisted orders of 13 vessels with an aggregate outstanding revenue value of ₹ 20,029.42 crore. Your Company is continuing with its efforts for bagging more orders for all our business verticals.

I am also pleased to inform you that your Company has emerged as the lowest bidder for the construction of 04 Nos. Survey Vessel (Large) for the Indian Navy and as the L2 bidder for the construction of 08 Nos. Anti-Submarine Warfare-Shallow Water Crafts (ASW-SWC), which we have proposed to build at L1 price. The combined order value for both the orders is approximately ₹ 8,000 crore and is expected to boost our order book by a handsome amount. The two contracts are expected to be signed by end 2018.

### **Way Ahead**

Your Company is strategically placed as an institution of excellence and eminence in the warship building. You will be glad to know that the Company has planned to deliver 10 warships in the next 02 financial years. Your Company has set a visionary target for the Value of Production ('VoP') increasing to three folds over the period of next 05 years (2023-24) from the present level. In order to achieve this VoP target and make the entire ship construction process time and cost effective, your Company has worked out a strategy in consultation with M/s. Fincantieri, Italy to implement Integrated Construction Technology in Project P-17A and future warship projects of existing domestic customers (Indian Navy & Coast Guard) and overseas customers.

We are focusing on the following growth strategies to build this Shipyard into a world class facility:





- Further Strengthen Relationship with Indian Navy and Indian Coast Guard by focusing on securing orders for the construction of major weapon vessel platforms to optimize our capacity utilization.
- Repair and Refitting of Indian Navy and Indian Coast Guard Vessels since substantial market opportunities are anticipated in the coming decade in these areas.
- Upgrading Our Technological Capabilities and Facilities
- Enhancing Research and Development Capabilities by investing a greater amount of capital as a percentage of revenue towards R&D for the development and design of warships and engineering products.
- Aligning Processes to Changing Market Environments by developing strategies to compete in the competitive marketplace.
- Pursuing New Market Opportunities for other products, including ship repair, deck machinery, marine pumps, bridges and marine engines.

### **New Initiatives**

Your Company has entered into a MoU with M/s. Elbeit Systems, Isreal, for the production of Unmanned Surface Vessel in GRSE under "Make in India" initiative of the Government of India with an eventual indigenisation content of over 60%. Another MoU was entered into by the Company with M/s Khulna Shipyard (KSY), Bangladesh to develop shipbuilding skill and know-how of Khulna Shipyard. The MoU authorizes your Company to jointly participate with KSY for shipbuilding projects of customers of KSY and to set forth understanding under which the parties will work together toward achieving these objectives.

Your Company also entered into a MoU with M/s. Construction Development Corporation Ltd., a state owned company under Druk Holdings and Investments [DHI], Royal Government of Bhutan for promulgation of export business and cooperation on mutual interests for supply of Bailey Bridges.

### **Make in India**

In line with the Make in India initiative of the Govt. of India, your company has achieved the distinction of delivering the ASW Corvettes and LCUs with an Indigenous Content of over 90%, a major step towards achieving Self-Reliance in State of the Art Warship Design and Construction.

### **Research & Development**

Your Company continues its efforts in working towards developing various concept designs for vessels that can cater to the future requirement of Indian Navy and Indian Coast Guard. Generic design of platforms are also being developed which can cater to requirements of auxiliary vessels like survey and research, pollution control, front-line warships like frigates, corvettes and also the vessels required for inland and coastal security.

Towards this end, your Company has recently inaugurated a Virtual Reality Lab at its Central Design Office for undertaking line out inspection on the CAD model, user reviews of critical departments at a much earlier stage and marketing of future ship designs.

### **Information Technology**

Leveraging of technology through ERP & other IT Tools to bring in speed & efficiency in all our processes is a key focus area. Going forward, steps are being initiated to bring in Artificial Intelligence in our Products & Processes.

### **Industrial Relations**

Industrial Relations situation during the period across all the Units of your Company including DEP, Ranchi, was generally been peaceful and harmonious.

### **HR Initiatives**

Over the years the Company has developed the competency and capabilities of its human resources which has created a talent pool and their rich shipbuilding experience made us stand apart in the field of warship design & construction. The strategic focus of the Company has been to bring in contemporary HR Policies, Processes & Practices so as to constantly nurture & develop talents and build expertise. Value driven HR interventions viz. Leadership Capability Development, Succession Planning and Competency Mapping have contributed significantly to the business. Aligning HR to the requirement of People Capability Maturity Model is on the cards. This initiative will provide a new direction to HR, wherein competency based HR systems will be institutionalised. The various measures taken by HR have been recognized by way of your Company bagging the ICC PSE Excellence Award for "Human Resource Management".

### **Safety First Safety Must – Always a priority**

Upholding the "Safety First Safety Must" Mantra, your Company continues to take Workplace Health, Safety, Security & Environment (HSSE) including Sustainable



Development as an integral component of its business policies and strategic plans. In order to ensure smooth and safe operations across locations, systematic approach to safety management has been adopted through close monitoring of implementation of safety norms and procedures at work place. Renewable Energy and Sustainability are the thrust areas for the Company. During the year, your Company has installed a Bio-Gas Plant for recycling / conversion of food & kitchen waste (from the canteens) at Main Works Unit. Further, your Company has installed total 600kWp rooftop Solar Power Plant at Main Works Unit which reduces consumption of conventional electrical energy and facilitates reduction in emission of greenhouse gas by about 650 ton.

### **Sustainable Social Care & Warmth**

Your Company has on a sustained basis contributed to touch over marginalized lives and mainstreamed their aspirations for embarking on a life transforming journey based on health care, education & skill development and community development. Your Company's modest involvement in grass-root driven programmes for empowering the underprivileged has been recognized and awarded for Economic Times Bengal Corporate Award for "Best CSR Idea" and ICC PSE Excellence Award for "CSR & Sustainability".

### **Skill Development**

Your Company is committed to the Government's initiative to promote 'Skill India' by undertaking various skill development programmes both within and outside the Company. We have undertaken initiatives to support Government ITIs i.e. setting up Centre of Excellence in Advanced Welding at Tollygunge Government ITI and Adoption of Women ITI, Kolkata (Gariahat) to boost the Skill India Mission.

In addition, your Company has imparted technical training, personality development and employability skills training to the apprentices employed by your Company. Further, as part of capacity building exercise, various executives of your Company were sent abroad for advanced training on topics like Integrated Construction, Main Engine, CPP Shafting, Dry Docking and Electronic Control Systems for the P-17A project. Apart from this, various onsite trainings were also conducted for the executives of your Company.

Thanking you all,

Place: Kolkata,  
Dated: 4<sup>th</sup> October, 2018

### **Swachh Bharat**

Swachh Bharat Mission (SBM) was launched on 02 Oct 2014 to fulfill the vision of a cleaner India by 02 Oct 2019 as a tribute to Mahatma Gandhi on his 150<sup>th</sup> birth anniversary. Taking cognizance of the National mission and the local needs of the community, your Company has initiated multiple interventions in the school level under the broader guidelines of Swachh Vidyalaya Abhiyan. Your Company has constructed toilet units, hand washing facility, provided colour coded waste bins, installed incinerators and other ancillary support structures / items as per school and community requirement in vicinity of the Production Units of your Company.

Further, your Company has undertaken various in-house initiatives like such as training to employees on cleanliness and hygiene, organizing mini marathon to spread awareness on cleanliness and hygiene, painting and essay competition for employees' families on topics of cleanliness, tree plantation etc. to create awareness among people.

### **ACKNOWLEDGEMENTS**

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



**V. K. Saxena**  
Rear Admiral, IN (Retd.)  
Chairman & Managing Director





## Directors' Report

*Dear Members,*

1. Your Directors have great pleasure in presenting the Annual Report of your Company for the financial year 2017-18 together with the Audited Financial Statements for the year ended 31<sup>st</sup> March 2018.

### PERFORMANCE HIGHLIGHTS

2. **Profit:** The Directors are delighted to inform that the Company recorded Profit Before Tax of ₹ 127.75 crore during FY 2017-18, registering a growth of 535%. The Net Profit of ₹ 86.80 crore reflects an impressive growth of 657% on the figures reported during last year.
3. **Turnover / Value of Production:** The Company's marked improvement in its profitability is reflected in the substantial growth in turnover of around 45% over previous financial year.
4. **MoU Rating:** Your Company has been rated "Good" as per MoU Rating for FY 2016-17 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 for the year 2017-18, the Company expects 'Excellent' Rating for its performance during 2017-18.
5. **Ship Division Activity:** Your Company has delivered four (04) ships to the Indian Navy during the financial year 2017-18

### AWARDS & RECOGNITIONS

6. Your Company has received the following major awards and recognitions during the year under review:
  - (a) 'Raksha Mantri's Awards' for Excellence in respect of OFB and DPSUs for the years 2014-15 & 2015-16 for 'In-house Design Efforts for Offshore Patrol Vessel for Mauritius – CGS Barracuda'.
  - (b) Rajbhasha Kirti Puraskar' - 2<sup>nd</sup> Prize awarded for the year 2016-17 for Excellence in Implementation of Official Language in the Company in "C" Region. This is the Highest Award of the Government of India for Excellence in Implementation of Official Language and your Company is now the proud winner for five years in a row.





(c) PSE Excellence Award – 2016' by Indian Chamber of Commerce for the year 2016 are as follows:

- (i) Winner ICC PSE Excellence Award in the category 'Company of the Year'.
- (ii) Winner ICC PSE Excellence Award in the category 'Corporate Governance'.
- (iii) Runner-Up: ICC PSE Excellence Award in the category 'Contribution of Women in PSEs'.
- (iv) Runner-Up: ICC PSE Excellence Award in the category 'Human Resource Management Excellence'.
- (v) Runner-Up: ICC PSE Excellence Award in the category 'CSR & Sustainability'.

(d) 'GOLD Award' was conferred at the International Convention on Quality Control Circle-2017 (ICQCC-2017) held at Pasay City, Philippines for outstanding performance on 'Quality Control' activities.



(e) 'SCOPE Corporate Communication Excellence Award – 2017' awarded to the Company in the following two categories:

- (i) Best Corporate Communication Campaign / Program (External)
- (ii) Brand Building through Inclusive Growth Initiatives.

(f) 'Governance Now 5<sup>th</sup> PSU Award for 2016-17' in three (03) categories, namely, Adoption of Technological Innovations, HR Excellence and Nation Building for the financial year 2016-17.

(g) 'WIPS Activities Award 2018' in recognition of the commendable performances with regard to issues related to Women in Public Sector.



(h) 'ET Bengal Corporate Award on Best CSR Idea – 2018' awarded by The Economic Times Group in recognition to the innovative ideas on CSR activities.

#### OPERATING RESULTS

7. The summarized operating results for the financial years 2017-18 and 2016-17 are given below:

(₹ in crore)

Particulars	2017-18	2016-17
Value of Production	1342.38	927.08
Total Revenue from Operation	1346.52	929.32
Profit Before Depreciation, Interest and Tax	164.40	55.89
Finance Cost	2.79	3.04
Finance Cost due to discounting	4.90	6.08

(₹ in crore)

Particulars	2017-18	2016-17
Depreciation	28.96	26.65
Profit Before Tax	127.75	20.12
Provision for Tax	40.95	8.65
Profit After Tax	86.80	11.47
Other Comprehensive Income (Net of Tax)	7.55	0.23
Total Comprehensive Income	94.35	11.69





8. The financial position of your Company as on 31 Mar 2018 and 31 Mar 2017 is shown below:

(₹ in crore)

Particular	As on 31 Mar 18	As on 31 Mar 17
Capital Employed	939.89	981.54
Gross Block	472.33	412.63
Net Block	389.17	358.34
Working Capital	550.72	623.20
Net Worth	1015.93	1083.15
Value Added	419.23	318.58
Ratios: (%)		
Profit before interest and tax: Capital Employed (%)	14.41	2.98
Profit after tax : Net Worth (%)	8.54	1.06

#### VALUE OF PRODUCTION

9. During the financial year under review, your Company achieved Value of Production ('VoP') of ₹1342.38 crore as against ₹927.08 crore during the previous year, which is an increase of 45% over previous year.

10. The comparative VoP for the three Divisions are as follows:

(₹ in crore)

Year	Ship Division	Engineering Division	Engine Division	Total
2017-18	1267.92	68.90	5.56	1342.38
2016-17	837.56	85.80	3.72	927.08

#### PROFIT BEFORE TAX

11. Your Company earned Profit Before Tax of ₹127.75 crore as against ₹20.12 crore in the previous year, signifying an increase by 535%.

#### NETWORTH

12. During the year under review, your Company reported Net Worth of ₹1015.93 crore as at 31 Mar 18 against ₹1083.15 crore as reported at 31 Mar 17.

#### VALUE ADDITION

13. The Value Added during the financial year under review was ₹419.22 crore as against ₹318.58 crore during the previous year. The Value Added per Employee was ₹18.94 lakh as compared to ₹13.27 lakh during the previous year.

#### APPROPRIATIONS & DIVIDEND

14. Considering the financial performance of your Company in the year 2017-18, the Directors are pleased to recommend the following appropriations from the disposable surplus:

(₹ in crore)

Profit After Tax	86.80
<b>Less :</b>	
Transfer to General Reserve	-
Dividend on the Paid-up Capital	50.80
Dividend Tax	10.44
Balance retained in Statement of Profit & Loss	25.56

#### CONTRIBUTION TO EXCHEQUER

15. Your Company has made a contribution of ₹167.81 crore to the National Exchequer during the financial year 2017-18 as detailed below:

(₹ in crore)

(a)	Income Tax, Wealth Tax & Dividend Tax	45.64
(b)	Customs Duty	0.30
(c)	Excise Duty	0.02
(d)	Sales Tax / GST	119.39
(e)	Service Tax	2.46
<b>TOTAL</b>		<b>167.81</b>

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

#### CAPITAL STRUCTURE

16. The Authorized Equity Share Capital of your Company as on 31 Mar 18 was ₹125 crore. During the year under review, your Company has sub-divided its shares from ₹100/- per share to ₹10/- per share at its Annual General Meeting held on 25 Aug 2017. Further, the Board of Directors at its meeting held on 06 Dec 2017



approved the Buyback of 92,88,000 equity shares of ₹10/- per share at a Buyback price of ₹83.58/- per share amounting to ₹77,62,72,500/-. The Buyback of shares was completed on 02 Jan 2018. During the FY 2017-18, the Government of India did not make any fresh investments in the Share Capital of your Company. Consequent to the aforementioned activities, the Paid-up Equity Share Capital as on 31 Mar 2018 stood at ₹114.55 crore.

### LOANS FROM THE GOVERNMENT

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

### CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

### EXPENDITURE ON ENTERTAINMENT AND FOREIGN TRAVEL

19. Expenditure on business promotion abroad during the year was ₹39.43 lakh (approx.). An amount of ₹58.41 lakh (approx.) was spent on foreign travel by your Company's executives for export promotion and for business visits.

### FOREIGN EXCHANGE EARNINGS & OUTGO

20. The income and expenditure in foreign currency for FY 2017-18 is Nil and ₹1090.45 lakh, respectively.

### PERFORMANCE OF SHIP DIVISION

#### Deliveries of Ships

21. The following four (04) ships were delivered during the financial year 2017-18:

Sl. No.	Ship	Yard	Delivery
1	INS TARASA (4 <sup>th</sup> FO-WJFAC)	2112	15 Jun 17
2	L-52 (2 <sup>nd</sup> Landing Craft Utility)	2093	20 Jul 17
3	INS KILTAN (3 <sup>rd</sup> ASWC)	3019	14 Oct 17
4	L-53 (3 <sup>rd</sup> Landing Craft Utility)	2094	09 Jan 18



22. The 3<sup>rd</sup> Ship of Anti-Submarine Warfare Corvette (ASW Corvette) class, 'INS Kiltan' was commissioned by Smt. Nirmala Sitharaman, Hon'ble Raksha Mantri at Visakhapatnam on 16 Oct 17.

23. The 2<sup>nd</sup> Landing Craft Utility (LCU) MK-IV class ship, 'L-52' was commissioned and inducted into the Andaman & Nicobar Command's fleet by Lt. Governor, Andaman & Nicobar Islands, Prof. Jagdish Mukhi on 21 Aug 17.

24. The 3<sup>rd</sup> LCU MK-IV class ship, 'L-53' was commissioned at Port Blair by Vice Admiral B K Verma, AVSM, ADC, Flag Officer Commander-in-Chief, Andaman & Nicobar Command on 25 April 18.

25. The 4<sup>th</sup> Follow-on Water Jet Fast Attack Craft class (FO-WJFAC), 'INS Tarasa', was commissioned by VAdm Girish Luthra, PVSM, AVSM, VSM, ADC Flag Officer Commanding in Chief, Western Naval Command at Mumbai on 26 Sep 17.

#### Launching of ships

26. The following two (02) ships were launched during the FY 2017-18:



Sl. No	Ship	Yard	Date
1	PRIYADARSHANI (1 <sup>st</sup> FPV)	2113	30 Dec 17
2	ANNIE BESANT (2 <sup>nd</sup> FPV)	2114	31 Mar 18

27. The first & second ships of the Fast Patrol Vessel (FPV) class were launched by Smt. Kadambari Saxena, W/o Rear Admiral V K Saxena, IN (Retd), Chairman & Managing Director, GRSE and by Smt. Bibha Krishna, W/o Lt. Gen Abhay Krishna, PVSM, UYSM, AVSM, SM, VSM, GOC-In-C, HQ Eastern Command on 30 Dec 2017 & 31 Mar 2018, respectively.



**Keel Laying**

28. Keel of the following five (05) FPVs have been laid during in this financial year:

Sl. No.	Ship	Yard	Date
1	1 <sup>st</sup> FPV	2113	15 May 17
2	2 <sup>nd</sup> FPV	2114	11 Aug 17
3	3 <sup>rd</sup> FPV	2115	30 Oct 17
4	4 <sup>th</sup> FPV	2116	30 Oct 17
5	5 <sup>th</sup> FPV	2117	20 Feb 18



**Start Production**

29. "Start Production of Yard 3022", the first Frigate of the P-17A Project was commenced ahead of schedule which was another credible achievement during the FY 2017-18.

**Major Projects in Progress**

Sl. No.	Ship	Yard	Status
1	L-54 (4 <sup>th</sup> LCU)	2095	All trials completed and the ship is being readied for delivery.
2	L-55 (5 <sup>th</sup> LCU)	2096	Trials of auxiliary machinery & systems in progress. Ship is being readied for BT & CST.
3	L-56 (6 <sup>th</sup> LCU)	2097	Ship in advanced stages of outfitting

**ENGINEERING DIVISION**

30. The Value of Production achieved by the Engineering Division during the financial year 2017-18 amounted to ₹68.89 crore.

**Portable Steel Bridge Unit**

31. The Value of Production achieved by the Bailey Bridge Unit during the financial year 2017-18 amounted to ₹68 crore (consisting of sixty-seven (67) Bridges with combined 4305 MT) as against ₹79 crore (consisting of seventy-four (74) Bridges with combined 4848 MT) during the previous year 2016-17.



32. 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 (05) Nos. two years back. Further, value of orders received during 2017-18 was about ₹60 crore.
33. During 2017-18, your Company exported about ten (10) Bailey Bridges to Bhutan & Myanmar which includes 8 Nos. to Myanmar Army through MEA (i.e. F.O.R. to Moreh, Manipur, India).
34. During 2017-18, your Company has undertaken its Maiden Delivery of Portable Steel Bridge from DEP, Ranchi Unit to M/s. Reniya Enterprises, Itanagar. Additional Production line was created here and production started during July 2016 which resulted in the first delivery of the Portable Steel Bridge from there.
35. 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).
36. During 2017-18, Quality Management System of both Bailey Bridge Unit & DEP Unit were re-certified to ISO 9001-2008.

### **Deck Machinery and Naval Pump Unit**

37. 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, Electric & Electro-hydraulic Boat Davits, Survey Motor Boat Davits, Hydrographic Davits, Oceanographic Winch, General Purpose Davits, Ammunition Davit / Rocket Launcher Davit, Rail-less helo traversing system, Aft Anchor cum General Purpose Winches for beaching operations & various types of Naval Pumps consisting of marine fresh water and sea water pumps of different discharge and capacity based on application.

38. During FY 2017-18, a total of fifteen (15) Nos. of different Deck Machinery equipment have been supplied to various new construction yards as well as operational ships of Indian Navy and Indian Coast Guards and a total of twenty-one (21) Nos. of pumps have been supplied for ships of Indian Navy. The indigenized electro-hydraulic davits have been successfully installed and commissioned on-board two Indian Naval ships. A new state-of-the-art pump test bed with PLC system has been installed and commissioned in Taratala Unit for trials of pumps with different discharge and heads.



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

39. During the year under review, your Company completed W6 routines of 06 Nos. MTU16V4000M90 engines of ICGS Aruna Asaf Ali & ICGS Subhadra Kumari Chauhan including onboard trial. Further, your Company completed assembly and test bed trial / FAT of twelve (12) Nos. SKD MTU16V4000M90 engines for FPV ships of Indian Coast Guard under construction at your Company.

### **NEW ORDERS**

#### **Ship Division**

40. Your Company is expected to receive the following new shipbuilding orders:
- Your Company has emerged as L1 bidder for construction of Survey Vessel (Large) @ ₹518.96 crore per ship. The contract is expected to be signed by end 2018.
  - Your Company had submitted Bids for Anti-Submarine Warfare - Shallow Water Crafts (ASW-SWC) for Indian Navy in the year 2014. The tender





was for awarding contract for certain number of ships to L1 bidder and the same number of ships to L2 bidder at L1 quote. Price Bids were opened on 28 Sep 2017 in which your Company has emerged as L2 bidder vis-à-vis Cochin Shipyard Limited (CSL) emerging as the L1 bidder. As per RFP, L2 has to match L1 contract price as finalised at Commercial Negotiation Committee and is required to accept the order for the second lot of ships at L1 bid price.

Your Company has officially given its willingness, submitting firm and final offer, matching L1 Price and Terms & Conditions. The case is under process for CCS approvals. The contract (amounting to ₹674.29 crore per ship) is expected to be signed by end 2018.

### **Engineering Division**

41. During the year under review, the Bailey Bridge Unit bagged two (02) orders against competitive bidding viz. thirteen (13) Nos. Bailey Bridges from DGBR amounting to ₹5.25 crore and thirty-four (34) Bailey Bridges from IHQ (Army) amounting to ₹24 crore.
42. During Jan 2018, our design team extended their expertise (i.e. design verification and review) to IHQ (Army) in construction of five (05) Nos. Foot Overbridges for Mumbai Railways towards disaster management. Subsequently, your Company bagged order for supply of these bridges to IHQ (Army) amounting to ₹ 2.54 crore.
43. MoU Agreement with M/s. Bihar Rajya Pul Nirman Nigam Ltd. ('BRPNL') on 21 Nov 2017 for supply of seven (07) Nos. of Bailey Bridges. Under this agreement, all civil related works will be carried-out by BRPNL and bridge supply & erection will be by your Company.

### **Engine Division**

44. Your Company received purchase orders for supply of twenty-eight (28) Nos. 1MW DG set for P-17A project at a total value of ₹225.82 crores.

### **MAKE IN INDIA INITIATIVES**

45. 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 with 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 ASW Corvettes and LCUs have high indigenous content of over 90%, which is a major step towards achieving self-reliance in state-of-the-art warship design and construction.

46. Your Company has taken various indigenisation initiatives towards the Government's Policy on 'Make in India'. Some of the initiatives are as follows:



- (a) The Memorandum of Understanding (MoU) regarding development of engines for marine applications was signed between your Company and M/s. Cooper Corporation Private Limited on 16 Oct 2017. The scope of collaboration is to manufacture Diesel Engines for marine Diesel Genset (DG) application for Navy and Coast Guard vessels of the Range 50-500 KW with an aim towards self-reliance and to promote 'Make in India' initiative.
- (b) Your Company has taken up the challenging indigenisation initiative and successfully completed Assembly, Test and Factory Acceptance Trials (FAT) of eighteen (18) Nos. MTU Diesel Engines from Semi-Knocked Down (SKD) condition to Completely Built Unit (CBU) at your Company's Diesel Engine Plant (DEP) at Ranchi.
- (c) The major indigenisation target of Deck Machinery & Pump Dept. set for FY 2018-19 is 'Indigenisation of Russian Origin Pump with



Capacity of 100 TPH at 80 M Head Fire Main Pump for Indian Naval Ships'.

- (d) Manufacture of Cable Gripper for suspension bridges.

**EXPORT INITIATIVES**

47. Your Company participates in global tenders abiding by all Government Policies & Guidelines to build up healthy order book position. Your Company has a full-fledged Marketing Department for securing orders. The Shipyard is pursuing export initiatives of its warships / vessels with Governments of Guyana, Philippines, Bangladesh, UAE etc. In addition, your Company is also aggressively marketing its Portable Steel Bridges with neighbouring countries like Bhutan, Myanmar, Nepal etc.

48. The following are the various export initiatives taken by the Company during the FY 2017-18:

- (a) The Memorandum of Understanding (MoU) for promulgation of export business and cooperation on mutual interests was signed between your Company and M/s. Construction Development Corporation Ltd (CDCL), a state owned company under Druk Holdings and Investments [DHI], Royal Government of Bhutan. Your Company and CDCL mutually agreed to share their experience and expertise to develop products to meet changing requirements of prospective customers in Bhutan.

- (b) Your Company bagged an order worth ₹4.65 crore (excluding applicable taxes) for supply and transportation of components of GRSE make Portable Steel Bridges to Myanmar (Army).
- (c) Your Company bagged an export order worth ₹70.67 lakh from M/s. Green Ventures Pvt. Ltd., Kathmandu, Nepal, for supply of GRSE manufactured pre-fabricated Portable Steel Bridge.
- (d) Your Company is to submit its response to an RFP promulgated by the Transport & Harbour Department, Guyana, for Design and Construction of one (01) No. Ferry. Your Company has forwarded the proposed Technical Specifications as well as a sample internationally practiced Draft Contract document to suit the construction and delivery requirements of the Ferry Craft.
- (e) Our portable bridges confirm to Global AASHTO (American Association of State Highway Transportation Officials) Standards and are supplied in hot dip galvanized condition.

**FUTURE OUTLOOK**

- 49. Your Company's major future plans for steady business growth and stability is contained in succeeding paragraphs.
- 50. Your Company has planned to deliver 09 warships in the next 02 years of 2018-19 and 2019-20. Your Company has set a visionary target for Value of Production (VoP) increasing the same from ₹1,342.38 crore in 2017-18 to ₹4,500 crore over the period of next 05 years (2023-24). In order to achieve this VoP target and make the entire ship construction process time and cost effective, your Company has worked out a strategy in consultation with M/s. Fincantieri, Italy to implement Integrated Construction Technology in Project 17-A and future warship projects of existing domestic customers (Indian Navy / Coast Guard) and overseas customers.
- 51. After creating world class modern infrastructure facilities, your Company has now embarked upon new measures to enhance the shipbuilding







capacity, modernise & upgrade the machines / tools in the workshops, upgrade the design / planning tools, softwares etc. In order to ensure optimization of capacity utilization, your Company is endeavouring to obtain further orders from the Indian Navy and Indian Coast Guard as well as a overseas clients. Your Company is pursuing with Indian Navy and Ministry of Defence for nominating the shipyard for construction of New Generation Corvettes, early award of contracts for construction of Survey Vessel (Large) & Anti-Submarine Warfare Shallow Water Craft (ASW-SWC).

52. Your Company has taken up challenging Research and Development targets with regard to shipbuilding activities during 2018-19 and three major R&D targets are slated during the given year. These include Basic Design of Survey Vessel Large (SVL), Design Development of Floating Border Outpost (FBoP) and Hull form Development for ASW-SWC.
53. Your Company has also planned to upgrade and expand its business of Pre-fabricated Steel Bridges, Deck Machinery Products and Engines. The Bailey Bridge Unit is actively and on continuous basis upgrading its Design and R&D capabilities in order to meet the changing market requirements. The new R&D Initiatives in the given business segment include Indigenous Development of Cable Gripper as a substitute to Trewhella Grabs, Design & Development of Double Lane Bridge and Design & Development of Assault Bridges. Further, Deck Machinery Unit has drawn plans to improve upon the existing product lines to meet customer requirements and also to develop the business segment of Marine Pumps with higher degree of indigenisation of Russian made Pumps. Leveraging on the modernisation at Diesel Engine Plant at Ranchi, your Company has devised a business strategy not only to ensure timely delivery of 28 Nos. 1 MW Diesel Alternator for Project P17-A but also grow in capacity and product lines by signing new agreement with M/s. Cooper Corporation of India, Pune for developing & producing engines of lower power ratings (50-500 kw).
54. Your Company has identified a few countries to explore & pursue export potential of building

warships. The Company has signed MoU with M/s. Elbeit Systems, Israel, for manufacturing of Unmanned Surface Vessels (USVs) under make in India initiatives. These USVs will be multirole, smaller & Indian Coast Guard. Your Company has also signed a MoU with M/s. CDCL, Bhutan, for supply of Bridges & related parts to that country where good market exists as per the estimates given by M/s. CDCL.

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

55. 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, Govt. of West Bengal. Our quality control personnel visit these industries to assist and ensure that the quality of the products meet the requisite standards.
56. During the financial year 2017-18, your Company procured items worth ₹102.25 crore from the SMEs, which is 25.84% (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](http://www.grse.in/mse_notice_website.pdf).

### **MANPOWER**

57. The total Manpower strength under permanent roll of the Company as on 31 Mar 18 was 2214 including 482 Officers. In addition, 04 tradesmen are on roll engaged as journeyman. During the previous year ended 31 Dec 17, a total of 2254 employees were borne in the roll of the Company including 02 employees as journeyman. Statements showing the representation of SC/ST/Women etc. as on 31 Dec 17 as well as the total recruitment made during the period from Jan to Dec 17 are given at **Appendix - "A" & "B"**.
58. Your Company has no employee covered under Section 197(12) of the Companies Act, 2013 read



with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **STATUTORY AUDITORS**

59. The Comptroller & Auditor General of India have, under Section 139(5) of the Companies Act, 2013, appointed M/s. G P Agrawal & 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 year 2017-18.
60. 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 2017-18 will be appended on receipt.

### **COST AUDITORS**

61. Pursuant to Section 148 of the Companies Act, 2013 and the Companies (Cost Record and Audit) Rules, 2014, the Board of Directors of your Company has appointed M/s. Chatterjee & Co., Cost Accountants, Kolkata, as the Cost Auditors of your Company for the financial year 2017-18 to conduct audit of cost records maintained by your Company.

### **SECRETARIAL AUDITOR**

62. 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 2017-18. The Secretarial Audit Report of M/s. Vinod Kothari & Co. is placed at *Appendix - "C"* to this Report.

### **CORPORATE GOVERNANCE**

63. Your Company is committed to maintain the highest standards of corporate governance in all spheres of business activity carried out by your Company and continues to lay strong emphasis on transparency, accountability and integrity. Your Company has implemented the Guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises (DPE) vide OM No. 18(8)/2005-GM dated 14 May 2010, both in letter and spirit. The Report on Corporate Governance along with

Compliance Certificate from a Practicing Company Secretary, as required under the said Guidelines has been placed at *Appendix - "D"* to this Report.

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

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

### **DISINVESTMENT AND INITIAL PUBLIC OFFER**

65. The Cabinet Committee on Economic Affairs, on 12 Apr 2017, has approved disinvestment of the Company's shares through IPO and its subsequent listing.
66. Pursuant to the proposed IPO, your Company was converted to a Public Limited Company vide Shareholders' resolution at the 101<sup>st</sup> Annual General Meeting of your Company held on 25 Aug 2017. Pursuant to the conversion, Ministry of Corporate Affairs, Government of India, issued a new 'Certificate of Incorporation' dated on 17 Nov 2017, giving effect to the conversion of your Company from Private Limited to Public Limited under section 18 of the Companies Act, 2013.
67. The Draft Red Herring Prospectus (DRHP) of your Company was filed with SEBI on 26 Mar 2018.

### **BOARD OF DIRECTORS**

68. The following four (04) Directors ceased to be Members of the Board of your Company during the period under review:
- (a) Cmde Ratnakar Ghosh, IN (Retd.)  
*Director (Shipbuilding)*
  - (b) Shri Swapan Kumar Mukherjee  
*Part-Time Non-Official (Independent) Director*
  - (c) Cmde M. Jitendran, IN (Retd.)  
*Part-Time Non-Official (Independent) Director*
  - (d) Shri Ajay Bhattacharya  
*Part-Time Non-Official (Independent) Director*





69. The Board of Directors of your Company placed on record its deep appreciation for the valuable contributions made by the outgoing Directors during the tenure of their association with your Company.
70. The Board welcomed the appointment of the following five (05) new Directors during the financial year 2017-18:
- (a) Shri Bharat Bhushan, FCA  
*Part-Time Non-Official (Independent) Director*
  - (b) Smt. Kanwaljit Deol, IPS (Retd.)  
*Part-Time Non-Official (Independent) Director*
  - (c) Cmde Sanjeev Nayyar, IN (Retd.)  
*Director (Shipbuilding)*
  - (d) Dr. Ajai Bhandari, IAS (Retd.)  
*Part-Time Non-Official (Independent) Director*
  - (e) RAdm Inder Paul Singh Bali, AVSM, VSM, IN (Retd.)  
*Part-Time Non-Official (Independent) Director*
71. Your Company has received declarations from all the Independent Directors of your Company confirming that they meet the criteria of independence as prescribed under both, the Companies Act, 2013 and the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises.

**MEETINGS OF THE BOARD**

72. Six (06) meetings of the Board of Directors were held during the year under review. For further details, please refer to the Report on Corporate Governance placed at *Appendix-“D”* to this Report.

**DISCLOSURES**

**CSR & Sustainability Committee**

73. 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. For further details, please refer to the Report on Corporate Governance placed at *Appendix - “D”* to this Report.

**Audit Committee**

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

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

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

**Vigil Mechanism**

75. 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, he may send such Protected Disclosure directly to the Chairman, Audit Committee. Once a Protected Disclosure is received, a Screening Committee comprising the Chairman & Managing Director of your Company, a Functional Director as nominated by C&MD and the Chairman, Audit Committee, will be constituted to investigate into the matter. All employees are encouraged to use this whistle blowing 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**

76. The extract of Annual Return of your Company for the FY 2017-18 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-“F”* to this Report.





## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (a) In the preparation of the annual accounts for the year ended 31 March, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013, had been followed and there are no material departures from the same;
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31 March, 2018 and of the profit of your Company for the year ended on that date;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a 'going concern' basis; and
- (e) The Directors had devised proper systems to ensure compliance with the provisions of all the applicable laws and that such systems are adequate and operating effectively.

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

78. Your Company has developed a risk management framework to strategize, monitor, identify, assess and mitigate risks that may potentially impact your Company's performance. As part of this framework, your Company has adopted a comprehensive Risk Management Policy in line with the DPE Guidelines on Corporate Governance for CPSEs. The Policy aims towards a comprehensive risk management system consisting of a defined process of risk management and methodology of identification, assessment,

response, monitoring and reporting of risks. The Policy provides the management and Board an assurance that key risks are being properly identified and effectively managed. Under the Policy, a Functional Director level Committee called Risk Management Steering Committee (RMSC) has been constituted. This Committee is assisted by the various Risk Management Committees (RMCs) formed under the respective functional heads (CGMs, GM, HoDs) which evaluates the risks identified in their respective areas of operation.

79. To ensure regulatory and statutory compliance as well to provide corporate governance, the Company has adequate internal systems and processes in place for smooth and efficient conduct of business. The Company has SAP-ERP as the IT backbone, with commensurate built-in controls, checks and balances at various levels of operations. 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. 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.

## **CONSERVATION OF ENERGY**

80. (a) **Steps taken towards better Conservation of Energy**

As a part of commitment of your Company towards energy conservation for reducing the impact of atmospheric climate change, continuation of various measures as implemented by your Company in FY 2017-18 are listed in the succeeding paragraphs. All these actions have facilitated in reducing consumption of electrical energy (i.e. conventional energy) as well as reduction in greenhouse gas emission:





- (i) The average power factor of the Shipyard is maintained at 99.10. Performance is being constantly monitored to maintain the optimum power factor and consumption of power to reduce demand and emission of GHG indirectly. To ensure step less control of system power factor thyristorised automatic power factor correction system is introduced in sub-stations.
  - (ii) To operate at optimum energy efficient manner, the Shipyard conducts energy audit at all its units every year to optimize consumption of fuel i.e. coal, electricity, petroleum etc. and implement the recommendations of the said audit.
  - (iii) Other energy conservation measures like introduction of battery operated material handling equipment to reduce noise and air pollution as also oil conservation have been taken in the Shipyard.
  - (iv) Energy efficient induction luminaires and sensor based LED light are now being introduced for illumination of new offices and departments; existing conventional fittings are also being replaced by said energy efficient luminaires. This had effectively reduced power consumption cost from 23499.84 Kwh to 5179.20 Kwh annually at Main Works for FY 2017-18.
  - (v) Solar powered street lighting system is being used to cut down energy consumption resulting a recurring saving of energy cost of the yard. Your Company has taken such energy conservation initiatives in local schools as a CSR and sustainability activity.
  - (vi) Through various energy efficient initiatives undertaken, your Company is being able to bring down the electricity consumption by 20% in FY 2017-18 and thereby reducing the energy bill value by 20% (amounting to ₹10 lakh) than that of previous financial year. This has resulted in reduction of environmental impact through green-house gas emission by 609 Tons of CO<sub>2</sub> equivalent.
  - (vii) Consistent effort to minimize distribution loss in compressed air and water supply system has been undertaken as part of conservation of energy.
  - (viii) Use of Bureau of Energy Efficiency accredited star rated window AC, ceiling fan, blower / man cooler and geyser. In AC plants, solid state control system, energy efficient compressors are introduced.
  - (ix) Using battery operated material handling equipment is also a part of the energy conservation initiative. Calibration of measuring instrument were also done from NABL accredited Lab to Measure Miscellaneous parameter to monitor Energy Loss.
  - (x) Replacement of bulbs in office spaces in all unit in FY 2017-18 has saved 15% from earlier consumption.
  - (xi) Replacement of 480 KVAR APFC panel reduced demand 53.61 KVA i.e. ₹11,793.74 monthly and ₹1,41,524.88 annually with effect of P.F 0.99 at Main Works.
  - (xii) Replacement of aged HT/LT cables as per BIS standard and CT/PT breakdown time have been minimised and to achieve good voltage level as a protection of devices and their life.
  - (xiii) Efforts are continuing to minimize distribution loss in compressed air and water supply system. Your Company proposes to bring all the air compressors, pumps and utility vehicles under AMC for maintaining and repairing which would increase the efficiency of all the compressors and pollution can be further reduced due to periodical maintenance.
- (b) Steps taken by your Company for utilising alternate sources of energy**
- Solar energy**
- (i) Being committed to promote green energy under sustainable development on long term basis for reducing the impact of atmospheric climate change, your Company has already embarked upon rooftop solar power plant since 2014-15.
  - (ii) So far, your Company has installed total 600kWp rooftop Solar Power Plant at Main Works Unit. In FY 2017-18, total generation of power from the above 600kWp rooftop Solar Power plants was 6.94 lakh unit (KWH) out of which 0.7 lakh unit (KWH) was injected to CESC Grid. This enabled your



Company to reduce consumption of conventional electrical energy and also saving in electricity bill amounting to the tune of ₹55 lakh. Further, this facilitates reduction in emission of greenhouse gas by about 650 ton.

### **Utilising Bio-Gas**

(iii) Bio-Gas Plant of 150 kg/day capacity for recycling / conversion of food & kitchen waste (from the canteens) has been installed at Main Works Unit from which Bio-Gas will be generated amounting to 17 to 20 cubic meter per day (equivalent 8 to 10 kg LPG/day) at full feed. Generated Bio-Gas will be utilised for cooking purposes in the canteen and enable saving of ₹2 lakh annually.

### **Other Initiatives**

(iv) By changing of translucent / transparent corrugated roof sheets in the main machinery workshops by Yard Modernisation Department, the natural sunlight enters from 0500 Hrs. to 1700 Hrs. inside Engineering complex and other shops. Hence usage of considerable no. of overhead flood lights fitted on roof has been considerably reduced during day time thus saving in electricity.

### **(c) Capital investment on energy conservation equipment**

Capital investment made by the Company for installing the 100KwP grid interactive solar power plant and Bio-gas Plant during the year under review is ₹46 lakh and ₹15 lakh (approx.), respectively.

## **TECHNOLOGY ABSORPTION**

81. Your Company has a robust Research & Development Plan. In the Central Design Office (CDO) a dedicated multi-disciplinary team is continuously working towards developing various concept designs for vessels that can cater to the future requirement of Indian Navy. Generic design platforms are also being developed which can cater to requirements of auxiliary

vessels like survey and research, pollution control etc., front-line warships like frigates, corvettes and vessels required for inland and coastal security. The total Research & Development expenditure during the year 2017-18 was ₹8.75 crore.

82. While working with the domestic and foreign vendors on various projects, your Company has developed In-house competency in contemporary and emerging technology avenues like FEM analysis of Composite Material in HYPERWORKS. Your Company is the 1<sup>st</sup> Defence shipyard in India that has developed in-house design and analysis capabilities in composite material and has built the first warship with Composite superstructure. Central Design office has developed considerable understanding on Hydrodynamic optimization using Computational Fluid Dynamics (CFD) during execution of various collaborative projects with IIT Kharagpur. Similar capacity is being developed to become self-sufficient in developing RCS optimized Hull form, Global strength & vibration assessment using FEM etc.

## **ISO CERTIFICATIONS**

83. The three (03) ISO Certifications for your Company pertaining to Integrated Management System, namely, ISO 14001:2004 (Environment Management System), BS OHSAS 18001:2007 (Occupational Health & Safety Assessment Standard) and EN ISO 50001:2011 (Energy Management System) were revalidated for a period of three (03) years (upto Year 2020) on successful completion of 'Audit and Certification Procedures' by the world renowned certification body TUV NORD, Germany.

## **ERP & IT**

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

(a) 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.





- (b) Huge number of Paper Documents have been digitized and stored at Central Location for ease of information availability towards Paperless Office. Your Company has implemented SAP for core processes and Microsoft Share Point as Document Management System for all non-core processes since 2011 to achieve Paper Less Secured Access Operations. Your Company has targeted to achieve 100% by 2019.
- (c) All Contract Labours are under Biometric Access Control for Regular IN/OUT with centralized validation of Gate Pass.
- (d) Your Company has gone for major companywide CCTV implementation.
- (e) Virtual Reality Lab has been implemented for 3-D Simulation and near to Digital Manufacturing.
- (f) Your Company has successfully converted Finance module to GST compliant.
- (g) Bill Tracking System has been implemented for ease of Bill Monitoring by all stake holders with automated email alerts.
- (h) Modules being developed for app-based online / mobile Transport Monitoring and Tracking System.
- (i) Your Company's Cyber Security has been certified by Cert-In empanelled auditor.
- (j) Your Company is in process to implement PDM-PLM for P-17A Project to collaborate with MDL and DND.

#### **e-PROCUREMENT**

85. e-Procurement is the key component of "Mission Mode Project" under National e-Governance Plan. It has several advantages such as cost saving, saving in time, safety, security, speed and above all, transparency in achieving efficiency in procurement. The following milestones were achieved during the year under review:
- (a) Value of materials procured through e-mode has been ₹1,180.55 crore. The Materials Department of your Company achieved 99.16% of its total procurement through e-procurement mode.
  - (b) Wider participation of vendors in e-procurement has been achieved. Number of Vendors registered with your Company's e-procurement

system rose from 1990 to 2080 during 2017-18, an increase of nearly 4.52%.

- (c) 760 Nos. of tenders have been floated through e-procurement mode during the financial year 2017-18.
- (d) Approximately 200 Nos. of vendors obtained on-line training on e-procurement procedure during the year.

#### **QUALITY ASSURANCE**

86. QA department has taken proactive steps in formulating Quality Assurance Plans (QAP), Quality Inspection Procedures (QIP) and Quality Control Reports (QCRs) for Integrated Construction of P-17A project by taking all stakeholders like production and WOT on-board. This procedure empowers production to take higher autonomy and responsibility for quality. Inspections are being progressed as per the newly formulated processes satisfactorily. Your Company continues to maintain its ISO 9001:2015 in Ship Building, Ship Repair and Ship Design rating. Additionally, RBD has also been upgraded to ISO 9001:2015.

#### **VENDOR DEVELOPMENT**

87. In addition to infrastructure and technological growth, the key to successful shipbuilding is having a robust Vendor Base. Your Company has taken-up Vendor Development as a thrust area in recent years and has increased its Vendor Base from 1746 in 2014-15 to 2057 in 2017-18. As part of Government initiatives to encourage Public Private Partnership through outsourcing, your Company has planned a strategy of identifying and developing competent vendors and private shipyards who will adopt the Modular & Integrated Construction technology. The Shipyard will also be tapping the idle capacities of the private shipyards for undertaking part of the construction of these ships.





88. The Micro & Small Enterprises (MSE) Vendors registered with your Company increased from 319 Nos. (as on 31 Mar 2013) to 632 Nos. (as on 31 Mar 2018). Your Company has set a challenging target to increase the vendor base for Micro & Small category vendors by 5% during FY 2018-19.
89. Your Company has analysed complete 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 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. has been undertaken to induct technically competent and financially capable vendors from across the country for outsourced jobs. Long term association, joint ventures, strategic partnership etc. with interested business associates are being explored. The net outsourcing content of the Shipyard has been recorded as 58% confirming achievement of fairly high indigenization levels in warship construction projects executed by the Shipyard in FY 2017-18.
90. Your Shipyard participated in "National Vendor Development Program for Micro & Small Enterprise" organized by CII at New Delhi on 05 July 2017 and "State Level Vendor Development Programme" organised by FOSMI at Kolkata on 15 Sep 2017 to explore more technically competent SMEs and avail their services for your Company's ongoing / future projects fulfilling the "Make in India" concept of the Government of India.
91. During the year under review, your Company participated in several National & State Level Vendor Development Programs initiated by Ministry of MSME and program organized by MSME-DI, NSIC, in search of technically capable & interested SMEs to avail their expertise in your Company's business growth and to fulfil the "Make in India" initiative of the Government of India.
92. The Shipyard organized a special Vendor Development Programme exclusively for MSME SC/ST entrepreneurs on 28 Nov 2017. The executives from MSME Development Institute, Kolkata, attended the said event represented by large number of business houses from different fields, giving positive responses.

## **QUALITY CIRCLE ACTIVITIES**

### **Quality Circle**

93. The concept of Quality Circle is being implemented in various departments of your Company by the IE&P Department. This year 8 (Eight) Quality Circle Teams from the Company had participated in Chapter Convention on Quality Circles 2017 organized by QCFI, Kolkata Chapter. All the eight teams were Ranked GOLD Category.
94. National Convention on Quality Concepts 2017 organized by QCFI Head Quarter was held at Raipur, Madhya Pradesh where 4 (four) Quality Circle teams from your Company participated. Performances of two teams were judged in PAR EXCELLENCE Category and two teams were judged in EXCELLENT Category.
95. ICQCC - 2017 was held at Manila, Philippines, where two QC team from your Company had participated and was judged in the "Gold" Category.



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

96. The drive for improving housekeeping at your Company has been undertaken by the IE&P Department under the initiative of workplace Management applying "5-S" principles. The three best shops / departments in each area of Production, Production Support and Service Group considering all the units including DEP, Ranchi were awarded the Prizes based on their performance during 2017 on GRSE Day. During 2017, the 5-S Audit was also conducted by IE&P Department, the result published with observations and the actions identified for improvement.



**TPM Activities**

97. As far as maintenance of machines and other facilities are concerned, the calculation and monitoring of machine availability vis-à-vis the quality of work performed by them is very important. TPM Initiative has been implemented by IE&P Department in three large shops viz. Ship Building Shop, Plate Preparation Shop and Modern Hull Shop at the Main Unit of the Organization. The TPM concept is initiated at structural shop of FOJ Unit, the efforts are being made to spread this concept across your Company.

**SAFETY AT WORK**

98. The Shipyard thrives to ensure safe working environment to achieve the objective of zero accident. In order to achieve the same, systematic approach to safety management has been adopted through close monitoring of implementation of safety norms and procedures at work place.



99. In order to upgrade the safety awareness amongst the employees, 47<sup>th</sup> National Safety Day / Week has been celebrated in all units of your Company during 4-10 Mar 2018 through administering National Safety Council's Health & Safety Pledge and displaying of Safety Banners at strategic locations of various Units.

100. During the year F.Y. 2017-18, the Shipyard has achieved a Safety Frequency Rate (industrial injuries index) 4.14 as against the last year's Safety Frequency Rate of 5.98, indicating a marked improvement in the area of Safety Culture of shipyard.

101. For better monitoring and controlling of safety activities, Unit Level Safety Committees have been constituted under the control of the respective Unit Occupier.

**HUMAN RESOURCE & ADMINISTRATION**

**Industrial Relations**

102. 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 various issues, led by the recognised Union such as 'one day tool down strike' without any notice, staging of dharna on two occasions against the issue of disinvestment of your Company and other employee related issues.

**Major HR Initiatives**

**Training & Skill Development Initiatives**

(a) Capacity 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 2017-18 are given below:



(i) **Advanced Technical Training Programmes:** In FY 2017-18, 17 executives of your Company were sent abroad for advanced training on topics like Integrated Construction, Main Engine, CPP Shafting, Dry Docking and Electronic Control Systems for the P17A project. The Know How Provider (KHP) appointed for P17A



project has also conducted On Site Training (OST) modules on PDM-PLM implementation, Weight Management and Ergonomics & HFE during 2017-18. The training was conducted at Company premises where 46 participants from your Company have participated.

(ii) **Leadership Development Programme:** In order to develop a strong leadership in the company, a 6 days Leadership Development Programme was organized at IIM Calcutta in November 2017 for 30 senior officers of the Company. The course content was customized to address the behavioural competency gaps identified through the Assessment Centers.

(iii) Apart from the above, employees has been nominated to various technical, functional and behavioural programme conducted in-house and through external agencies. This exposure has facilitated in developing their knowledge, skill and attitude.

(iv) **Apprenticeship Training under Apprentices Act:** Your Company has increased the intake of Apprentices by 15% over and above the statutory requirement of 2.5% of total manpower strength. Apart from the technical training, personality development and employability skills training was also imparted to the apprentices. Your Company has been declared as "Best Establishment in Eastern Region" in the 98<sup>th</sup> Regional Skill Competition of Apprentices held in October 2017. In FY 2017-18, five (05) GRSE apprentices have excelled by securing 1<sup>st</sup> and 2<sup>nd</sup> positions in Regional and National level Workskills Competitions.

(b) **Benchmarking and knowledge sharing in HR among DPSUs** Your Company took the initiative to develop a common HR platform / forum of DPSUs with a view to share the best HR practices as also discuss topical HR issues relevant to DPSUs. Your Company hosted the inaugural meet at Kolkata on 08-09 Mar 2018. Executives from various DPSUs viz. HAL, BEL, MDL, BDL, MIDHANI, HSL and GRSE participated in the Meet.

(c) **Culture Building Initiatives**

(i) **HR News Letter:** Your Company's HR Department has taken an endeavour to publish HR

Newsletter on a fortnightly basis since Sep 2017 towards dissemination of various information, knowledge and better understanding of happenings inside and outside the organization. With the tagline – 'Realizing Business Strategy through People', the Newsletter aims to create an informed and empowered Human Capital and building a positive wok culture, thereby contributing to the growth and excellence of your Company.

(ii) **Sports:** With an objective to inculcate team spirit and involvement among employees and in order to improve work-life balance, your Company conducted the Annual Sports Event 2018 from 12 Feb 2018 to 03 Mar 2018 with total of 9 events, viz. Cricket, Badminton, Volleyball, Table Tennis, Chess, Carom, 50 meters race, 100 meters race and musical chair. The annual sports event 2018 witnessed huge participation and created immense enthusiasm not only among participants but also among other employees.



(iii) **Swachh Bharat Pakhwada:** As a part of Swachh Bharat Mission, Swachhta Pakhwada 2017 was celebrated in your Company from 01 – 15 Dec 2017. Your Company has conducted various activities during the fortnight such as training to employees on cleanliness and hygiene, organizing mini marathon to spread awareness on cleanliness and hygiene, painting and essay competition for employees' families on topics of cleanliness, tree plantation etc. The aforesaid activities during the Swachh Bharat Pakhwada has created awareness amongst the employees, their family members and the local community regarding the importance of cleanliness and hygiene in their homes as well as in their work life.





### **Persons with Disabilities (PwD)**

103. The Company extended all the relaxations/ concessions to the employees with disabilities as per the Government directives. During the year 2017-18, the Company has recruited 04 PwDs.

### **Empowerment of Women**

104. The Women representation is 4.8% of the total strength in the Company. GRSE WIPS Chapter regularly interacts with Eastern Region WIPS Chapter and Company nominates women employees to participate in different workshops conducted by the WIPS wing of various CPSUs in and around Kolkata.

### **CORPORATE SOCIAL RESPONSIBILITY**

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

106. Your Company's Policy on Corporate Social Responsibility can be accessed on its website link at <http://grse.in/pdf/investors/GRSE%20Policy%20on%20Corporate%20Social%20Responsibility%20and%20Sustainability.pdf>. The Annual Report on your Company's CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Appendix - "G"** to this Report.

### **OFFICIAL LANGUAGE**

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

107. 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**

108.(a) In recognition of the excellence in Implementation of Official Language in the Company, your Company bagged two prestigious awards detailed below:

(i) 2<sup>nd</sup> Prize in the National Award 'Rajbhasha Kirti Puraskar' for the year 2016-17 from the Honorable President of India, which is being awarded to the Company for the fifth time in a row.

(ii) Rajbhasha Shield for the year 2016-17 by Town Official Language Implementation Committee which was presented by the Honorable Governor of West Bengal.

(b) Company's Hindi Magazine "Rajbhasha Jagriti" was conferred with the 1<sup>st</sup> prize by Town Official Language Implementation Committee presented by Honorable Governor of West Bengal.

(c) DGM (OL), GRSE, received appreciation letters by Honorable Governor of West Bengal for her contributions in editing the Rajbhasha Jagriti Magazine and for Excellence in Implementation of Official Language in the Company.

#### **Efforts to Promote Use of Official Language**

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

(a) Celebration of Hindi Day / Month

(b) Publication of 15<sup>th</sup> edition of Hindi Magazine, "Rajbhasha Jagriti".

(c) Hindi Computer Workshops





- (d) In-House Hindi Training
- (e) Implementation of various incentive schemes
- (f) Books for Hindi Library
- (g) Hindi competition in schools
- (h) Annual Meet of Nodal Officers
- (i) Induction Programme for newly joined employees.

#### **Preparation of your Company's Shipyard Glossary**

110. Five Day Meeting was organised with the help of Commission for Scientific and Technical Terminology for preparation of Shipyard Glossary in your Company. On completion, the same will be used on Defence Shipbuilding.

#### **Inspection by First Sub-Committee of Committee of Parliament on Official Language**

111. Inspection regarding Implementation of Official Language in your Company was held on 27 Oct 2017 by First Sub-Committee of Committee of Parliament on Official Language. The Committee appreciated the progress made by your Company to implement Official Language. However, they have also suggested few things for further improvement.

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

112. As a measure towards Brand Building, Publicity and Public Relations, your Company has participated & organised the following major events:

- (a) Participated in the LAAD – 2017 (Latin American Aerospace & Defence Industry Exhibition) held at Rio, Brazil from 04-07 Apr 2017.
- (b) Participated in the IMDEX – 2017 (International Maritime Defence Industry Exhibition) held at Changi Exhibition Centre, Singapore from 16-18 May 2017.
- (c) Participated in the DSEI - 2017 (Defence & Security Equipment International Exhibition) held at London, United Kingdom from 12-15 Sep 2017.
- (d) Participated in the 3 days' "CSR Fair" organised by Department of Public Enterprises at Pragati Maidan, New Delhi from 04-06 May 2017.

(e) Participated in 'The Indian National Exhibition-Cum-Fair 2017' on the theme 'Science & Technology for National Development & Make in India' organised by Bengal Human Resource Development Foundation at Kolkata from 17-20 Aug 2017.

(f) Participated in the '21<sup>st</sup> National Defence Exhibition' on the theme 'India progressing towards a great Nation' organised by Central Calcutta Science & Culture Organisation for Youth at Kolkata from 24-27 Aug 2017.

(g) Participated in the 'Biz Bridge - 2017' Exhibition and Conference on 'B2B session' organised by CII, Kolkata from 15-18 Nov 2017.

(h) Participated in the 'National Level Vendor Development Programme cum Industrial Exhibition' organised by MSME Development Institute, Kolkata under Ministry of MSME, Govt of India, MSME – DI Campus, Kolkata from 22-24 Nov 2017. The theme of the exhibition was "Marketing Support to the MSEs of the country".

(i) Organised the State Level Vendor Development Program for MSEs Entrepreneurs of SC/ST Category on 28 Nov 2017. Representatives of thirty (30) business houses attended the event and evinced keen interest in pursuing business opportunities in your Company.

(j) Participated in the '13<sup>th</sup> Jatiya Sanhati Utsab – O – Bharat Mela - 2017' Exhibition held at Kolkata from 14-18 Dec 2017.

(k) Participated at 'Vendor Development Meet' at Kalaivanar Arangam, Chennai Tamil Nadu from 18-19 Jan 2018. This exhibition was jointly organised by Ministry of Defence (Defence Production) DPSUs and OFB.

(l) Participated in the 'Defence Indigenisation Expo' jointly organised by Coimbatore District Small Industries Association (CODISSIA) and Ministry of Defence (MoD) at Coimbatore, Tamil Nadu from 05-06 Mar 2018.

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

113. Implementation of RTI matters is being complied in line with the Right to Information Act, 2005. During the year 2017-18, a total of 63 RTI requests were received, while the opening balance from previous year was 8 RTI Applications. A total of 68 RTI





applications were replied to during the year, and remaining 3 RTI Applications were taken as carry forward for the year 2018-19. In case of RTI appeals, 13 appeals were received during 2017-18 and 4 appeal was as opening balance from previous year. A total of 13 RTI appeals were decided and replied to, while 4 RTI appeals were carried forward for the year 2018-19. The Quarterly Returns have been uploaded on the CIC's website within due date by the CPIO and Assistant CPIO. Also, the quarterly returns in the DOPT website are being uploaded as per schedule.

### **PUBLIC GRIEVANCES**

114. Prompt acknowledgement is issued upon receipt of Public Grievances and the matter is resolved by thorough examination of facts of the case with due diligence. During the year under review, a total of 16 Public Grievances were received and 17 were resolved, (1 public grievance was carried forward from previous year 2016-17). As all the pending grievances were resolved during 2017-18, there was no grievance to be carried forward for the year 2018-19 for its resolution. Details of the Grievance Committee have been uploaded on the Company's website with the provision of a link to the PG Portal to enable the citizen to file grievances online.

### **VIGILANCE ACTIVITIES**

115. The main thrust of the Vigilance Department is to ensure transparency, fairness & probity in all spheres of activities of the Company. Towards this end, focus of the department was on both, predictive & 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 and there are no leakages and loopholes in the system. In many cases, the officers were counselled and advised to improve their behaviour and manner of carrying out various official activities instead of going for harsher punitive measures. Apart from the above, the following activities were also carried out by the Vigilance Department during the year:

- (a) Investigations were conducted regarding complaints received from various sources and appropriate actions were taken.
- (b) 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 & action initiated is in a phase 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.

- (c) Structured meetings with C&MD were held at regular interval to appraise the status of vigilance cases.
- (d) Agreed List was also drawn up with the CBI and close liaison was maintained with the CBI.
- (e) Suggestions for system improvements have been made to the management and the same are being followed up to ensure that they are implemented.
- (f) Induction Training Programme was carried out for newly joined officers in line with Vigilance Manual.
- (g) Company observed Vigilance Awareness Week during 30 Oct - 04 Nov 2017. Sri A. K. Bhattacharya, IAS (Retd.) / Ex- Independent Director and Sri S. K. Sadangi (IRRS), CVO, Kolkata Port Trust., presented their valuable comments in the seminar organised on 31 Oct and 02 Nov 2017, respectively.
- (h) GRSE observed Vigilance Awareness Week during 30 Oct to 04 Nov 2017 in relevance to the theme both within the organization and outreach activities for citizens / public. The activities within the organization include display of Banners and Display of Anti-Corruption themes in various Units and departments, taking of Integrity Pledge by employees, distribution of pamphlets on preventive vigilance activities, conducting workshops and sensitizing programmes for employees and other stake holders on policies / procedures of the organization and preventive vigilance measures. Outreach activities for public / citizen include display of banners at prominent places. E-integrity pledge was administered with a view to participating in fight against corruption. Competitions were held among the employees and School & College students to spread the message on corruption & its ill effects. Bulk e-mail was sent to vendors with the message to participate in the fight against corruption by taking e-Pledge in CVC website.



- (i) Took active part in the Vigilance Study Circle, Kolkata Chapter.
- (j) Vigilance Manual 2<sup>nd</sup> edition has been prepared & published. Vigilance Manual 2018 (as observed during Inter organization MOD Audit) was approved by CMD and circulated among employees.
- (k) Inter Organization Auditing was taken up as per MOD guidelines.



116. The overall objective of vigilance activities has been to encourage transparency in the organization. The other activities of Vigilance Department are to ensure the existence of a corruption-free environment and also to ascertain that the various guidelines of the CVC, MOD and DPE etc. are complied with. The role of the CVO is to guide the management to achieve the various objectives laid down in the above mentioned lines.

#### PRESIDENTIAL DIRECTIVE

117. A Presidential Directive has been received from the Department of Defence Production, Ministry of Defence, Government of India, vide Order No. 11(110)/2017/GRSE/D(NS) dated 09 Jan 2018 under the provisions contained under Article No. 318 of the Articles of Association of the Company for implementation of pay scales, fitment formula, DA Guidelines, ceilings on perquisites etc. for Board Level and below Board Level executives and non-unionised supervisors in accordance with DPE circulars dated 03 Aug 2017 and 07 Aug 2017. The revised pay scales for executives and non-unionised supervisors have been implemented.

#### GENERAL

118. 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:
- (a) Detailed reasons for any voluntary revision of financial statement or Board's Report in the relevant financial year in which the revision is made.
  - (b) Details relating to deposits covered under Chapter V of the Companies Act, 2013.
  - (c) Issue of equity shares with differential rights as to dividend, voting or otherwise.
  - (d) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and future operations of your Company.

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

119. In pursuance of Section 4 of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the Internal Complaints Committee operating in the Company has been reconstituted on 18 Aug 17 with an external independent member who is a person familiar with the issues relating to sexual harassment.
120. 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 for the calendar year 2017:
- (a) Number of complaints received during the year: Two (02)
  - (b) Number of complaints disposed-off during the year: Two (02)
  - (c) Number of complaints pending for more than ninety days: Nil





- (d) Number of workshops or awareness programme against sexual harassment carried out: Two (02)
- (e) Nature of action taken by the employer: One complaint was disposed-off through conciliation. Enquiry was held for the other complaint and based on the enquiry report submitted by the Internal Committee, punishment was awarded in accordance with the applicable service rules.

### **ACKNOWLEDGEMENTS**

121. Your Directors express their deep appreciation and place on record their gratitude to the Department of Defence Production and other Departments in the Ministry of Defence for their continued support, assistance and guidance. The Directors also express their sincere thanks to the Ministry of Surface Transport, Govt. of India as also to the Governments of West Bengal, Jharkhand and various other States, for their continued co-operation and valuable support. Your Directors are particularly grateful to the Indian Navy and Coast Guard Headquarters, Ministry of Home Affairs, Ordnance Factory Board, Kolkata Port Trust, Public Works Departments of various State Governments, Police Department of West Bengal & Kolkata and other valued customers as well as business associates for the confidence reposed by them in your Company. We will fail in our duty if we do not

acknowledge the cooperation and positive approach of the Warships Production Superintendent and his dedicated team under whose watchful eyes our ships are being built. Also, we thank all classification societies, in particular, IRS & ABS, who have ensured quality and adherence to the required standards.

- 122. 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, Company Law Board and the Department of Public Enterprises.
- 123. The Directors wish to place on record their appreciation to its Statutory, Cost, Secretarial and Internal Auditors, Company Bankers, Trade Unions and all Officers and Employees at various levels of the organisation for their hard work, dedication and commitment. The enthusiasm and unstinted efforts of the employees have enabled your Company to remain at the forefront of the industry despite increased competition from several existing and new players.

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

**(VK Saxena)**

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

Kolkata,  
Dated: 22<sup>nd</sup> June, 2018



## APPENDIX - A

### Statement Showing Representation of SC / ST / OBC / Ex-Servicemen / Physically Challenged and Women Employees as on 31 Dec 2017 Under Permanent & Contract Categories

Group/Category	Total Strength	SCs	STs	OBCs	Ex-Servicemen	Physically Challenged	Women Employees
Group-A	459	88	24	102	52	10	34
Group-B	28	4	1	6	10	1	2
Group-C	1464	318	53	135	64	25	29
Group-D (Excluding Safaiwalas)	271	63	18	21	31	14	45
Group-D (Safaiwalas)	32	30	-	-	-	-	-
<b>Total</b>	<b>2254</b>	<b>503</b>	<b>96</b>	<b>264</b>	<b>157</b>	<b>50</b>	<b>110</b>

## APPENDIX - B

### Details of Recruitment Made During 2017 Under Permanent Category

Group/Category	Total Recruitment	SCs	STs	OBCs	Ex-Servicemen	Physically Challenged	Women Employees
Group-A	3	-	-	-	3	-	-
Group-B	8	1	1	1	5	-	1
Group-C	2	1	-	1	-	2	-
Group-D (Excluding Safaiwalas)	-	-	-	-	-	-	-
Group-D (Safaiwalas)	-	-	-	-	-	-	-
<b>Total</b>	<b>13</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>1</b>





## APPENDIX – “C”

Form No. MR-3

### Secretarial Audit Report

For The Period From April 1, 2017 To March 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule no.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, 2017 to March 31, 2018 (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 in 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. 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;
3. Secretarial Standards 1 and 2 as issued by the Institute of Company Secretaries of India;
4. 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, 1974 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 Government 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.

**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.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations:

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive 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.

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 were given to all directors to schedule the Board Meetings and detailed notes on agenda were sent in time to all the board members prior to the meeting.

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 the DPE Guidelines on Corporate Governance for CPSEs and other specific laws except as mentioned below:

1. The Company is presently in the process of filing its application under the provisions of the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 with the State Pollution Control Board. Accordingly, the Company was unable to comply with the provisions of the aforementioned rules.
2. Further, as required under Rule 14 of the Environment (Protection) Rules, 1986, the Company has not filed the Annual Environmental Statement in Form V for the financial year 2016-17 for some of its units.

**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 events/ actions that can have a bearing on the Company's compliance responsibility in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., except the followings:

- 1. Buyback of shares:** On the recommendation of the Ministry of Defence vide their letter dated 16<sup>th</sup> November, 2017, the Company has bought back 92,88,000 equity shares of Rs. 10/- each from the shareholders at a buyback price of Rs. 83.58/- per share which in turn amounts to 7.5% of the free reserve and paid up share capital of the Company as on 31<sup>st</sup> March, 2017;
- 2. Conversion from a private limited to a public limited company-** During the period under review, the Company converted itself from a private limited company to a public limited company;
- 3. Split of shares and simultaneous changes in the Authorised Capital of the Company:** As the Company is proposing to list its securities on recognised stock exchanges, accordingly, to encourage participation of the small investors and also to increase the liquidity of equity shares, the Company has sub-divided its the face value of its equity shares from Rs. 100/- per share (Rupees hundred only) to equity share of face value Rs. 10/- per share (Rupees ten only), fully paid up and consequently, the Authorized share capital of the Company of Rs. 1,25,00,00,000 (Rupees One Twenty Five Crores only) divided into 1,25,00,000 Equity Shares of face value of Rs. 100/- has been substituted to comprise of 12,50,00,000 Equity Shares of Rs. 10/- each;
- 4. Alteration of MOA and AOA-** Pursuant to the conversion of the status of the Company from private to public, the necessary alteration in the charter documents was made.

**Place: Kolkata**  
**Date: 21.06.2018**

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

**Arun Kumar Maitra**

**Partner**

**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 2016-17;
  - 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 & RBI;
  - 1.7. FDI file;
  - 1.8. Registers maintained under the Act.



## APPENDIX – “D”

### Corporate Governance Report

(For the Financial Year 2017-18)

#### PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. To uphold the highest standards of corporate governance, your Company has implemented, both in letter and spirit, the guidelines enunciated by the Department of Public Enterprises, Govt. of India, on Corporate Governance. Your Company believes that good Corporate Governance is a continuous exercise and reiterates its commitment to pursue highest standard of Corporate Governance in the overall interest of all its stakeholders and for creating long term value for our shareholders. It has a strong and well laid down administrative set up to facilitate decentralized and transparent decision making. For effective implementation, the following good governance practices have been put in place:

- Code of Conduct for Board of Directors and Senior Management
- Integrity Pact for Vendors
- Systems in place for ensuring compliance of Applicable Laws, Rules & Regulations
- Whistle Blower Policy
- GRSE 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

#### BOARD OF DIRECTORS

3. The Board of Directors, headed by Chairman & Managing Director, is the apex body which oversees the overall functioning of your Company. The Board 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 shareholder's 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 your Company consists of an optimum combination of Executive and Non-Executive Directors, which is in line with the Guidelines on Corporate Governance issued by the Department of Public Enterprises, Govt. of India. As on 31 Mar 18, the Board of Directors consists of 9 Directors comprising 4 Whole-Time Directors, including the Chairman & Managing Director, 1 Part-Time Official Director and 4 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 17 to 31 Mar 18 are given below:





Name of the Directors	Period of Association during the year	No. of other Directorship	No. of Committee position held in other Companies	
			Chairman	Member
<b>Whole-Time Directors</b>				
RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman &amp; Managing Director</i>	01.04.17 to 31.03.18	-	-	-
Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	01.04.17 to 31.03.18	-	-	-
Shri Asit Kumar Nanda <i>Director (Personnel)</i>	01.04.17 to 31.03.18	-	-	-
Cmde Ratnakar Ghosh, IN (Retd.) <sup>[1]</sup> <i>Director (Shipbuilding)</i>	01.04.17 to 30.06.17	-	-	-
Cmde Sanjeev Nayyar, IN (Retd.) <sup>[2]</sup> <i>Director (Shipbuilding)</i>	16.12.17 to 31.03.18	-	-	-
<b>Part-Time Official Director (Government Nominee Director)</b>				
Shri Ashwani Kumar Mahajan <i>Addl. FA (AK) &amp; JS</i>	01.04.17 to 31.03.18	1	-	-
<b>Part-Time Non-Official (Independent) Directors</b>				
Shri Swapan Kumar Mukherjee <sup>[3]</sup>	01.04.17 to 22.07.17	1	-	-
Cmde M. Jitendran, IN (Retd.) <sup>[4]</sup>	01.04.17 to 22.07.17	-	-	-
Shri Ajay Bhattacharya <sup>[5]</sup>	01.04.17 to 19.08.17	-	-	-
Shri Bharat Bhushan <sup>[6]</sup>	15.09.17 to 31.03.18	-	-	-
Smt. Kanwaljit Deol <sup>[7]</sup>	15.09.17 to 31.03.18	-	-	-
Dr. Ajai Bhandari <sup>[8]</sup>	09.03.18 to 31.03.18	-	-	-
RAdm Inder Paul Singh Bali, AVSM, VSM, IN (Retd.) <sup>[9]</sup>	09.03.18 to 31.03.18	-	-	-

<sup>[1]</sup> Superannuated as Director (Shipbuilding) of the Company w.e.f. 01 Jul 17.

<sup>[2]</sup> Appointed as Director (Shipbuilding) of the Company w.e.f. 16 Dec 17.

<sup>[3]</sup> & <sup>[4]</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 23 Jul 17.

<sup>[5]</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 20 Aug 17.

<sup>[6]</sup> & <sup>[7]</sup> Appointed as Part-Time Non-Official (Independent) Director of the Company w.e.f. 15 Sep 17.

<sup>[8]</sup> & <sup>[9]</sup> Appointed as Part-Time Non-Official (Independent) Director of the Company w.e.f. 09 Mar 18.





6. Five (05) new Directors have been inducted to the Board of Directors during the year under review. Brief Resumes of the newly appointed Directors are provided below:

**Shri Bharat Bhushan**

Shri Bharat Bhushan, aged fifty three (53) 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.

**Other Directorships:** Nil

**Committee Membership of other Companies:** Nil

**Smt. Kanwaljit Deol**

Smt. Kanwaljit Deol, aged sixty three (63) 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 in 1977 and assigned to the Union Territories cadre. During 38 years of service in the police, 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.

**Other Directorships:** Nil

**Committee Membership of other Companies:** Nil

**Commodore Sanjeev Nayyar, IN (Retd.)**

Comde Sanjeev Nayyar, IN (Retd.), aged fifty six (56) years, assumed charge as Director (Shipbuilding) of the Company w.e.f. 16 Dec 2017.

He holds a Bachelor of Science and a Bachelor of Technology degree in Mechanical Engineering from Jawaharlal Nehru University. 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 has served the Indian Navy for over 35 years and 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 Frigate project. He has also overseen the construction of auxiliary vessels built by private shipyards on the West Coast.

**Other Directorships:** Nil

**Committee Membership of other Companies:** Nil





**Dr. Ajai Bhandari**

Dr. Ajai Bhandari, aged sixty four (64) years, was appointed as a Part-Time Non-Official (Independent) Director of the Company w.e.f. 09 Mar 2018.

He has a Ph.D. in Life Sciences and Masters' in Science (Botany) degree from the Himachal Pradesh University. An officer of Indian Administrative Services (Retired), having 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 Principle Secretary to the State Government and held the various 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.

**Other Directorships:** Nil

**Committee Membership of other Companies:** Nil

**RAAdm Inder Paul Singh Bali, AVSM, VSM, IN (Retd.)**

RAAdm Inder Paul Singh Bali, IN (Retd.) aged fifty eight (58) years, was appointed as a Part-Time Non-Official (Independent) Director of the Company w.e.f. 09 Mar 2018.

He holds a degree in Bachelors of Engineering (Electrical) from NIT Srinagar 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.

Having 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.

**Other Directorships:** Nil

**Committee Membership of other Companies:** Nil

**BOARD PROCEDURE**

7. 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, half yearly/periodical results, annual accounts, annual operating plan and budgets besides considering matters that are statutorily required to be placed before the Board.
8. 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**

9. During the year 2017-18, six (06) Board Meetings were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors Present
1.	30 Jun 17	8	8
2.	21 Jul 17	7	6
3.	25 Aug 17	4	3
4.	14 Nov 17	6	6
5.	06 Dec 17	6	5
6.	28 Feb 18	7	7



10. The maximum interval between any two Board Meetings held during the year was eighty three (83) days. Details of Directors' attendance at the Board Meetings and Annual General Meetings held during the FY 2017-18 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 25 Aug 17
	30 Jun 17	21 Jul 17	25 Aug 17	14 Nov 17	06 Dec 17	28 Feb 18		
RAdm Vipin Kumar Saxena							100	
Shri Sarvjit Singh Dogra							100	
Shri Asit Kumar Nanda							100	
Cmde Ratnakar Ghosh <sup>(1)</sup>		N.A.	N.A.	N.A.	N.A.	N.A.	100	N.A.
Cmde Sanjeev Nayyar <sup>(2)</sup>	N.A.	N.A.	N.A.	N.A.	N.A.		100	N.A.
<b>Part-Time Official Director (Government Nominee)</b>								
Shri Ashwani Kumar Mahajan		×	×		×		50	
<b>Part-Time Non-Official Directors (Independent Directors)</b>								
Shri Swapan Kumar Mukherjee <sup>(3)</sup>			N.A.	N.A.	N.A.	N.A.	100	N.A.
Cmde M Jitendran <sup>(4)</sup>			N.A.	N.A.	N.A.	N.A.	100	N.A.
Shri Ajay Bhattacharya <sup>(5)</sup>			N.A.	N.A.	N.A.	N.A.	100	N.A.
Shri Bharat Bhushan <sup>(6)</sup>	N.A.	N.A.	N.A.				100	N.A.
Smt. Kanwaljit Deol <sup>(7)</sup>	N.A.	N.A.	N.A.				100	N.A.
Dr. Ajai Bhandari <sup>(8)</sup>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
RAdm Inder Paul Singh Bali <sup>(9)</sup>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

- Present    × - Absent    N.A. - Not Applicable

<sup>(1)</sup> Superannuated as Director (Shipbuilding) of the Company w.e.f. 01 Jul 17.

<sup>(2)</sup> Appointed as Director (Shipbuilding) of the Company w.e.f. 16 Dec 17.

<sup>(3)</sup> & <sup>(4)</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 23 Jul 17.

<sup>(5)</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 20 Aug 17.

<sup>(6)</sup> & <sup>(7)</sup> Appointed as Part-Time Non-Official (Independent) Director of the Company w.e.f. 15 Sep 17.

<sup>(8)</sup> & <sup>(9)</sup> Appointed as Part-Time Non-Official (Independent) Director of the Company w.e.f. 09 Mar 18.

## COMMITTEES OF THE BOARD

11. 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.

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

### Audit Committee

13. 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.





14. The composition of the Audit Committee as on 31 Mar 18 is as under :

(a)	Shri Bharat Bhushan <i>Part-Time Non-Official (Independent) Director</i>	Chairman
(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

15. Director (Finance) and Statutory Auditors of your Company are Permanent Special Invitees to the Audit Committee. The Company Secretary is the Secretary to the Audit Committee.

16. General Manager (Finance) and Additional General Manager (Internal Audit) also attend the Meetings of the Audit Committee regularly.

17. The terms of reference of the Audit Committee are as specified in Section 177 of the Companies Act, 2013 and the rules framed thereunder and the Guidelines on Corporate Governance issued by the Department of Public Enterprises. The primary function of the Committee is to assist the Board of Directors in

fulfilling its 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.

18. 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.

19. 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.

20. During the financial year 2017-18, five (05) Meetings of the Audit Committee were held. The attendance of the members at the Audit Committee meetings during the financial year 2017-18 is given below :

Name of the Director	Meeting held and attended during respective Tenure of Directors					% of attendance
	22 Jun 17	29 Jun 17	21 Jul 17	13 Nov 17	27 Feb 18	
Shri Swapan Kumar Mukherjee <sup>(1)</sup>				N.A.	N.A.	100
Shri Ajay Bhattacharya <sup>(2)</sup>				N.A.	N.A.	100
Cmde M Jitendran <sup>(3)</sup>				N.A.	N.A.	100
Cmde Ratnakar Ghosh <sup>(4)</sup>			N.A.	N.A.	N.A.	100
Shri Bharat Bhushan <sup>(5)</sup>	N.A.	N.A.	N.A.			100
Smt. Kanwaljit Deol <sup>(6)</sup>	N.A.	N.A.	N.A.			100
Shri Ashwani Kumar Mahajan <sup>(7)</sup>	N.A.	N.A.	N.A.		×	50
RAdm Inder Paul Singh Bali <sup>(8)</sup>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Cmde Sanjeev Nayyar <sup>(9)</sup>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

- Present    × - Absent    N.A. - Not Applicable

<sup>(1)</sup> & <sup>(2)</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 23 Jul 17.

<sup>(3)</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 20 Aug 17

<sup>(4)</sup> Superannuated as Director (Shipbuilding) of the Company w.e.f. 01 Jul 17.

<sup>(5)</sup> & <sup>(6)</sup> Appointed as Part-Time Non-Official (Independent) Director of the Company w.e.f. 15 Sep 17.

<sup>(7)</sup> Appointed as a member of the Committee on 01 Nov 17 and ceased to be a member w.e.f. 20 Mar 18.

<sup>(8)</sup> Appointed as Part-Time Non-Official (Independent) Director of the Company w.e.f. 09 Mar 18.

<sup>(9)</sup> Appointed as Director (Shipbuilding) of the Company w.e.f. 16 Dec 17 and was inducted as a member of the Audit Committee w.e.f. 20 Mar 2018.



21. The Chairman of the Audit Committee was not present at the last Annual General Meeting since the Chairman of the Audit Committee had ceased to be a Director on the Board of the Company.

**HR, Nomination and Remuneration Committee**

22. 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 Obligations and Disclosure Requirements) Regulations, 2015.

23. The HR, Nomination and Remuneration Committee consists of three Independent Directors. The composition of the HR, Nomination and Remuneration Committee as on 31 Mar 18 is as under:-

(a)	Smt. Kanwaljit Deol <i>Part-Time Non-Official (Independent) Director</i>	Chairman
(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

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

25. 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.

26. During the financial year 2017-18, four (04) 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 2017-18 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors				% of attendance
	22 Jun 17	21 Jul 17	13 Nov 17	27 Feb 18	
Shri Ajay Bhattacharya <sup>(1)</sup>			N.A.	N.A.	100
Shri Swapan Kumar Mukherjee <sup>(2)</sup>			N.A.	N.A.	100
Cmde M Jitendran <sup>(3)</sup>			N.A.	N.A.	100
Shri Sarvjit Singh Dogra <sup>(4)</sup>	N.A.	N.A.			100
Shri Bharat Bhushan <sup>(5)</sup>	N.A.	N.A.			100
Smt. Kanwaljit Deol <sup>(6)</sup>	N.A.	N.A.			100
Dr. Ajai Bhandari <sup>(7)</sup>	N.A.	N.A.	N.A.	N.A.	N.A.

- Present      N.A. - Not Applicable

<sup>(1)</sup> Ceased to be a Director w.e.f.20 Aug 17.

<sup>(2)</sup> & <sup>(3)</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 23 Jul 17.

<sup>(4)</sup> Appointed as a member of the Committee on 01 Nov 17 and ceased to be a member w.e.f. 20 Mar 18.

<sup>(5)</sup> & <sup>(6)</sup> Appointed as Part-Time Non-Official (Independent) Director of the Company w.e.f. 15 Sep 17

<sup>(7)</sup> Appointed as Part-Time Non-Official (Independent) Director of the Company w.e.f. 09 Mar 18





**Procurement Committee**

27. The composition of the Procurement Committee of the Board of Directors as on 01 Apr 17 was as follows:-

(a)	RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman &amp; Managing Director</i>	Chairman
(b)	Shri Swapan Kumar Mukherjee <sup>[1]</sup> <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	Cmde Ratnakar Ghosh, IN (Retd.) <sup>[2]</sup> <i>Director (Shipbuilding)</i>	Member
(d)	Shri Sarjit Singh Dogra <i>Director (Finance)</i>	Member

<sup>[1]</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 23 Jul 17.

<sup>[2]</sup> Superannuated as Director (Shipbuilding) of the Company w.e.f. 01 Jul 17.

Note: During the year under review, the term of the Independent Director ended and the Committee was not re-constituted thereafter due to absence of adequate number of new Independent Directors.

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

29. The Procurement Committee has been delegated full powers of the Board in respect of:-

- (a) 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.
- (b) 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.
- (c) 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.

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

30. The Chairman of the Procurement Committee apprises the Board about the observations of the Procurement Committee during the Board Meeting.

31. During the financial year 2017-18, one (01) Meeting of the Procurement Committee was held. The attendance of the members at the Procurement Committee meeting during the financial year 2017-18 is given below:-

Name of the Director	Meeting held and attended during respective Tenure of Directors	% of attendance
	20 Jul 17	
RAdm Vipin Kumar Saxena		100
Shri Swapan Kumar Mukherjee		100
Cmde Ratnakar Ghosh	N.A.	N.A.
Shri Sarjit Singh Dogra		100

- Present    N.A. - Not Applicable

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

32. 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.

33. The terms of reference of the CSR & SD Committee are as follows:-






- (a) Formulate and recommend to the Board, a Corporate Social Responsibility and Sustainability Policy which shall indicate the activities to be undertaken by your Company as specified in Schedule - VII of the Companies Act, 2013.
- (b) Recommend amount of expenditure to be incurred on CSR activities.
- (c) Monitor the Corporate Social Responsibility and Sustainability Policy of your Company and its effective implementation from time to time.


34. The composition of the CSR & SD Committee of the Board of Directors as on 31 Mar 18 is as follows:-

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

35. The Company Secretary is Secretary to the Committee.

36. During the financial year 2017-18, one (01) Meeting of the CSR & SD Committee was held. The attendance of the members at the CSR & SD Committee meeting during the year 2017-18 is given below:-

Name of the Director	Meeting held and attended during respective Tenure of Directors	% of attendance
	09 Jun 17	
Shri Ajay Bhattacharya <sup>[1]</sup>		100
Cmde Ratnakar Ghosh <sup>[2]</sup>		100
Smt. Kanwaljit Deol <sup>[3]</sup>	N.A.	N.A.
Cmde Sanjeev Nayyar <sup>[4]</sup>	N.A.	N.A.
Shri Asit Kumar Nanda		100

 - Present    N.A. - Not Applicable

<sup>[1]</sup> Ceased to be a Part-Time Non-Official (Independent) Director of the Company w.e.f. 20 Aug 17

<sup>[2]</sup> Superannuated as Director (Shipbuilding) of the Company w.e.f. 01 Jul 17.

<sup>[3]</sup> Appointed as Part-Time Non-Official (Independent) Director of the Company w.e.f. 15 Sep 17.

<sup>[4]</sup> Appointed as Director (Shipbuilding) and Additional Director of the Company w.e.f. 16 Dec 17.

### MoU Committee

- 37. 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.
- 38. The composition of the MoU Committee of the Board of Directors as on 01 Apr 17 was as follows:-

(a)	Shri Swapan Kumar Mukherjee <sup>[1]</sup> <i>Independent Director</i>	Chairman
(b)	Cmde M Jitendran, IN (Retd.) <sup>[2]</sup> <i>Independent Director</i>	Member
(c)	Cmde Ratnakar Ghosh, IN (Retd.) <sup>[3]</sup> <i>Director (Shipbuilding)</i>	Member
(d)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member

<sup>[1]</sup> & <sup>[2]</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 23 Jul 17.

<sup>[3]</sup> Superannuated as Director (Shipbuilding) of the Company w.e.f. 01 Jul 17.

Note: During the year under review, the term of the Independent Directors ended and the Committee was not re-constituted thereafter due to absence of adequate number of new Independent Directors.

- 39. The Chief General Manager (C&CP) is the Secretary to the Committee.
- 40. During the year 2017-18, no meeting of the MoU Committee was held.

### Project Review Sub-Committee

- 41. 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.





42. The composition of the Project Review Sub-Committee of the Board of Directors as on 01 Apr 17 was as follows:-

(a)	Cmde M Jitendran, IN (Retd.) <sup>[1]</sup> <i>Independent Director</i>	Chairman
(b)	Cmde Ratnakar Ghosh, IN (Retd.) <sup>[2]</sup> <i>Director (Shipbuilding)</i>	Member
(c)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member

<sup>[1]</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 23 Jul 17.


<sup>[2]</sup> Superannuated as Director (Shipbuilding) of the Company w.e.f. 01 Jul 17.

*Note: During the year under review, the term of the Independent Director ended and the Committee was not re-constituted thereafter due to absence of adequate number of new Independent Directors.*

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

44. During the year 2017-18, one (01) Meeting of the Project Review Sub-Committee was held. The attendance of the members at the Project Review Sub-Committee meeting during the financial year 2017-18 is given below:-

Name of the Director	Meeting held and attended during respective Tenure of Directors	% of attendance
	21 Jun 17	
Cmde M Jitendran		100
Cmde Ratnakar Ghosh		100
Shri Sarvjit Singh Dogra		100

 - Present

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

45. 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.

46. The composition of the Business Strategy and Capacity Augmentation Committee of the Board of Directors as on 01 Apr 17 was as follows:-

(a)	RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman &amp; Managing Director</i>	Chairman
(b)	Cmde M Jitendran, IN (Retd.) <sup>[1]</sup> <i>Independent Director</i>	Member
(c)	Cmde Ratnakar Ghosh, IN (Retd.) <sup>[2]</sup> <i>Director (Shipbuilding)</i>	Member
(d)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member

<sup>[1]</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 23 Jul 17.

<sup>[2]</sup> Superannuated as Director (Shipbuilding) of the Company w.e.f. 01 Jul 17.

*Note: During the year under review, the term of the Independent Directors ended and the Committee was not re-constituted thereafter due to absence of adequate number of new Independent Directors.*

47. The Chief General Manager (C&CP) is the Secretary to the Committee.

48. The Committee has been tasked with:

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

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

50. During the financial year 2017-18, one (01) 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 2017-18 is given below:-





Name of the Director	Meeting held and attended during respective Tenure of Directors	% of attendance
	22 Jun 17 and Adjourned Meeting on 29 Jun 17	
RAdm Vipin Kumar Saxena		100
Cmde M Jitendran		100
Cmde Ratnakar Ghosh		100
Shri Sarvjit Singh Dogra		100

- Present

### Legal Committee

51. 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.
52. The composition of the Legal Committee of the Board of Directors as on 01 Apr 17 was as follows:-

(a)	Shri Swapan Kumar Mukherjee <sup>[1]</sup> <i>Part-Time Non-Official Independent Director</i>	Chairman
(b)	Shri Ajay Bhattacharya <sup>[2]</sup> <i>Part-Time Non-Official Independent Director</i>	Member
(c)	Shri Asit Kumar Nanda <i>Director (Personnel)</i>	Member

<sup>[1]</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 23 Jul 17.

<sup>[2]</sup> Ceased to be Part-Time Non-Official (Independent) Director of the Company w.e.f. 20 Aug 17.

Note: During the year under review, the term of the Independent Directors ended and the Committee was not re-constituted thereafter due to absence of adequate number of new Independent Directors.

53. The Company Secretary is the Secretary to the Committee.
54. During the year 2017-18, one (01) Meeting of the Legal Committee was held. The attendance of the members at the Legal Committee meeting during the year 2017-18 is given below:-

Name of the Director	Meeting held and attended during respective Tenure of Directors	% of attendance
	09 Jun 17	
Shri Swapan Kumar Mukherjee		100
Shri Ajay Bhattacharya		100
Shri Asit Kumar Nanda		100

- Present

### IPO Committee

55. In line with DIPAM's Guidelines on disinvestment through public offerings, an IPO Committee of the Board of Directors was formed on 14 Nov 17 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.
56. The composition of the IPO Committee of the Board of Directors as on 31 Mar 18 is as follows:-

(a)	RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman &amp; Managing Director</i>	Chairman
(b)	Shri Ashwani Kumar Mahajan <i>Government Nominee Director</i>	Member
(c)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member

57. The Company Secretary is the Secretary to the Committee.
58. During the year 2017-18, one (01) Meeting of the IPO Committee was held. The attendance of the members at the IPO Committee meeting during the year 2017-18 is given below:-

Name of the Director	Meeting held and attended during respective Tenure of Directors	% of attendance
	26 Mar 18	
RAdm Vipin Kumar Saxena		100
Shri Ashwani Kumar Mahajan	×	0
Shri Sarvjit Singh Dogra		100

- Present    × - Absent





### Stakeholders Relationship Committee

59. In view of the proposed disinvestment of the shares of the through an IPO, Stakeholders Relationship Committee of the Board of Directors was formed on 14 Nov 18 in line with section 178(5) of the Companies Act, 2013, read with regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Stakeholders Relationship Committee shall consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.
60. However, the Stakeholders Relationship Committee would become operational once the Company becomes listed since presently, the entire share capital of the Company is held by the President of India.
61. The composition of the Stakeholders Relationship Committee of the Board of Directors as on 31 Mar 18 is as follows:-

(a)	Shri Bharat Bhushan <i>Part-Time Non-Official Independent Director</i>	Chairman
(b)	Smt. Kanwalljit Deol <i>Part-Time Non-Official Independent Director</i>	Member
(c)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member
(d)	Shri Asit Kumar Nanda <i>Director (Personnel)</i>	Member

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

### ANNUAL GENERAL MEETINGS

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

Financial Year	Date and Time	Venue	Special Resolution Passed
2014-15	24 Sep 15 1300 Hrs.	Registered Office at 43/46, Garden Reach Road, Kolkata - 700 024	No special resolution passed in the meeting
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 special resolutions were passed in the meeting

### Annual General Meeting for the financial year 2017-18

<b>Date</b>	04 <sup>th</sup> October, 2018
<b>Venue</b>	Registered Office of the Company at 43/46, Garden Reach Road, Kolkata 700 024.
<b>Time</b>	1000 Hrs.

### REMUNERATION TO WHOLE-TIME DIRECTORS

64. 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.
65. 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.



66. The details of remuneration of Whole-Time Directors during the year 2017-18 are given below:-

(₹ in lakh)

Name of Director	Salary*	Company Contribution to PF & Gratuity	Performance Related Pay	Total
RAdm V K Saxena, IN (Retd.) Chairman & Managing Director	29.24	3.45	-	32.69
Cmde R Ghosh, IN (Retd.) <sup>(1)</sup> Director (Shipbuilding)	20.02	6.23	6.83	33.08
Shri S S Dogra, Director (Finance)	31.82	2.60	6.84	41.26
Shri A K Nanda, Director (Personnel)	26.30	2.62	-	28.92
Cmde S Nayar, IN (Retd.) <sup>(2)</sup> Director (Shipbuilding)	10.16	0.85	-	11.01

\*Salary includes Perquisites, arrears <sup>(1)</sup>Upto 30 Jun 17 <sup>(2)</sup>From 16 Dec 17

### REMUNERATION TO PART-TIME DIRECTORS

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

68. The sitting fee paid to the Independent Directors during the year 2017-18 is as follows:

(₹ in lakh)

Sl. No.	Name of Independent Director	Board Meetings	Committee Meetings	Total Remuneration
1	Shri Swapan Kumar Mukherjee <sup>#</sup>	0.40	1.05	1.45
2	Cmde M Jitendran <sup>#</sup>	0.40	1.05	1.45
3	Shri Ajay Bhattacharya <sup>*</sup>	0.40	1.05	1.45
4	Shri Bharat Bhusan <sup>@</sup>	0.60	0.60	1.20
5	Smt. Kanwaljit Deol <sup>@</sup>	0.60	0.60	1.20
6	Dr. Ajai Bhandari <sup>§</sup>	Nil	Nil	Nil
7	RAdm Inder Paul Singh Bali <sup>§</sup>	Nil	Nil	Nil

<sup>#</sup>Upto 22 Jul 17

<sup>\*</sup>Upto 19 Aug 17

<sup>@</sup>From 15 Sep 17

<sup>§</sup>From 09 Mar 18

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

69. 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 18. A declaration to this effect signed by the Chairman & Managing Director of your Company is appended at the end of this Report.

### DISCLOSURES

70.(a) **Conflict of Interest:** During the year 2017-18, your Company has not entered into any transactions with the Directors that may have potential conflict with the interests of your Company at large. The members of the Board, apart from receiving





Directors' remuneration (wherever applicable), do not have any material pecuniary relationship or transaction with your Company which, in the judgment of the Board, may affect independence of judgment of the Directors.

- (b) **Related Party Transactions:** Your Company does not have any materially significant related party transactions, which may have potential conflict with its interest at large.
- (c) **Whistle Blower Policy:** Your Company has in place a Whistle Blower Policy with a view to establish a mechanism for the employees to report to the management about their concerns on unethical behavior, cases of suspected fraud or violation of Company's general guidelines to conduct and ethics. The Whistle Blower mechanism, inter alia, contains a provision enabling any personnel to approach the Chairman of the Audit Committee in exceptional cases and no personnel has been denied access to the Audit Committee in the year under review.
- (d) **Integrity Pact:** The Central Vigilance Commission (CVC) issued a circular on 04 Dec 07 recommending adoption and implementation of the Integrity Pact (IP) in respect of all major procurements of the Government Organisations. Accordingly, your Company adopted Integrity Pact in procurement of material and / or service for a value above ₹100 crore initially. Subsequently, the value has been reduced to ₹20 crore and further reduced to ₹2 crore from 01 Jan 14. The Pact essentially envisages an agreement between the prospective vendors / bidders and the Principal (GRSE), committing the Persons/officials of both sides, not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors / bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

As recommended by the CVC, your Company has appointed Shri Samar Ray, IA & AS (Retd.), Ex-

Deputy Comptroller and Auditor General of India, and Ms. Bulbul Sen, Ex-Chief Commissioner of Income Tax as 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 Chairman & Managing Director.

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

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

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

(₹ in crore)			
Sl. No.	Particulars	2017-18	2016-17
(a)	Total Expenditure (Other than materials)	676.26	663.70
(b)	Administrative & Office Expenses	10.83	14.88
(c)	Percentage of (b) on (a)	1.60	2.24

- (f) **Means of Communication:** Your Company's communication system with its Shareholders, Directors and other stakeholders is through all means of communication channels including correspondence and the official website of your Company. Your Company has a Website ([www.grse.in](http://www.grse.in)) which provides information on GRSE Management, Chairman's Statement, Director's Report, Financial Status, Corporate Governance, Product Spectrum, Vendor registration procedure, details of tenders, payment status of suppliers' bills etc. The





performances of your Company, including unaudited / provisional financial results are communicated to the Administrative Ministry every month. The results are not required to be published in any newspaper.

- (g) **Compliance to Accounting Principles:** Your Company continuously strives to maintain accounts in transparent, true and fair manner in conformity with the accounting principles generally accepted in India. During the last fifteen years (2002-2003 to 2016-17) there have been no audit qualifications. Your Company has also received "Nil" comments from the CAG during these years.
- (h) **Training of Directors:** The Directors were sponsored for training programmes on Corporate Governance.

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

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

### **DECLARATION**

Pursuant to the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE OM No. 18(8)/2005-GM dated 14 May 2010, it is hereby declared that all Board Members and Senior Management Personnel of your Company have affirmed compliance with the Code of Conduct & Ethics for Board Members and Senior Management Personnel of Garden Reach Shipbuilders & Engineers Limited for the year ended 31<sup>st</sup> March, 2018.

**For Garden Reach Shipbuilders & Engineers Limited**

**V K Saxena**

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

Kolkata  
22<sup>nd</sup> June, 2018





## APPENDIX – “E”

### Management Discussion and Analysis Report

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

##### Industry Structure & Development

1. Shipbuilding is a highly capital, labour and technology intensive industry which requires a large percentage of its value addition from other industries. GRSE predominantly caters to the defence shipbuilding needs of the nation which is primarily driven by the maritime security requirements. The long gestation or build periods involved in the construction of frontline warships owing to their complexities, makes the sector vulnerable to dynamic up-gradation of technology taking place during the ship's build period.
2. A survey of the global shipbuilding industry revealed that the main advantages enjoyed by some of the top European shipyards building warships for the Navy of various countries, such as DCNS (France), Fincantieri (Italy), Kockums AB (Sweden), Navantia (Spain), TKMS (Germany) etc., are that these shipyards offer latest technology, top quality in construction and quick delivery due to shorter build periods. This is primarily due to the modern shipbuilding infrastructure available and modern shipbuilding processes followed in these yards, besides the vast ship design expertise and better work culture prevalent there. Further, the fact that ship design is frozen prior to commencement of construction is one of the most important factors that contribute to reduced build periods in foreign shipyards, whereas in Indian context, evolution of ship design (along with development of critical equipment) and ship construction happen as parallel process, resulting in extended build periods.
3. For your Company to compete in the global arena, quality & cost of construction and build period of ships would be the key drivers. The new Defence Procurement Procedure promulgated by the Ministry of Defence and 'Make in India' initiative of the Government of India envision more private participation in the defence shipbuilding, which is set to have a direct bearing on the market environment and performance imperatives thereby impacting your Company's order book position and bottom line. The need of the hour is to step-up performance in terms of design, productivity, cost competitiveness, quality, timely delivery etc. The Company would also be required to upgrade its processes and products in line with latest technology to keep up with the ever changing demands of modern shipbuilding.
4. Your Company can construct 20 ships (i.e. 08 large ships and 12 medium/ small ships) concurrently. Further, the Shipyard is progressing with its ambitious plan of revitalization and refurbishment of Raja Bagan Dockyard ('RBD') which is planned to be completed by 2018. The facilities at the Main Yard of your Company enables the Shipyard to introduce Integrated Construction Technology, which will result in significant reduction in build period of ships. This approach will help your Company to improve quality and reduce build period thereby meeting the stiff timelines as being achieved by leading global players in shipbuilding industry.

##### SWOT Analysis

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





### **Strengths**

6. 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:

- (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.

### **Weaknesses**

7. The following are the inherent limitation or constraint in your Company which creates a strategic disadvantage:

- (a) Lack of Business partnerships for mega shipbuilding activities (i.e. out sourcing of outfitting work of ships to major vendor/ firm).
- (b) Lack of Business Partnerships including strategic partnerships for selected products or selected market segments.
- (c) Idling & under-utilization of facilities due to inadequate orders leading to idling of trained manpower and loss of vendor base.

(d) Erosion of expertise in some core areas.

(e) Constraints of a riverine shipyard due to limitations of the depth and width of navigable channel with effects of silting in river.

(f) Location of the Company in thickly populated residential areas having narrow roads.

(g) Prevailing over-all Industrial climate and Industrial Relations environment.

### **Opportunities**

8. 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:

- (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.

### **Threats**

9. 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:





- (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.
10. 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.

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

11. Based on summary of findings from SWOT analysis, the focus areas for your Company the opportunities warrant highest attention and focused efforts for harnessing maximum benefits. 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
- (i) Initiated talks with M/s. EPS Technologies to acquire knowhow on ACV (Air Cushion Vehicle) or Hovercraft to cater to the future requirements of Indian Coast Guard and Navy.

**IT Initiatives – ERP System**

12. The Company, in its modernisation drive, has fully made operational the state-of-the-art Information and Communication System in the Company. The hardware and software are in place and the Company has already started deriving rich benefit out of this drive. The major IT initiatives undertaken in the Company is detailed in the Directors' Report for reference.

**Marketing & Business Development**

13. Your Company, for the past few years, has been expanding both internally and externally. Both these developments have been possible because of increased productivity. It has resulted in a healthy Order Book position when seen in the long term.
14. The Central Design Office of your Company has been the core area of all round shipbuilding activities and the Company has, over the years, been in a constant process of upgrading the technology. This up-gradation of technology through design efforts has brought laurels as well as capturing of orders from Navy with in-house design efforts.
15. Your Company has also established a separate department for looking after business development and marketing activities.





16. Your Company is targeting short term orders for smaller ships/ building special ships like Pollution Control Vessels, Research Vessels, Air Cushion Vehicles, etc./ Floating Border Out Post & Boats from MHA/ new generation Corvettes etc.
17. Entering into strategic partnerships for Export/ Special Projects and tie-up with a reputed shipyard with proven capabilities as strategic partner exclusively for Export Projects.
18. For the Engineering and Engine Division, the Company is focussing to enhance market penetration, both domestic & export, and increase the product range through focused R&D efforts.
19. Focus on developing the Ship Repair Business in your Company which provides good revenue within reasonable time without much of capital investment by establishing a strong department to ensure business generation.

#### **Customer Satisfaction**

20. Your Company has received 'Excellent' grading in all segments of Customer satisfaction for the 04 ships delivered in this financial year.

#### **Quality Assurance**

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

Inspection Agencies, American Bureau of Shipping, Indian Register of Shipping as applicable and Third Party Inspection by RINA Services S.p.A. ISO Surveillance Audits were successfully complied.

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

##### **Risk Management**

22. Your Company has in place a Risk Management Policy in line with the DPE Guidelines on Corporate Governance for CPSEs to ensure the integration and alignment of the risk management system with the corporate and operational objectives. Details on Risk Management is provided in the Director's Report.

##### **Cost Reduction**

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

##### **Import Substitution / Indigenisation**

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

##### **Internal Control System and their adequacy**

25. 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.





26. 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.

27. 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.

**Financial / Operational Performance Strategy & Objectives**

28. The main objectives of the financing strategy of the Company are as follows:

- (a) To make available funds through effective cash flow management without resorting to borrowing.
- (b) To maintain highest credit rating to be able to raise funds at most economical rates.
- (c) To meet the expectations of various stakeholders.
- (d) To effectively do tax planning thereby improving the post-tax yield to the shareholders.
- (e) To prudently invest the surplus funds of the Company.

29. The Company continues to accord the highest priority to each of the objectives listed above.

30. During the year, the funding of incremental working capital requirement and the additional capital expenditure were met entirely from the Company's own

resources without resorting to any external borrowing, besides improving the earnings on deployment of short term surplus funds.

**Performance Highlights**

31. The Performance Highlights of the Company during the year ended 31 Mar 2018 are as follows:

(₹ in crore)

	<b>As on 31 Mar 18</b>	<b>As on 31 Mar 17</b>
Capital Employed	939.89	981.54
Gross Block	472.33	412.63
Net Block	389.17	358.34
Working Capital	550.72	623.20
Net Worth	1015.93	1083.15
Value Added	419.23	318.58
Value of Production	1342.38	927.08
Profit Before Tax	127.75	20.12

<b>Ratios</b>	<b>%</b>	<b>%</b>
Gross Profit : Capital Employed	13.59	2.05
Profit Before Tax : Value of Production	9.52	2.17
Value of Production : Capital Employed	142.82	94.45
Sundry Debtors: VOP	15.17	21.58

**Industrial Relations**

32. 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 various issues, led by the recognised Union such as 'one day tool down strike' without any notice, staging of dharna on two occasions against the issue of disinvestment of your Company and other employee related issues.





### **Environmental aspects and abatement of Pollution**

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

### **Conservation of Energy**

34. As a part of commitment of the Shipyard towards green energy for reducing the impact of atmospheric climate change, your Company has already embarked upon Solar Power project and Bio-Gas Plant. For details, please refer the section on 'Conservation of Energy' in the Directors' Report.

### **Corporate Social Responsibility**

35. Corporate Social Responsibility (CSR) is an essential part of the Company's corporate philosophy integrating business processes with social processes. As a responsible Corporate citizen, your Company has initiated multiple socially oriented interventions towards the holistic development of the Communities in the vicinity of the production units. A major section of the target beneficiaries of the project interventions are from disadvantaged socio-economic background. 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.

36. Details of CSR activities undertaken by the Company during the year are furnished at **Annexure - "G"** to the Directors' Report.





## APPENDIX – “F”

### Form No. MGT-9

### Extract of Annual Return

As on the financial year ended 31<sup>st</sup> March, 2018

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

#### I. REGISTRATION AND OTHER DETAILS

(i)	CIN	U35111WB1934GOI007891
(ii)	Registration Date	26 Feb 1934
(iii)	Name of the Company	Garden Reach Shipbuilders & Engineers Limited
(iv)	Category / Sub-Category of the Company	Government Company / 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: secygrse@vsnl.net / co.sec@grse.co.in
(vi)	Whether listed company	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

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

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

Sl. No.	Name and Description of main products / services	*NIC Code of the Product / service	% to total turnover of the Company
1.	Ship Construction	301/3011 – Building of ships and floating structures	94.45

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

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

Not Applicable.



#### IV. SHAREHOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Shareholding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian - Central Govt.	-	12,384,000	12,384,000	100%	-	114,552,000	114,552,000	100%	7.5
2. Foreign	-	-	-	-	-	-	-	-	-
Total Promoter Shareholding (A)	-	12,384,000	12,384,000	100%	-	114,552,000	114,552,000	100%	7.5
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs (C)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	12,384,000	12,384,000	100%	-	114,552,000	114,552,000	100%	7.5

Note: (i) With effect from 25 Aug 2017, 12,384,000 Equity Shares of face value of ₹100 each were sub-divided into 123,840,000 Equity Shares of the face value of ₹10 each.

(ii) Buyback of 7.5% of the paid-up Equity Share capital comprising of 9,288,000 Equity Shares of ₹10/- each by our Company at a price of ₹ 83.58 per Equity Share from the Promoter of our Company as authorized by our Board of Directors through a resolution dated 06 Dec 2017. Buyback completed on 02 Jan 2018.





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.	President of India	12,384,000	100%	Nil	11,45,52,000	100%	Nil	7.5

iii) Change in Promoters' Shareholding

- ❖ There was 7.5% change in the Promoter's shareholding during the Financial Year 2017-18 due to Buyback of the shares of the Company.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31 Mar 18

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

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	0	0.00	0	0.00
	Brought during the year	1	0.00	1	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	10*	0.00	10	0.00
2.	Shri Ashwani Kumar Mahajan				
	At the beginning of the year	1	0.00	1	0.00
	Brought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	10*	0.00	10	0.00

\* With effect from 25 Aug 2017, the Equity Shares of face value of ₹100 each were sub-divided into Equity Shares of face value of ₹10 each.

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the financial year 2017-18.



## 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	Cmde R Ghosh <sup>[1]</sup>	Shri S S Dogra	Shri A K Nanda	Cmde S Nayyar <sup>[2]</sup>	
1.	Gross salary						
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	28.62	26.53	35.36	22.70	9.27	122.48
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.63	0.32	3.30	3.60	0.88	8.73
	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)	3.45	6.23	2.60	2.62	0.85	15.75
	Total (A)	32.70	33.08	41.26	28.92	11.00	146.96
	Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.					

<sup>[1]</sup> Upto 30 Jun 17

<sup>[2]</sup> From 16 Dec 17





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

(₹ in lakh)

Sl. No	Particulars of Remuneration	Name of Independent Director							Total Amount
		Shri Swapan Kumar Mukherjee <sup>#</sup>	Cmde M Jitendran <sup>#</sup>	Shri Ajay Bhattacharya <sup>^</sup>	Shri Bharat Bhushan <sup>@</sup>	Smt. Kanwaljit Deol <sup>@</sup>	Dr. Ajai Bhandari <sup>§</sup>	Radm IPS Bali <sup>§</sup>	
1.	Fee for attending Board / Committee Meetings	1.45	1.45	1.45	1.20	1.20	N.A.	N.A.	6.75
2.	Commission	-	-	-	-	-	-	-	
3.	Others	-	-	-	-	-	-	-	
	Total (B)	1.45	1.45	1.45	1.20	1.20	N.A.	N.A.	6.75
	Overall Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.							
	Total Managerial Remuneration (A + B)	₹153.71							
	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.

<sup>#</sup> Upto 22 Jul 17    <sup>^</sup> Upto 19 Aug 17    <sup>@</sup> From 15 Sep 17    <sup>§</sup> From 09 Mar 18

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

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	16.38
	(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)	1.35
	Total	17.73

**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.





# Corporate Social Responsibility







## APPENDIX – “G”

### Annual Report on CSR Activities for Financial Year 2017 – 18

#### I. A brief outline of your Company's CSR policy

Your Company as a responsible Corporate Citizen is committed to take up different developmental projects, as part of its Corporate Social Responsibility (CSR) initiatives towards improving the quality of lives of the underprivileged sections of the society and other Stakeholders, primarily around our Factories. Your Company's CSR strategies are targeted towards holistic development of the local communities as also towards fulfilment of National priority sectors such as Swachh Bharat and Skill India.

Your Company's CSR Policy defines the framework 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. Your Company's Policy on Corporate Social Responsibility can be accessed on its website link at <http://grse.in/pdf/investors/GRSE%20Policy%20on%20Corporate%20Social%20Responsibility%20and%20Sustainability.pdf>.

Your Company is implementing projects in four broad thematic domains of Swachh Bharat Mission, Skill development/ vocational training, health and empowerment of differently abled persons. The multi - sectored focus of the CSR projects is aimed towards betterment of the communities located near your Company premises. A major section of the target beneficiaries of the project interventions are from disadvantaged socio - economic background.

#### II. Overview of Major CSR Projects / Programs Undertaken

##### 1. Skill India Mission - Development of Local Government Industrial Training Institutes (ITIs)

The Industrial Training Institutes (ITIs) are conceived as the fountainhead of vocational education in India and the nursery for trained manpower required by Industry. The ITI's thus are an integral part of the development and impart much needed vocational education and training. At present there is a huge gap between the demand and supply of skilled labour in the industrial sector.

To address this skill gap, Government has taken several steps and initiatives and started "Skill India" Mission and made skill development as one of the priority areas for nation building.

Your Company has undertaken two initiatives to support Government ITIs i.e. setting up Centre of Excellence in Advanced Welding at Tollygunge Government ITI and Adoption of Women ITI, Kolkata (Gariahat) to boost the Skill India Mission.

##### (a) CSR Skill Development Initiative At Women ITI Gariahat, Kolkata For Empowering Women

In continuation to its support for adoption of Women ITI Kolkata, your Company has facilitated the upgrade of machines, equipment, teaching aids and other infrastructure facilities for classrooms, laboratory and workshops of Electronic Mechanic (EM) trade and Computer Operator and Programming Assistant (COPA) trade. Twelve meritorious students were conferred awards by RAdm V K Saxena, IN (Retd.) C&MD. Three Industrial visits were organized for the students. Two students were sponsored for work skill competition and seventy students were provided pre-placement training to improve their employability skills. Previously, owing to lack of equipment in many sessions only theory classes were held. 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. As a result of provisioning of new equipment, crowding of students has reduced and sharing of equipment per batch is more equivalent.



**(b) Development of students and faculty of Tollygunge Government ITI**

Your Company has facilitated in setting up a Centre of Excellence in advanced welding in ITI, Tollygunge in FY 2016-17. During the current year, more equipment has been provided to this Centre of Excellence such as Welding Generator DC rotary set, AC/DC Pulse TIG Welding machines, Magnetic particle testing kit machine floor type with all accessories, Portable Abrasive Cut-off machine, CO2 welding machine, DC Arc Welding Rectifier sets with all accessories, Micro Plasma Welding machine. The enhancement of welding booths has ensured that there are adequate resources per batch to enhance the quality of training. Moreover, with installation of new welding machines, monitoring of students' activities during the welding, has improved. The trainers can now observe the students and rectify their mistakes immediately. This initiative has greatly benefitted the students to learn welding trade and be better prepared for work at industry level.

Ten meritorious students were conferred awards and new machines (2nd phase) of welder trade were launched / inaugurated

on 16 Mar 2018 by RAdm V K Saxena, IN (Retd.) C&MD. Shri A K Nanda, Director (Personnel), Shri A.K.Mahapatro, GM (HR&A), Dr. S. Basu, Jt. Director of Indl. Training, Shri Saibal Sengupta, Dy. Director of Indl. Training & In-charge and other dignitaries attended the programme. Three Industrial visits were organized for the students. Ten students were sponsored for work skill competition and ninety three students were provided pre-placement training to improve their employability skills. Five faculty were provided advanced welding training and NABET accredited certification was done for them by IIW.



**2. Empowering Differently Abled Children**

Your Company has partnered with Indian Institute of Cerebral Palsy since 2010-11 to provide comprehensive educational and rehabilitation services for children with cerebral palsy. Your Company 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.





### 3. Infrastructure Development of 04 Anganwadi Centres of Metiabruz in collaboration with CII

This is a unique CSR project which is being facilitated by CII-UNICEF CSR Hub. In FY 2017-18, 04 Anganwadi centres were identified for improvement. This project serves the objectives of providing infrastructure support such as construction of child friendly toilets, water purifiers, utensils, medicines, educational materials etc., as also capacity building of the Anganwadi workers to improve the early childhood education and nutrition for the beneficiaries.

### 4. Swachh Bharat Mission Initiatives

Swachh Bharat Mission is a National campaign to bring awareness about cleanliness and a lasting behavioural change towards hygiene. Taking cognizance of the National mission and the local needs of the community, your Company has initiated multiple interventions in the school level under the broader guidelines of Swachh Vidyalaya Abhiyan. Your Company has constructed toilet units, hand washing facility, provided colour coded waste bins, installed incinerators and other ancillary support structures/ items as per school and community requirement in vicinity of the Production Units of your Company.

#### (a) Construction of toilets in local schools under Swachh Vidhyalaya:

Your Company has introduced multiple interventions under the broader ambit of Swachh Bharat: Swachh Vidyalaya (SBSV) in different schools. Your Company has constructed a total of 65 toilets in 10 local schools located in Metiabruz

and Maheshtala areas out of which 57 are girls' toilets and 08 boys' toilets. The construction of additional toilets has positively impacted the students: toilet ratio. 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.

#### (b) Maintenance of school toilets

Maintenance of school toilets is a new initiative of your Company. The intervention of construction of school toilets is now supported by maintenance of these toilets in order to ensure holistic development in the arena of WASH (Water, Sanitation and Hygiene) at school level. This initiative guarantees that students have access to clean and hygienic toilets, which is essential for children's health, attendance and retention.

#### (c) Installation of Incinerator

Construction of school toilets were undertaken with special thrust on girls' toilets. During physical verification it was found that these schools did not have a cogent mechanism in place for disposal of menstrual waste. Accordingly, 04 nos. of incinerators have been installed in 04 local girls' schools where toilets have been constructed by your Company. This project has not only improved the sanitation facilities in these girls' school but will also reduce the rate of drop outs of girls' students.

#### (d) Contribution to Swachh Bharat Kosh and Clean Ganga fund

Your Company has contributed ₹6 lakh towards Swachh Bharat Kosh and ₹4 lakh towards Clean Ganga Fund in compliance with MoD directives.

#### (e) Distribution of Waste Bins in local schools

Total 76 nos. of colour coded waste bins have been provided to local schools of Metiabruz, Kidderpore and Maheshtala areas of Kolkata under Swachh Bharat, Swachh Vidyalaya Mission. This project has positive ramification for the overall schools sanitation conditions.





**(f) Training to school children on water, sanitation and hygiene practices under Swachh Bharat Mission:**

The WASH training was considered as a major intervention to secure healthy school environment and protect children from illness and exclusion. The sustained behavioral change training for more than 5000 school children was conducted from Feb 2017 to Feb 2018. This project focused on students of 4 schools of Metiabruz where toilets were constructed by GRSE. Interventions were carried out for the following bodies:

- (i) Child Cabinet
- (ii) Mother-Teacher Association
- (iii) School Managing committee/ school development committee.

Activities included, wide display of Information, Education & Communication (IEC) material within the school, visit to the residences of 8% students to ensure implementation of hygiene practices, celebration of Internationally and Nationally important days such as World Health Day, World Environment Day, World Toilet Day, Global Hand Washing Day and National Cleanliness Day through competitions, workshops rally, street drama etc. for bringing about behavioral change among local community/society.



**5. Evaluation / impact study of past CSR projects**

The ultimate test of success of any CSR project / activity is its social or economic impact. Every CSR activity is implemented with some anticipated impact on the beneficiaries. It is against such expectation that the completed projects/ activities of FY 2016-17 was evaluated by National CSR Hub - TISS in order to measure the degree of success or failure of the projects.

**6. Health-Care Projects**

**(a) Monthly Health Camp**

'The Monthly Health Camps' were introduced by your Company during FY 2011-12, for providing basic diagnostic and curative health care facility for the local community.

The project intent is to cater to the routine health requirements of the residents of Metiabruz. Monthly health check-up camps / clinics are held in 61 Park Unit on the last Saturday of every month. The average number of patients catered per health camp is around 250 patients. The number of overall target beneficiaries has increased substantially over the years; over 24,000 beneficiaries' have been catered to during the project period (6 years and ongoing).

**(b) Blood donation camp**

Blood donation camp was conducted in association with the Thalassaemia Society of India on 10 Jan 18. Your Company employees, Trade apprentices and CISF personnel donated blood for underprivileged patients.





**7. Distribution of Aids and Appliances to Differently Abled Persons in Association with Artificial Limb Manufacturing Corporation of India (ALIMCO) at Ranchi**

Your Company had partnered with Artificial Limbs Manufacturing Corporation of India (ALIMCO) for the provisioning and distribution of the aids / assistive devices for differently abled persons at Ranchi, Jharkhand. The project was aimed at providing a wide range of aids and assistive devices to cater to the needs of people suffering from multiple disabilities which include wheelchairs, tricycles, axilla crutches for people with motor disabilities, hearing aids and MSIED kits and smart canes and braille kits for visually challenged people. A total of 249 differently abled persons from marginalized section of society were provided aids / appliances to improve their quality of life.



**III. The Composition of the CSR Committee**

(a)	Smt. Kanwaljit Deol <i>Independent Director</i>	Chairman
(b)	Shri A K Nanda <i>Director (Personnel)</i>	Member
(c)	Cmdr 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 for last three financial years**

2014-15	₹ 76.02 crore
2015-16	₹ 249.15 crore
2016-17	₹ 20.89 crore
Total Net Profit	₹ 346.06 crore
<b>Average Net Profit</b>	<b>₹ 115.35 crore</b>

**V. Prescribed CSR Expenditure (i.e. 2% of Average Net Profit of previous 3 years as in Point 4 above)**  
₹2.29 crore





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

- (a) Total amount to be spent for the financial year : ₹229.34 lakh
- (b) Amount unspent, if any : Nil
- (c) Manner in which the amount spent during the financial year is detailed 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 or Program (1) Local Area or Other (2) Specify the State and district where projects or programs was undertake	Amount Outlay (Budget) Project or program wise (₹ in Lakhs)	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 2017-2018	Amount Spent: Direct or through Implementing Agency
(i)	<b>SKILL INDIA</b>						
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.	88.00	88.00	88.00	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.	7.00	6.03	6.03	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)	Clause – (ii) promoting employment enhancing vocational skills	Tollygunge, Kolkata, West Bengal Gariahat, Kolkata, West Bengal	36.00	27.68	27.68	Women ITI, Kolkata and ITI, Tollygunge



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 or Program (1) Local Area or Other (2) Specify the State and district where projects or programs was undertake	Amount Outlay (Budget) Project or program wise (₹ in Lakhs)	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 2017-2018	Amount Spent: Direct or through Implementing Agency
4.	Development of students and Faculty of Tollygunge Government ITI and Women ITI, Kolkata and placement assistance to the students.	Clause - (ii) promoting employment enhancing vocational skills.	Tollygunge, Kolkata, West Bengal Gariahat, Kolkata, West Bengal	5.00	3.71	3.71	Women ITI, Kolkata and ITI, Tollygunge
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)
(ii)	<b>SWACHH BHARAT MISSION</b>						
6.	Construction of 65 toilets in 10 local schools	Clause - (i) promoting healthcare including preventive healthcare and sanitation	Metiabruz and Maheshala of Kolkata, West Bengal.	74.50	64.20	64.20	Sulabh International Social Service Organization, WB Branch and GRSE Ltd.
7.	Training to 5000 school children on Water, Sanitation and Hygiene (WASH) practices	Clause - (i) eradicating hunger, poverty and malnutrition promoting sanitation	Metiabruz, Kolkata, West Bengal.	4.47	3.79	3.79	Confederation of Indian Industry (Eastern Region)
8.	Improvement of 4 Anganwadi centres of Metiabruz into model centres.	Clause - (i) eradicating hunger, poverty and malnutrition promoting sanitation and making available safe drinking water.	Metiabruz, Garden Reach and surrounding areas of Kolkata, West Bengal.	7.00	6.10	6.10	Confederation of Indian Industry (Eastern Region)





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 or Program (1) Local Area or Other (2) Specify the State and district where projects or programs was undertake	Amount Outlay (Budget) Project or program wise (₹ in Lakhs)	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 2017 – 2018	Amount Spent: Direct or through Implementing Agency
9.	Impact Assessment study of projects implemented in 2016-17	Clause – (i) promoting education	Mediabruz and other places of Kolkata West Bengal	3.02	2.56	2.56	TISS, National CSR Hub
10.	Contribution to Swachh Bharat Kosh	Clause – (i) – Contribution to Swachh Bharat Kosh	Pan India	6.00	6.00	6.00	GRSE Ltd.
11.	Contribution to Clean Ganga Fund	Clause – (iv) Contribution to the Clean Ganga Fund	Pan India	4.00	4.00	4.00	GRSE Ltd.
12.	Distribution of 76 nos. of Waste Bins to local schools of Mediabruz and Maheshtala area.	Clause – (i) promoting healthcare including preventive healthcare and sanitation	Mediabruz and Maheshtala of Kolkata, West Bengal.	3.42	3.41	3.41	GRSE Ltd.
13.	Maintenance of toilets in 08 schools where toilets have been constructed by GRSE	Clause – (i) promoting healthcare including preventive healthcare and sanitation	Mediabruz and Maheshtala of Kolkata, West Bengal.	6.41	0.74	0.74	Sulabh International Social Service Organization, WB Branch
14.	Installation of incinerators in 04 local girls' school	Clause – (i) promoting healthcare including preventive healthcare and sanitation	Mediabruz and Maheshtala of Kolkata, West Bengal.	2.00	1.20	1.20	Sulabh International Social Service Organization, WB Branch



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 or Program (1) Local Area or Other district where projects or programs was undertake	Amount Outlay (Budget) Project or program wise (₹ in Lakhs)	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 2017-2018	Amount Spent: Direct or through Implementing Agency
(iii)	<b>OTHERS PROJECTS</b>						
15.	Monthly health check-up camps and blood donation camp	Clause - (i) Eradicating hunger, poverty and malnutrition promoting preventive health care.	Mediabruz, Kolkata, West Bengal.	7.00	5.76	5.76	GRSE Ltd.
16.	Distribution of Aids and assistive devices to 249 person with disabilities of Ranchi in association with ALIMCO.	Clause - (i) promoting healthcare including preventive healthcare	Ranchi, Jharkhand	20.00	19.68	19.68	ALIMCO
	<b>TOTAL</b>			<b>297.82</b>	<b>266.86</b>	<b>266.86</b>	

VII. 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

VIII. 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.'



**Asit Kumar Nanda**  
Director (Personnel)



**Kanwaljit Deol**  
Chairman, CSR & Sustainability Committee

**Date:** 22<sup>nd</sup> June, 2018



# 102<sup>nd</sup> Annual General Meeting







# **Independent Auditor's Report**

## **To The Members of Garden Reach Shipbuilders & Engineers Limited**

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **Garden Reach Shipbuilders & Engineers Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (in which are incorporated the returns for the year ended on that date audited by the Branch auditor of the Company's Branch at Ranchi).

### **Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit or loss (including other comprehensive income), changes in equity and the Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.



### Report on the Ind AS financial statements (contd.)

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

#### Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31 March, 2018 and its profit (including other comprehensive income), its changes in equity and the cash flows for the year ended on that date.

#### Other Matter

We did not audit the financial statements of 1 (One) branch included in the financial statements of the Company whose financial statements reflect total assets of ₹ 3,168.13 lakh as at 31 March, 2018 and total revenues of ₹ 581.60 lakh for the year ended on that date, as considered in the financial statements. These Financial Statements have been audited by the Branch Auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect to the branch, is based on the report of such branch auditor.

Our opinion on the financial statements and our report on the Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on the work done by and the report of the other auditor.

#### 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 Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

- i. 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.
- ii. 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.
- iii. The report on the accounts of Ranchi Branch of the Company audited under Section 143(8) of the Act by branch auditor has been sent to us and has been properly dealt with by us in preparing this report.
- iv. The Balance Sheet, the Statement of Profit and Loss, the Cash flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- v. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- vi. On the basis of the written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of section 164(2) of the Act.
- vii. 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".
- viii. 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:





**Report on the Ind AS financial statements (contd.)**

- a. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note No. 29 to the Ind AS financial statements.
  - b. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - c. No amount was required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by sub-section (5) of section 143 of the Act, we give in "Annexure C", a statement on the matters contained in directions issued by Comptroller & Auditor General of India in terms of aforesaid section.

**For G. P. Agrawal & Co.  
Chartered Accountants**

Firm's Registration No. - 302082E

**(CA. Sunita Kedia)**

Partner

Membership No. 60162

Place of Signature: Kolkata

Date: the 22<sup>nd</sup> Day of June, 2018



### **"Annexure A" to the Independent Auditor's Report**

**Statement referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Garden Reach Shipbuilders & Engineers Limited on the Ind AS Financial Statements for the year ended 31<sup>st</sup> March, 2018.**

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets have been physically verified by the management during the year at periodical intervals as per the programme of physical verification of fixed assets. To the best of our knowledge, no material discrepancy was noticed on such verification and in our opinion the periodicity of such physical verification is reasonable having regard to the size of the Company and nature of its assets.
- 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 at reasonable intervals. In respect of goods lying with third parties, these have substantially been confirmed by them. The discrepancies between physical stocks and book records arising out of physical verification, which were not material, have been dealt with in the books of account.
- (iii) 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. Therefore, clauses (iii) (a), (b) and (c) of paragraph 3 of the said order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable. Based on our audit procedures performed and according to information and explanations given by the management, the Company has complied with provisions of section 186 of the Act in respect of investments.
- (v) The Company has not accepted any deposit within the meaning of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. The directives issued by the Reserve Bank of India are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company in respect of products where pursuant to the Companies (Cost Records & Audit) Rules, 2014, prescribed by the Central Government, the maintenance of Cost records has been prescribed under section 148(1) of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We, however, as not required, have not made a detailed examination of such records.
- (vii)(a) According to the information and explanations given to us and based on the examination of the records of the Company as provided to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, to the extent applicable, with appropriate authorities and no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2018 for a period of more than six months from the date of becoming payable.





**“Annexure A” to the Independent Auditor’s Report (contd.)**

b) The disputed statutory dues aggregating to ₹ 3,781.68 Lakh that have not been deposited on account of matters pending before appropriate authorities are as under:

<b>Sl. No.</b>	<b>Name of the Statute</b>	<b>Nature of dues</b>	<b>Period to which pertain</b>	<b>Amount (₹ in lakh)</b>	<b>Forum where the dispute is pending</b>
1	West Bengal Value Added Tax Act, 2003	Value Added Tax	2007-08	506.83	West Bengal Taxation Tribunal
2	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2004-05	8.80	Commercial Tax Tribunal, Jharkhand
3	Central Sales Tax Act, 1956	Central Sales Tax	2004-05	17.48	Commercial Tax Tribunal, Jharkhand
4	Central Sales Tax Act, 1956	Central Sales Tax	2009-10	188.31	Commissioner of Commercial Taxes, Jharkhand
5	Central Sales Tax Act, 1956	Central Sales Tax	2012-13	283.71	Revision petition and stay petition filed before the Commissioner of Commercial Taxes, Ranchi.
6	Central Sales Tax Act, 1956	Central Sales Tax	2010-11	1,201.93	Commissioner of Commercial Taxes
7	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2010-11	768.01	Commissioner of Commercial Taxes
8	Central Excise Act, 1944	Central Excise	2001-02 to 2005-06	17.90	Commissioner of Central Excise (Appeals)
9	Central Excise Act, 1944	Central Excise	2011-12	75.54	CESTAT
10	Central Excise Act, 1944	Central Excise	2016-17	106.54	Commissioner of Central Excise
11	Finance Act, 1994	Service Tax	2003-04 to 2007-08	121.30	CESTAT
12	Income Tax Act, 1961	Income Tax	2009-10	18.56	Deputy Commissioner of Income Tax (Rectification)
13	Income Tax Act, 1961	Income Tax	2008-09	352.85	Commissioner of Income Tax (Appeal)
14	Income Tax Act, 1961	Income Tax	2011-12	111.33	Commissioner of Income Tax (Appeal)
15	Income Tax Act, 1961	Income Tax	2013-14	0.67	Commissioner of Income Tax (Appeal)
16	Income Tax Act, 1961	Income Tax	2014-15	1.92	Commissioner of Income Tax (Appeal)
<b>Total</b>				<b>3,781.68</b>	





**"Annexure A" to the Independent Auditor's Report (contd.)**

- (vii) The Company has not defaulted in repayment of loans or borrowings to banks. The Company has not taken any loan from financial institutions or Government and has not issued any debentures.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. On the basis of our examination and according to the information and explanations given to us, money raised by way of term loans have been applied for the purpose for which the loans were obtained.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, clause (xii) of paragraph 3 of the said order 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 given 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.
- (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. Accordingly, clause (xv) of paragraph 3 of the said order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For G. P. Agrawal & Co.**  
**Chartered Accountants**

Firm's Registration No. - 302082E

*Sunita Kedia*

**(CA. Sunita Kedia)**

Partner

Membership No. 60162

Place of Signature: Kolkata

Date: the 22<sup>nd</sup> Day of June, 2018





## **"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 ("the Act")**

We have audited the internal financial controls over financial reporting of Garden Reach Shipbuilders & Engineers Limited ("the Company") as of 31 March, 2018 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, 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, both issued by the ICAI. 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;





**"Annexure B" to the Independent Auditor's Report (contd.)**

- (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.

Place of Signature: Kolkata  
Date: the 22<sup>nd</sup> Day of June, 2018

**Opinion**

In our opinion, 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 31 March, 2018, 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 G. P. Agrawal & Co.**  
**Chartered Accountants**

Firm's Registration No. - 302082E

**(CA. Sunita Kedia)**

Partner

Membership No. 60162





**“Annexure C” to the Independent Auditor's Report**

Sl. No.	Directions	Auditor's Comments			
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	Yes, except for the following –			
		Sl. No.	Leasehold / Freehold	Area of Land	Remarks
		1	Leasehold Land at Belur Unit	5.29 Acres	Lease agreement has expired and renewal is under process.
		2	Leasehold Land at FOJ unit	3,539.47 Sq. Mtrs.	Lease agreement has expired and renewal is under process. The area for land has been taken from the expired agreement.
		3	Leasehold Land at FOJ unit	2,140.00 Sq. Mtrs.	Lease agreement has expired and renewal is under process. The area for land has been taken from available correspondences between the Company and the lessor.
		4	Leasehold Land at Taratala Unit	13,721.68 Sq. Mtrs.	The said land was allotted to the Company by Kolkata Port Trust (KOPT). The area has been confirmed from the allotment letter of KOPT to the Company.
		5	Land at 61 Park Unit	32 Bighas, 6 Cottahs	The said land was allotted to the Company by Govt. of India without any cost. Although mutation is in the name of the Company, documents of title were not made available to us for our verification. The area has been taken from available correspondences with the Company.
		6	Land at DEP, Ranchi	62 Acres	Title deed of land is not held in the name of the Company.



**"Annexure C" to the Independent Auditor's Report (contd.)**

Sl. No.	Directions	Auditor's Comments																	
2	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc., if yes, the reasons there for and the amount involved.	<p>No such case of waiver of debts/loans/interest etc. has come to our notice nor have we been informed of any such case by the management. There are following cases of write off of loan, debt, interest, etc.:</p> <table border="1"> <thead> <tr> <th>Nature</th> <th>Amount involved</th> <th>Reason for write off</th> </tr> </thead> <tbody> <tr> <td></td> <td>(₹ In lakh)</td> <td></td> </tr> <tr> <td>Loan</td> <td>134.00</td> <td rowspan="2">Full provision was made in Accounts of 2003-04. After full and final settlement with the party due to its winding up, the balance is no more realisable and hence written off (Refer note 41 to the financial statements).</td> </tr> <tr> <td>Interest receivable on above loan</td> <td>257.75</td> </tr> <tr> <td>Advance to vendor</td> <td>8.21</td> <td>Due to winding up, the balance is no more realisable and hence written off.</td> </tr> <tr> <td>Debtors</td> <td>4.10</td> <td>Pertains to charges (Liquidated damages, defect liability etc.) not accepted by customers and hence written off.</td> </tr> </tbody> </table>	Nature	Amount involved	Reason for write off		(₹ In lakh)		Loan	134.00	Full provision was made in Accounts of 2003-04. After full and final settlement with the party due to its winding up, the balance is no more realisable and hence written off (Refer note 41 to the financial statements).	Interest receivable on above loan	257.75	Advance to vendor	8.21	Due to winding up, the balance is no more realisable and hence written off.	Debtors	4.10	Pertains to charges (Liquidated damages, defect liability etc.) not accepted by customers and hence written off.
Nature	Amount involved	Reason for write off																	
	(₹ In lakh)																		
Loan	134.00	Full provision was made in Accounts of 2003-04. After full and final settlement with the party due to its winding up, the balance is no more realisable and hence written off (Refer note 41 to the financial statements).																	
Interest receivable on above loan	257.75																		
Advance to vendor	8.21	Due to winding up, the balance is no more realisable and hence written off.																	
Debtors	4.10	Pertains to charges (Liquidated damages, defect liability etc.) not accepted by customers and hence written off.																	
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grant(s) from Government or other authorities.	Records are maintained for inventories lying with third parties. There is no such case of gift received from Govt. or other authorities.																	

**For G. P. Agrawal & Co.**  
**Chartered Accountants**

Firm's Registration No. - 302082E

*Sunita Kedia*  
**(CA. Sunita Kedia)**

Partner

Membership No. 60162

Place of Signature: Kolkata

Date: the 22<sup>nd</sup> Day of June, 2018





प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य  
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001

**OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT and Ex-Officio MEMBER, AUDIT BOARD,  
BANGALORE - 560 001.**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED, KOLKATA FOR THE YEAR ENDED 31 MARCH 2018.**

The preparation of financial statements of **Garden Reach Shipbuilders & Engineers Limited, Kolkata** for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 22 June 2018.

I, on behalf of Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **Garden Reach Shipbuilders & Engineers Limited, Kolkata** for the year ended 31 March 2018. 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report.

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

**(Santosh Kumar, IA & AS)  
Pr. Director of Commercial Audit  
& Ex-Officio Member, Audit Board, Bangalore**

Place: Bangalore  
Date : 24 July 2018



The image features a close-up, blue-tinted view of a calculator and a pen resting on a document with a grid of numbers. A semi-transparent grey circle is overlaid on the right side, containing the title text. The calculator's keypad is visible in the foreground, and the pen's tip is positioned over the grid. The document contains various numerical values, some of which are highlighted in a light blue color.

# ANNUAL ACCOUNTS 2017-18

ON

267	21 413	377
5 629	9 510	4557
9 742	23 847	30 123
208 1	10 390	45 581
557	5 625	10 075
55	8 226	5 425
44	336	10 075
44	1	10 075
55	55	581





Balance Sheet as at 31<sup>st</sup> March 2018

(₹ in lakh)

Particulars	Note No.	As at 31 March, 2018	As at 31 March, 2017
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	38,296.06	35,295.12
(b) Capital work-in-progress	4	1,602.77	2,318.35
(c) Intangible assets	5	620.64	538.97
(d) Financial assets			
(i) Investments	6(a)	0.44	0.44
(ii) Trade receivables	6(b)	37.98	120.29
(iii) Loans	6(c)	-	-
(iv) Other financial assets	6(d)	1,25,848.86	78,122.87
(e) Non-current tax assets	7	8,557.32	9,497.35
(f) Other non-current assets	8	839.42	1,936.89
<b>Total non-current assets</b>		<b>1,75,803.49</b>	<b>1,27,830.28</b>
<b>(2) Current assets</b>			
(a) Inventories	9	50865.84	48,588.81
(b) Financial assets			
(i) Trade and other receivables	10(a)	20,336.81	19,885.85
(ii) Cash and cash equivalents	10(b)	1,189.26	1,185.04
(iii) Bank balances other than (ii) above	10(c)	1,01,025.83	1,60,841.00
(iv) Other financial assets	10(d)	47,224.17	70,248.77
(c) Other current assets	11	29,541.21	28,045.93
(d) Assets classified as held for sale	12	36.42	37.76
<b>Total current assets</b>		<b>2,50,219.54</b>	<b>3,28,833.16</b>
<b>TOTAL ASSETS</b>		<b>4,26,023.03</b>	<b>4,56,663.44</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	13(a)	11,455.20	12,384.00
(b) Other equity	13(b)	90,138.27	95,930.50
<b>Total equity</b>		<b>1,01,593.47</b>	<b>1,08,314.50</b>
<b>LIABILITIES</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
Trade payables	14	780.10	795.85
(b) Provisions	15	940.11	1,170.70
(c) Deferred tax liabilities (net)	16	1,712.90	1,746.62
<b>Total non-current liabilities</b>		<b>3,433.11</b>	<b>3,713.17</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17(a)	-	2,500.00
(ii) Trade payables	17(b)	68,882.55	36,795.59
(iii) Other financial liabilities	17(c)	2,154.78	3,556.66
(b) Other current liabilities	18	2,36,364.54	2,86,882.52
(c) Provisions	19	13,594.58	14,901.00
<b>Total current liabilities</b>		<b>3,20,996.45</b>	<b>3,44,635.77</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,26,023.03</b>	<b>4,56,663.44</b>

The accompanying notes 1 to 51 are an integral part of the financial statements.

As per our report of even date attached.

**For G.P. Agrawal & Co.**  
Chartered Accountants  
Firm's Registration No - 302082E  
*Sunita Kedia*  
**(CA. Sunita Kedia)**  
Partner  
Membership No. 60162

Place of Signature : Kolkata  
Date : the 22<sup>nd</sup> day of June, 2018

For and on behalf of the Board of Directors

*V.K. Saxena*  
**Rear Admiral V.K. Saxena, IN (Retd.)**  
Chairman & Managing Director  
DIN - 07696782  
*S. Mahapatra*  
**S. Mahapatra**  
Company Secretary  
*S.S. Dogra*  
**S.S. Dogra**  
Director (Finance) & CFO  
DIN - 07052300



## Statement of Profit and Loss for the Year Ended 31<sup>st</sup> March, 2018

(₹ in lakh)

Particulars	Note No.	Year ended 31 March, 2018	Year ended 31 March, 2017
<b>INCOME</b>			
Revenue from operations	20	1,34,651.58	92,932.13
Other income	21	17,923.40	21,699.03
<b>Total income</b>		<b>1,52,574.98</b>	<b>1,14,631.16</b>
<b>EXPENSES</b>			
Cost of materials consumed	22(a)	58,150.72	33,985.02
Purchase of products for resale (B & D spares)		14,156.70	11,460.52
Changes in inventories of work-in-progress and scrap	22(b)	(133.46)	802.92
Sub-contracting charges		13,705.13	10,724.77
Excise duty		189.95	754.84
Employee benefits expense	23	29,859.70	28,578.39
Finance costs	24	769.12	911.84
Depreciation and amortisation expense	25	2,895.56	2,665.17
Other expenses - project related	26	7,266.11	5,058.29
Other expenses	27	12,940.48	17,677.24
<b>Total expenses</b>		<b>1,39,800.01</b>	<b>1,12,619.00</b>
<b>Profit before tax</b>		<b>12,774.97</b>	<b>2,012.16</b>
Tax expense			
- Current tax		4,533.98	878.00
- Deferred tax		(439.30)	(12.67)
<b>Total tax expense</b>		<b>4,094.68</b>	<b>865.33</b>
<b>Profit for the year</b>		<b>8,680.29</b>	<b>1,146.83</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
- Remeasurements of defined benefit plans		1,160.63	34.55
- Income tax relating to above item		(405.58)	(11.96)
<b>Other comprehensive income for the year, net of tax</b>		<b>755.05</b>	<b>22.59</b>
<b>Total comprehensive income for the year</b>		<b>9,435.34</b>	<b>1,169.42</b>
Earnings per equity share: (Nominal value per share Rs. 10)			
Basic and diluted earnings per share	36	7.14	0.93

The accompanying notes 1 to 51 are an integral part of the financial statements.

As per our report of even date attached.

**For G.P. Agrawal & Co.**

Chartered Accountants

Firm's Registration No - 302082E

*Sunita Kedia*  
**(CA. Sunita Kedia)**

Partner

Membership No. 60162

Place of Signature : Kolkata

Date : the 22<sup>nd</sup> day of June, 2018

For and on behalf of the Board of Directors

*V.K. Saxena*

**Rear Admiral V.K. Saxena, IN (Retd.)**

Chairman & Managing Director

DIN - 07696782

*S. Mahapatra*

**S. Mahapatra**

Company Secretary

*S.S. Dogra*

**S.S. Dogra**

Director (Finance) & CFO

DIN - 07052300





## Cash Flow Statement for the Year Ended 31<sup>st</sup> March, 2018

(₹ in lakh)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2017
<b>A. Cash flow from operating activities:</b>				
Profit before taxation		12,774.97		2,012.16
Adjustments for -				
Interest income		(17,005.24)		(20,335.84)
Depreciation & amortisation expense		2,895.56		2,665.17
Retirement /Write off of Assets -Net		(23.62)		(13.66)
Finance cost		769.12		911.84
Unrealized loss/ (gain) on foreign exchange fluctuation		195.78		(184.53)
Write down/(Reversal of written down) of inventories		(28.09)		92.18
Allowance for doubtful debts		33.14		334.58
Liabilities no longer required written back		(748.96)		(906.76)
<b>Operating profit before working capital changes</b>		(1,137.34)		(15,424.86)
Adjustments for changes in working capital :				
(Increase)/Decrease in Trade and other receivables	(401.78)		(4,754.71)	
(Increase)/Decrease in Other financial assets	(24,701.38)		(7,424.68)	
(Increase)/Decrease in Other non-current assets	1097.47		(114.55)	
(Increase)/Decrease in Other current assets	(1,495.28)		(14,034.53)	
(Increase)/Decrease in Inventories	(2,277.02)		15,902.29	
Increase/(Decrease) in Trade payables	32,737.92		(15,274.99)	
Increase/(Decrease) in Provisions	(1,570.73)		6,410.54	
Increase/(Decrease) in Other financial liabilities	1,401.88		217.80	
Increase/(Decrease) in Other current liabilities	(14,744.88)	(9,953.80)	23,279.38	4,206.55
<b>Cash generated from/ (used in) operations</b>		(11,091.14)		(11,218.31)
Taxes paid (net of refunds)		3,689.56		(7,903.20)
<b>Net cash from/(used in) operating activities</b>		<b>(7,401.58)</b>		<b>(19,121.51)</b>
<b>B. Cash flow from investing activities</b>				
Purchase of Property, plant and equipment (including intangibles and capital work in progress)		(5,017.82)		(4,221.40)
Proceeds from maturity of Fixed deposits		15,128.17		11,324.00
Interest received		16,626.73		15,579.09
<b>Net cash from/(used in) investing activities</b>		<b>26,737.08</b>		<b>22,681.69</b>
<b>C. Cash flow from financing activities:</b>				
Proceeds from/(Repayment of) Short term borrowings		(2,500.00)		2,500.00
Proceeds from/(Repayment of) Long term borrowings		-		(182.56)
Buy Back of shares (including Tax)		(9,553.74)		-
Interest and other borrowing cost paid		(769.12)		(911.84)
Dividend paid		(5407.57)		(5,322.05)
Dividend tax paid		(1,100.85)		(1,083.44)
<b>Net cash from/ (used in) financing activities</b>		<b>(19,331.28)</b>		<b>(4,999.89)</b>
<b>Net Increase/(Decrease) in Cash and cash equivalents</b>		<b>4.22</b>		<b>(1,439.71)</b>
<b>Opening Cash and cash equivalents</b>		<b>1,185.04</b>		<b>2,624.75</b>
<b>Closing Cash and cash equivalents ( Refer note 10(b) )</b>		<b>1,189.26</b>		<b>1,185.04</b>





1. 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.
2. Cash and cash equivalents do not include any amount which is not available to the Company for its use.
3. Cash and cash equivalents as at the Balance sheet date consists of :

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Balances with banks		
Current accounts	1,187.49	1,179.15
Cash in hand	1.77	5.89
<b>Cash and cash equivalents</b>	<b>1,189.26</b>	<b>1,185.04</b>

4. The figure in brackets represent cash outflow from respective activities.
5. As break up of Cash and cash equivalents is also available in Note No. 10(b), reconcillation 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 51 are an integral part of the financial statements.

As per our report of even date attached.

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

  
**(CA. Sunita Kedia)**  
Partner

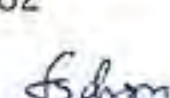
Membership No. 60162

Place of Signature : Kolkata  
Date : the 22<sup>nd</sup> day of June, 2018

For and on behalf of the Board of Directors

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

  
**S. Mahapatra**  
Company Secretary

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





## Statement of Changes in Equity for the Year Ended 31<sup>st</sup> March, 2018

### A. Equity share capital

(₹ in lakh)

Particulars	Amount
<b>As at 01 April, 2016</b>	12,384.00
Changes in Equity share capital	-
<b>As at 31 March, 2017</b>	12,384.00
Changes in Equity share capital (Refer Note 13 (a))	(928.80)
<b>As at 31 March, 2018</b>	11,455.20

### B. Other equity

(₹ in lakh)

Particulars	Reserve and surplus				Total other equity
	Corporate social responsibility (CSR) reserve	Capital Redemption Reserve	General reserve	Retained earnings	
<b>Balance as at 01 April, 2016</b>	208.88	-	15,618.60	85,453.76	1,01,281.24
Profit for the year (a)	-	-	-	1,146.83	1,146.83
Other comprehensive income for the year (b)	-	-	-	22.59	22.59
<b>Total comprehensive income for the year (a + b)</b>	-	-	-	<b>1,169.42</b>	<b>1,169.42</b>
Dividend paid	-	-	-	(6,405.49)	(6,405.49)
Expenses on account of CSR activities	(114.67)	-	-	-	(114.67)
<b>Balance as at 31 March, 2017</b>	<b>94.21</b>	<b>-</b>	<b>15,618.60</b>	<b>80,217.69</b>	<b>95,930.50</b>

<b>Balance as at 01 April, 2017</b>	94.21	-	15,618.60	80,217.69	95,930.50
Profit for the year (a)	-	-	-	8,680.29	8,680.29
Other comprehensive income for the year (b)	-	-	-	755.05	755.05
<b>Total comprehensive income for the year (a + b)</b>	-	-	-	<b>9,435.34</b>	<b>9,435.34</b>
Dividend paid	-	-	-	(6,508.42)	(6,508.42)
Buy Back of Shares (Refer Note 13 (b))	-	928.80	(9,553.74)	-	(8,624.94)
Expense on account of CSR activities	(94.21)	-	-	-	(94.21)
<b>Balance as at 31 March, 2018</b>	<b>-</b>	<b>928.80</b>	<b>6,064.86</b>	<b>83,144.61</b>	<b>90,138.27</b>

The accompanying notes 1 to 51 are an integral part of the financial statements.

As per our report of even date attached.

**For G.P. Agrawal & Co.**

Chartered Accountants

Firm's Registration No - 302082E

*Sunita Kedia*

**(CA. Sunita Kedia)**

Partner

Membership No. 60162

Place of Signature : Kolkata

Date : the 22<sup>nd</sup> day of June, 2018

For and on behalf of the Board of Directors

*V.K. Saxena*

**Rear Admiral V.K. Saxena, IN (Retd.)**

Chairman & Managing Director

DIN - 07696782

*S. Mahapatra*

**S. Mahapatra**  
Company Secretary

*S.S. Dogra*

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



## Notes Forming Part of Financial Statements

### Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### I. Background

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. The Company is mainly engaged in the construction of war ships.

#### II. Statement of 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 following:

- 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.

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





## **Notes Forming Part of Financial Statements (Contd.)**

### **(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 are shown at cost, less accumulated depreciation and impairment, if any. Capital works executed internally are valued at prime cost plus appropriate overheads. No charges for supervision are levied on civil capital projects.

i. 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.

ii. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Cost includes cost of replacing part of the plant and equipment for long-term construction projects, if the recognition criteria are met.

iii. Expenses capitalised also include applicable borrowing costs, if any.

iv. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

v. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition

criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

vi. Loose tools are charged to Statement of Profit and Loss, on issue from stores, if the cost of the individual items does not exceed Rs. 5,000.

### **II. 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.

### **III. Retirement of assets**

Unserviceable tangible assets are valued at net realisable value. In case the net realisable value is not available, the same is considered at 5% of original cost as scrap value. For IT hardware assets, i.e. end user devices such as desktops, laptops, etc. residual value is considered as nil.

### **IV. Jointly Funded Assets**

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

#### **Transition to Ind AS**

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 PPE.



## Notes Forming Part of Financial Statements (Contd.)

### V. 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
Plant & Equipment	Goliath Crane (250 Ton Capacity) ( Refer Note 47)	25
Furniture & Fixture	All electronic/electrical gadgets like refrigerator, MW/other ovens, TV sets/entertainment systems/Geyser/Water heater, Water purifiers & coolers, Air coolers, Electronic Medical gadgets/instruments, Canteen gadgets/utilities, 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 PPE.
- ii. Depreciation on property, plant and equipment:
  1. Commences when the assets are ready for intended use and is provided on straight line method over the respective useful life of the asset.
  2. Depreciation is recognised so as to write off the cost of assets (other than free hold land and properties under construction less their residual values) over their respective useful life.
  3. The residual value is considered at the rate of 5% of the original cost of the respective assets except computers & IT peripherals.
  4. 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.





## Notes Forming Part of Financial Statements (Contd.)

- iv. An item of Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.
- v. Depreciation begins when the asset is available for use. It ceases at the earlier of the date that the asset is classified as held for sale as per Ind AS 105 and the date of derecognition of the asset.
- vi. 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.
- vii. 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.
- viii. Depreciation on second hand assets –

Depreciation on second hand tangible assets is charged on straight line method to write off 95% of the cost over the estimated useful lives of such asset based on the internal technical assessment and evaluation.

### (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 at the balance sheet date. 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.



## Notes Forming Part of Financial Statements (Contd.)

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 Rs. 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 CENVAT and VAT, 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.





## Notes Forming Part of Financial Statements (Contd.)

### (i) Revenue Recognition

#### A. Construction Contracts

- a. Revenue is recognized and accounted for if there is no significant uncertainty in collection of the amount of consideration.
- b. When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The estimated cost of each contract is determined based on management estimate of cost to be incurred till final completion of the vessel and includes cost of material, services and other related overheads.
- c. Determination of estimated cost to complete the contract is required for computing revenue as per Ind - AS 11 on 'Construction Contracts'. The estimates are revised periodically.
- d. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.
- e. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.
- f. When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognized only to the extent of contract cost incurred that are likely to be recoverable.
- g. Revenue Recognition for Modification Jobs: In case of modification jobs, revenue against completed Modification jobs are 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.

- h. When contract costs incurred till date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the amount due to customers for contract work. Amounts received before the related work is performed are included in the statement of financial position as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included under trade and other receivables.
- i. Unbilled Revenue: When work for the project has been incurred but the bill towards the same is yet to be issued, the same is recognized as unbilled income. Unbilled income being a contractual commitment to receive cash according to the terms of the contract after the invoice is issued, is treated as a Financial Asset.

#### B. Sale of goods

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue from the sale of goods is recognized when all of the following conditions are satisfied:

- i. The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;



## Notes Forming Part of Financial Statements (Contd.)

- iii. The amount of revenue can be measured reliably;
- iv. It is probable that the economic benefits associated with the transaction will flow to the Company; and
- v. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

### C. Interest income

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.

### D. Revenue from services

Revenue from services is recognized in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (POCM).

### E. 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





## Notes Forming Part of Financial Statements (Contd.)

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) Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Inter-segment revenue are accounted for on the basis of transfer price acceptable to the final customer. Assets pertaining to Corporate Office or not specific to segment activities are separately indicated.

### (o) 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 34 details 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



## Notes Forming Part of Financial Statements (Contd.)

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.

### 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.

### (p) 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.





## Notes Forming Part of Financial Statements (Contd.)

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.

### (q) 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 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.

### (r) Employee Benefits

#### 1. 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.





## Notes Forming Part of Financial Statements (Contd.)

### 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.





## Notes Forming Part of Financial Statements (Contd.)

### 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.

### (s) 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.

### (t) 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

- ◆ 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:

- a. Entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b. Deferred tax assets and the deferred tax liabilities relate to the income taxes levied by the same taxation authority.

### (u) 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).



## Notes Forming Part of Financial Statements (Contd.)

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.

### (v) Provision, Contingent Liabilities and Contingent Assets

- i. 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.
- ii. 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.
- iii. 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.
- iv. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.
- v. Contingent Liabilities are not recognised but are disclosed in the notes.
- vi. 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:

- a. In the arbitration cases where the Company has not contested or does not intend to contest the adverse outcome of arbitral award, the liability is not treated as contingent and full provision is considered.
- b. Where an adverse award/ decision is given by the arbitrator or by the trial court and an appeal is preferred by the Company or intended to be preferred, provision is made as follows:-
  - i. After the claim is disposed of by the Arbitrator - 25% of the amount in dispute.
  - ii. After the claim is disposed 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.
- c. 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.
- d. 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.





## Notes Forming Part of Financial Statements (Contd.)

### 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.

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.

### III. Recent accounting pronouncement

#### Appendix B to Ind AS 21 , Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April, 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements.

#### IndAS 115

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction

contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April, 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transaction. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April, 2018.

The standard permits two possible methods of transition:

- Retrospective approach – Under this approach, the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

The Company is evaluating the requirement of the amendment and the impact on the financial statements.

#### 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





## Notes Forming Part of Financial Statements (Contd.)

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 correspond 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 that 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.





**Notes Forming Part of Financial Statements (Contd.)**

**Notes Forming Part of Financial Statements**

**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)
	Opening as at 1 April, 2017	Additions	Deductions / Adjustments	Balance as at 31 March, 2018	Balance as at 1 April, 2017	Charge for the year	Deductions / Adjustments	Balance as at 31 March, 2018	As at 31 March, 2018
Land - Freehold	5,125.72	-	-	5,125.72	-	-	-	-	5,125.72
Building - Freehold	2,181.58	1704.04	0.06	3,885.56	205.69	134.38	-	340.07	3,545.49
Plant & equipment	16,789.87	2526.45	17.08	19,299.24	2,109.22	1,174.45	5.36	3,278.31	16,020.93
Electrical installations	218.23	388.31	-	606.54	58.22	35.80	-	94.02	512.52
Docks & jetties	4,880.89	-	-	4,880.89	626.16	381.92	-	1,008.08	3,872.81
Furniture & fixtures	478.31	250.10	0.05	728.36	82.41	120.84	-	203.25	525.11
Office equipment	344.84	23.57	5.48	362.93	47.27	40.74	3.35	84.66	278.27
Computer	692.30	813.23	-	1,505.53	401.09	125.36	-	526.45	979.08
Launches, barges & boats	60.61	-	-	60.61	0.80	2.02	-	2.82	57.79
Vehicles	8.68	27.70	-	36.38	2.72	4.03	-	6.75	29.63
Motor lorries, trailers, mobile cranes etc.	46.20	-	0.62	45.58	11.07	5.40	-	16.47	29.11
<b>Sub-total (1)</b>	<b>30,827.23</b>	<b>5,733.40</b>	<b>23.29</b>	<b>36,537.34</b>	<b>3,544.65</b>	<b>2,024.94</b>	<b>8.71</b>	<b>5,560.88</b>	<b>30,976.46</b>
Assets jointly funded by GRSE & Indian Navy									
Building	4516.49	-	-	-	-	-	-	-	-
Less: Funded by Navy	3224.69	-	-	-	-	-	-	-	-
Building funded by GRSE (a)	1,291.80	-	-	1,291.80	108.64	54.32	-	162.96	1,128.84
Plant & Equipment	3320.27	-	-	-	-	-	-	-	-
Less: Funded by Navy	861.00	-	-	-	-	-	-	-	-
Plant & equipment funded by GRSE (b)	2,459.27	-	-	2,459.27	452.38	226.19	-	678.57	1,780.70
Dock & Jetties	33894.69	-	-	-	-	-	-	-	-
Less: Funded by Navy	28240.08	-	-	-	-	-	-	-	-
Dock & jetties funded by GRSE (c)	5,654.61	-	-	5,654.61	832.12	412.43	-	1,244.55	4,410.06
<b>Sub-total (a+b+c) (2)</b>	<b>9,405.68</b>	<b>-</b>	<b>-</b>	<b>9,405.68</b>	<b>1,393.14</b>	<b>692.94</b>	<b>-</b>	<b>2,086.08</b>	<b>7,319.60</b>
<b>Total property, plant and equipment (1+2)</b>	<b>40,232.91</b>	<b>5,733.40</b>	<b>23.29</b>	<b>45,943.02</b>	<b>4,937.79</b>	<b>2,717.88</b>	<b>8.71</b>	<b>7,646.96</b>	<b>38,296.06</b>



## Notes Forming Part of Financial Statements (Contd.)

## Note 3: Property, Plant and Equipment (Contd.)

## Previous Year

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)
	Opening as at 1 April, 2016	Additions	Deductions / Adjustments	Balance as at 31 March, 2017	Balance as at 1 April, 2016	Charge for the year	Deductions / Adjustments	Balance as at 31 March, 2017		As at 31 March, 2017
Land - Freehold	5,125.72	-	-	5,125.72	-	-	-	-	5,125.72	
Building - Freehold	2,000.05	181.53	-	2,181.58	101.95	103.74	-	205.69	1,975.89	
Plant & equipment	15,241.82	1549.00	0.95	16,789.87	1,039.93	1,069.54	0.25	2,109.22	14,680.65	
Electrical installations	196.94	21.29	-	218.23	28.69	29.53	-	58.22	160.01	
Docks & jetties	3,499.47	1381.42	-	4,880.89	296.68	329.48	-	626.16	4,254.73	
Furniture & fixtures	258.89	219.58	0.16	478.31	33.41	49.00	-	82.41	395.90	
Office equipment	61.49	284.72	1.37	344.84	15.97	31.85	0.55	47.27	297.57	
Computer	650.29	56.94	14.93	692.30	200.48	215.54	14.93	401.09	291.21	
Launches, barges & boats	6.17	54.44	-	60.61	0.17	0.63	-	0.80	59.81	
Vehicles	8.68	-	-	8.68	1.36	1.36	-	2.72	5.96	
Motor lorries, trailers, mobile cranes etc.	35.38	10.82	-	46.20	6.21	4.86	-	11.07	35.13	
<b>Sub-total (1)</b>	<b>27,084.90</b>	<b>3,759.74</b>	<b>17.41</b>	<b>30,827.23</b>	<b>1,724.85</b>	<b>1,835.53</b>	<b>15.73</b>	<b>3,544.65</b>	<b>27,282.58</b>	
Assets jointly funded by GRSE & Indian Navy										
Building	4516.49	-	-	-	-	-	-	-	-	
Less: Funded by Navy	3224.69	-	-	-	-	-	-	-	-	
Building funded by GRSE (a)	1,291.80	-	-	1,291.80	54.32	54.32	-	108.64	1,183.16	
Plant & Equipment	3320.27	-	-	-	-	-	-	-	-	
Less: Funded by Navy	861.00	-	-	-	-	-	-	-	-	
Plant & equipment funded by GRSE (b)	2,459.27	-	-	2,459.27	226.19	226.19	-	452.38	2,006.89	
Dock & Jetties	33894.69	-	-	-	-	-	-	-	-	
Less: Funded by Navy	28240.08	-	-	-	-	-	-	-	-	
Dock & jetties funded by GRSE (c)	5,654.61	-	-	5,654.61	416.06	416.06	-	832.12	4,822.49	
<b>Sub-total (a+b+c) (2)</b>	<b>9,405.68</b>	<b>-</b>	<b>-</b>	<b>9,405.68</b>	<b>696.57</b>	<b>696.57</b>	<b>-</b>	<b>1,393.14</b>	<b>8,012.54</b>	
<b>Total property, plant and equipment (1+2)</b>	<b>36,490.58</b>	<b>3,759.74</b>	<b>17.41</b>	<b>40,232.91</b>	<b>2,421.42</b>	<b>2,532.10</b>	<b>15.73</b>	<b>4,937.79</b>	<b>35,295.12</b>	

(i) Current year deductions include adjustment for scrapping of assets valued ₹ 1.70 lakh (Deemed cost ₹ 4.87 lakh) and retired assets valued ₹ 5.49 lakh (Deemed cost ₹ 11.16 lakh) out of which ₹ 2.00 lakh has been transferred to retired assets and balance transferred to Loss on retirement of assets. Further, it also includes assets valued ₹ 7.26 lakh (Deemed cost ₹ 7.26 lakh) retired and sold during the year. Scrapping of assets and retired assets in 2016-17 were ₹ 0.96 lakh (Deemed cost ₹ 1.51 lakh) and ₹ 0.74 lakh (Deemed cost ₹ 15.92 lakh) respectively.

(ii) Jointly funded assets - Plant & Machinery as at 31 March, 2018 of ₹ 1780.70 lakh (₹ 2,006.89 lakh as at 31 March, 2017) also includes Electrical installation of New Dry Dock valued ₹ 715.13 lakh (31 March, 2017: ₹ 844.15 lakh).

(iii) Property, plant and equipment as at 31 March, 2018 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, 2018 exclusively funded by Navy (original cost) not included in Property, plant and equipment is ₹ 801.23 lakh. (31 March, 2017: ₹ 801.23 lakh).

(v) Building as at 31 March, 2018 includes ₹ 95.96 lakh (original cost) (31 March, 2017: ₹ 80.68 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.



**Notes Forming Part of Financial Statements (Contd.)**
**Note 4: Capital work-in-progress**

Particulars	(₹ in lakh)			
	a	b	c	d= (a+b-c)
	Opening as at 01 April, 2017	Additions	Deductions / Adjustments	Balance as at 31 March, 2018
Plant & equipment	1,321.38	-	1,321.38	-
Docks & jetties	178.60	-	-	178.60
Furniture, fixtures, office equipment	1.83	543.26	-	545.09
Motor Lorries, trailer, cranes	539.10	-	539.10	-
Computer	7.13	100.53	-	107.66
Civil construction	270.31	501.11	-	771.42
<b>Total capital work-in-progress</b>	<b>2,318.35</b>	<b>1,144.90</b>	<b>1,860.48</b>	<b>1,602.77</b>

Previous year

Particulars	(₹ in lakh)			
	a	b	c	d= (a+b-c)
	Opening as at 01 April, 2016	Additions	Deductions / Adjustments	Balance as at 31 March, 2017
Plant & equipment	1,290.35	31.03	-	1,321.38
Docks & jetties	921.15	-	742.55	178.60
Furniture, fixtures, office equipment	0.30	1.53	-	1.83
Consultancy charges	15.79	-	15.79	-
Motor Lorries, trailer, cranes	-	539.10	-	539.10
Computer	-	7.13	-	7.13
Civil construction	-	270.31	-	270.31
<b>Total capital work-in-progress</b>	<b>2,227.59</b>	<b>849.10</b>	<b>758.34</b>	<b>2,318.35</b>

**Note 5: Intangible assets**

(₹ in lakh)

Particulars	Gross Block			Amortisation			Carrying Amount
	Opening as at 01 April, 2017	Additions	Deductions / Adjustments	Balance as at 31 March, 2018	Charge for the year	Deductions / Adjustments	
Software (acquired)	1,030.40	259.35	-	1,289.75	177.68	-	620.64
<b>Total Intangible assets</b>	<b>1,030.40</b>	<b>259.35</b>	<b>-</b>	<b>1,289.75</b>	<b>177.68</b>	<b>-</b>	<b>620.64</b>

Previous Year

Particulars	Gross Block			Amortisation			Carrying Amount
	Opening as at 1 April, 2016	Additions	Deductions / Adjustments	Balance as at 31 March, 2017	Charge for the year	Deductions / Adjustments	
Software (acquired)	659.51	370.89	-	1,030.40	133.07	-	538.97
<b>Total Intangible assets</b>	<b>659.51</b>	<b>370.89</b>	<b>-</b>	<b>1,030.40</b>	<b>133.07</b>	<b>-</b>	<b>538.97</b>



### Notes Forming Part of Financial Statements (Contd.)

#### Note 6: Financial assets - Non-current

##### Note 6(a): Investments - Non-current

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Equity instruments Fully Paid up, Unquoted At Fair value through Profit and Loss 6,145 shares of Woodlands Multispecialty Hospital Ltd. (31 March, 2017: 6,145) equity shares of Rs 10/- each	0.44	0.44
<b>Total investments</b>	<b>0.44</b>	<b>0.44</b>
<b>Total non-current investments</b>	<b>0.44</b>	<b>0.44</b>
Aggregate amount of unquoted investments	0.44	0.44

Considering investment amount is not material, management believes that cost of the same will also be equivalent to its fair value as on the reporting date.

##### Note 6(b): Trade receivables - Non-current

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
<b>Trade receivables</b>		
Unsecured, considered good	37.98	120.29
Unsecured, considered doubtful	1,145.61	1,137.61
	1,183.59	1,257.90
Less: Provision for doubtful trade receivable	1,145.61	1,137.61
<b>Total trade receivables - Non-current</b>	<b>37.98</b>	<b>120.29</b>

##### Note 6(c): Loans - Non-current

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Unsecured considered doubtful		
Inter corporate deposits	-	200.00
Less: Allowance for doubtful deposit	-	(200.00)
<b>Total Loans - Non-current</b>	<b>-</b>	<b>-</b>

##### Note 6(d): Other financial assets - Non-current

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Bank Deposits with maturity more than 12 months	1,18,100.00	73,413.00
Deposits with electricity board and others	759.66	756.39
Deferred credit recoverable from Navy	780.11	795.85
Interest accrued and due on deposits	6,209.09	3,415.38
Less: Allowance for doubtful interest receivable	-	(257.75)
<b>Total other financial assets - Non-current</b>	<b>1,25,848.86</b>	<b>78,122.87</b>





**Notes Forming Part of Financial Statements (Contd.)**

**Note 7: Non-current tax assets**

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Advance income tax and TDS (Net of provisions for tax)	8,557.32	9,497.35
<b>Total non-current tax assets</b>	<b>8,557.32</b>	<b>9,497.35</b>

**Note 8: Other non-current assets**

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Capital advances	782.06	486.59
Net gratuity plan asset	-	1,380.40
<i>Advances other than capital advances</i>		
Prepaid expenses	29.09	40.43
Advance operating lease rental	10.37	11.54
Other advances	17.90	17.93
<b>Total other non-current assets</b>	<b>839.42</b>	<b>1,936.89</b>

**Note 9: Inventories**

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Raw materials	46,987.35	44,927.36
Provision for obsolescence	(427.66)	(489.10)
	46,559.69	44,438.26
Work in progress	3,583.74	3,442.76
Stores, Spares & Consumables	522.72	500.58
Scrap	199.69	207.21
<b>Total inventories</b>	<b>50,865.84</b>	<b>48,588.81</b>

Amounts recognised in profit or loss

Reversal of write-downs of inventories to net realisable value amounted to ₹ 28.09 lakh (31 March, 2017: Write down of inventories ₹ 92.18 lakh) are included in 'Revenue from Operations' in Statement of Profit and Loss (Refer Note 20).

**Note 10: Financial assets - Current**

**Note 10(a): Trade and other receivables - Current**

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Unsecured, considered good		
-Trade receivables	20,168.38	19,621.03
-Other receivables	168.43	264.82
<b>Total trade and other receivables - Current</b>	<b>20,336.81</b>	<b>19,885.85</b>

Included above are following Deferred Receivables:

- ₹ 3,259.46 lakh [31 March, 2017: ₹ 3,272.76 lakh] on account of last Stage (Stage XV) payment of LCU Contract (Yards 2093 & 2094) [31 March, 2017: Yard 2092] which are contractually due after completion of warranty period of 12 months and upon completion of all D-448 Liabilities & Guarantee Repairs.
- ₹ 8,796.88 lakh [31 March, 2017: ₹ 6,965.30 lakh] withheld out of Stage XIV payment of P-28 Contract (Yards 3018 & 3019) [31 March, 2017: Yard 3018] by Indian Navy pending settlement of delivery extension case and amendment of contract in this regard.
- ₹ 745.91 lakh [31 March, 2017: ₹ 1,230 lakh] withheld out of Stage XIV payment of FO-WJFAC Contract (Yards 2109, 2110, 2111 & 2112) [31 March, 2017: Yard 2109, 2110 & 2111] by Indian Navy pending settlement of delivery extension case and amendment of contract in this regard.



### Notes Forming Part of Financial Statements (Contd.)

#### Note 10: Financial assets - Current (Contd.)

##### Note 10(b): Cash and cash equivalents

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Balances with banks - in current accounts	1,187.49	1,179.15
Bank Deposits with maturity of less than 3 months	-	-
Cash in hand	1.77	5.89
<b>Total cash and cash equivalents</b>	<b>1,189.26</b>	<b>1,185.04</b>

##### Note 10(c): Other bank balances

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
- Bank Deposits with maturity more than 3 months to 12 months	70,900.00	1,17,301.00
- Current portion of Bank deposits with original maturity of more than 12 months*	30,125.83	43,540.00
<b>Total other bank balances</b>	<b>1,01,025.83</b>	<b>1,60,841.00</b>

\* Pledge as security against borrowing [Refer Note 17(a)].

4000.00

4000.00

##### Note 10(d): Other financial assets - Current

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Deposit with Customs and Port Trust	3.95	3.96
Interest accrued but not due on deposits	4,670.53	7,343.48
Unbilled revenue	42,443.77	62,795.41
Current portion of deferred credit recoverable from Navy	105.92	105.92
<b>Total other financial assets - Current</b>	<b>47,224.17</b>	<b>70,248.77</b>

##### Note 11: Other current assets

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
<i>Advances recoverable in kind or for value to be received</i>		
- Employees	109.62	128.05
- Excise	181.29	321.11
- Sales Tax /VAT	407.46	639.91
- Goods and Services Tax	2,456.68	-
- Prepaid expenses	733.82	615.51
- Suppliers (refer note below)	25,479.70	24,169.70
- Advance operating lease rental	2.07	2.22
Other receivables	170.57	2,169.43
<b>Total other current assets</b>	<b>29,541.21</b>	<b>28,045.93</b>

Note: The balance of suppliers is presented net of allowance for doubtful supplier advances Nil (31 March, 2017: ₹ 0.31 Lakh).

##### Note 12: Assets classified as held for sale

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Plant & equipment	6.05	7.31
Docks & jetties	0.04	0.04
Furniture & fixtures	27.97	27.98
Motor car	1.59	1.84
Office equipments	0.77	0.59
<b>Total assets classified as held for sale</b>	<b>36.42</b>	<b>37.76</b>

Non-recurring fair value measurements

Assets classified as held for sale during the reporting period were 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.





**Notes Forming Part of Financial Statements (Contd.)**

**Note 13: Equity share capital and other equity**

**Note 13(a): Equity share capital**

(₹ in lakh)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>				
Equity shares of Rs. 10/- (31 March, 2017: Rs. 100/-) each	12,50,00,000	12,500.00	1,25,00,000	12,500.00
<b>Issued, subscribed and paid up</b>				
Equity shares of Rs. 10/- (31 March, 2017: Rs. 100/-) each	11,45,52,000	11,455.20	1,23,84,000	12,384.00
		<b>11,455.20</b>		<b>12,384.00</b>

**Reconciliation of number and amount of equity shares outstanding:**

(₹ in lakh)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	1,23,84,000	12,384.00	1,23,84,000	12,384.00
Add: Issue of shares upon sub-division *	11,14,56,000	-	-	-
	12,38,40,000	12,384.00	1,23,84,000	12,384.00
Less: Buy Back of shares (Refer note 13(b))	92,88,000	928.80	-	-
<b>At the end of the year</b>	<b>11,45,52,000</b>	<b>11,455.20</b>	<b>1,23,84,000</b>	<b>12,384.00</b>

\*The Company in its board meeting held on 30 June, 2017 and shareholders meeting held on 25 August, 2017, sub-divided the Share Capital of the Company, comprising of authorised share capital of 1,25,00,000 equity shares of ₹ 100/- each into 12,50,00,000 equity shares of ₹ 10/- each.

**Terms and rights attached to equity shares**

Equity shares have a par value of ₹ 10/- (31 March, 2017: ₹ 100/-). 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, 2018		As at 31 March, 2017	
	Number of shares	% holding	Number of shares	% holding
President of India including his nominees (Face Value Rs. 10 /-) (31 March, 2017: Rs. 100/-)	11,45,52,000	100%	1,23,84,000	100%

The aggregate number of equity shares bought back in immediately preceding last five years ended 31 March, 2018 : 92,88,000 equity shares (previous period of five years ended 31 March, 2017 : Nil).

**Note 13(b): Other equity**

Particulars	As at 31 March, 2018	As at 31 March, 2017
Corporate social responsibility (CSR) reserve	-	94.21
Capital redemption reserve	928.80	-
General reserve	6,064.86	15,618.60
Retained earnings	83,144.61	80,217.69
<b>Total reserves and surplus</b>	<b>90,138.27</b>	<b>95,930.50</b>



## Notes Forming Part of Financial Statements (Contd.)

### Note 13: Equity share capital and other equity (Contd.)

#### (i) Corporate social responsibility (CSR) reserve

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Opening balance	94.21	208.88
Less: Decrease during the year	(94.21)	(114.67)
<b>Closing balance</b>	<b>-</b>	<b>94.21</b>

#### (ii) Capital Redemption Reserve

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Opening balance	-	-
Add: Transfer from General Reserve (Refer Note iii)	928.80	-
<b>Closing balance</b>	<b>928.80</b>	<b>-</b>

#### (iii) General reserve

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Opening balance	15,618.60	15,618.60
Less: Utilised on buy back of equity shares (Refer Note iii)	(8,624.94)	-
Less: Transfer to capital redemption reserve on buy back of equity shares	(928.80)	-
<b>Closing balance</b>	<b>6,064.86</b>	<b>15,618.60</b>

#### (iv) Retained earnings

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Opening balance	80,217.69	85,453.76
Net profit for the period	8,680.29	1,146.83
Items of other comprehensive income recognised directly in retained		
- Remeasurements of post-employment benefit obligation, net of tax	755.05	22.59
Dividend paid	(6,508.42)	(6,405.49)
<b>Closing balance</b>	<b>83,144.61</b>	<b>80,217.69</b>

#### Nature and purpose of other reserves:

- i) CSR Reserve had been created for unspent amount in the CSR Budget to be utilised exclusively for CSR activities.
- 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.
- iii) The Board of Directors in its meeting held on 6 December, 2017 approved the Buy Back of 92,88,000 equity shares (representing 7.5% of the paid up equity shares of the Company) with face value of ₹ 10/- each to be financed out of free reserves of the Company, at a price of ₹ 83.58 per equity share, for an aggregate consideration of ₹ 9,553.74 lakh (including tax of ₹ 1,791.02 lakh).

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 the nature of free reserve.





**Notes Forming Part of Financial Statements (Contd.)**

**Note 14: Financial liabilities - Non-current**

**Trade payable - Non-current**

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Trade payable		
- Russian deferred credit - foreign supplier	780.10	795.85
<b>Total trade payables - Non-current</b>	<b>780.10</b>	<b>795.85</b>

**Note 15: Long term provisions**

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Leave obligations (Refer Note 31)		
Accrued Leave Liability	5,138.87	5,855.91
Less : Leave Fund with LIC	(5,138.87)	(5,855.91)
	-	-
Post retirement medical benefits (Refer Note 31)	940.11	1,170.70
<b>Total long term provisions</b>	<b>940.11</b>	<b>1,170.70</b>

**(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, 2018	As at 31 March, 2017
Deferred tax liability		
Property, plant & equipment and intangible assets	5,222.01	4,349.21
Financial liability	430.65	421.06
Others	111.25	-
<b>Total deferred tax liabilities</b>	<b>5,763.91</b>	<b>4,770.27</b>
Deferred tax asset		
Defined benefit obligation	3,145.23	1,796.26
Provisions	-	255.03
Allowance for doubtful trade receivables	475.13	452.54
Financial asset	430.65	421.06
Others	-	98.76
<b>Total deferred tax assets</b>	<b>4,051.01</b>	<b>3,023.65</b>
<b>Net deferred tax liabilities</b>	<b>1,712.90</b>	<b>1,746.62</b>



## Notes Forming Part of Financial Statements (Contd.)

### Note 16: Deferred tax liabilities (Net)(Contd.)

#### Note 16 (a): Deferred tax liabilities (Net)

#### Movement in deferred tax liabilities/ (assets)

(₹ in lakh)

Particulars	Property, plant and equipment & Intangible assets	Defined benefit obligations	Other items	Total
<b>At 01 April, 2016</b>	<b>4,129.79</b>	<b>(1,606.09)</b>	<b>(876.54)</b>	<b>1,647.16</b>
(Charged)/credited:				
- to profit or loss	219.42	(302.30)	70.21	(12.67)
- to other comprehensive income	-	112.13	-	112.13
<b>At 31 March, 2017</b>	<b>4,349.21</b>	<b>(1,796.26)</b>	<b>(806.33)</b>	<b>1,746.62</b>
(Charged)/credited:				
- to profit or loss	872.80	(1,754.55)	442.45	(439.30)
- to other comprehensive income	-	405.58	-	405.58
<b>At 31 March, 2018</b>	<b>5,222.01</b>	<b>(3,145.23)</b>	<b>(363.88)</b>	<b>1,712.90</b>

### Note 17: Financial liabilities - Current

#### Note 17(a): Borrowings - Current

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Secured, Repayable on demand Borrowing from Bank	-	2,500.00
<b>Total borrowings - Current</b>	<b>-</b>	<b>2,500.00</b>

#### Nature of Security

Secured by way of 100 % cash collateral in the form of Fixed Deposits [Refer Note 10(c)].

#### Note 17(b): Trade payables - Current

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Trade payable		
- Micro and small enterprises	3,206.12	633.01
- Russian deferred credit	105.92	105.92
- Others	65,570.51	36,056.66
<b>Total trade payables - Current</b>	<b>68,882.55</b>	<b>36,795.59</b>

#### Note 17(c): Other financial liabilities

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Security deposit	438.11	411.14
Accrued expenses		
Accrued salaries and benefits	649.95	2,043.08
Rent	99.37	314.07
Other payables	967.35	788.37
<b>Total other financial liabilities</b>	<b>2,154.78</b>	<b>3,556.66</b>



**Notes Forming Part of Financial Statements (Contd.)****Note 18: Other current liabilities**

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Advance received from customers	2,35,159.91	2,86,236.76
Statutory liabilities	1,194.91	636.04
Other liabilities	9.72	9.72
<b>Total other current liabilities</b>	<b>2,36,364.54</b>	<b>2,86,882.52</b>

**Note 19: Short term provisions**

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Guarantee repair	1,949.61	736.89
Provision for liquidated damages	6,139.49	12,275.35
Leave obligations (Refer Note 31)	784.64	714.80
Less : Leave fund with LIC	(738.77)	(234.50)
	45.87	480.30
Post retirement medical benefits (Refer Note 31)	342.27	253.46
Other Provisions	5,117.34	1,155.00
<b>Total short term provisions</b>	<b>13,594.58</b>	<b>14,901.00</b>

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 includes 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 books of account separately as per the contractual provisions/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.



## Notes Forming Part of Financial Statements (Contd.)

### Note 19: Short term provisions (Contd.)

#### 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
<b>As at 01 April, 2016</b>	<b>5,109.12</b>	<b>1,926.21</b>	<b>2,438.46</b>
<i>Charged/(credited) to profit or loss</i>			
Additional provision recognised	7,656.00	818.89	-
Unused amounts reversed	(489.77)	-	-
Amount used during the year	-	(2,008.21)	(1,283.46)
<b>As at 31 March, 2017</b>	<b>12,275.35</b>	<b>736.89</b>	<b>1,155.00</b>
<i>Charged/(credited) to profit or loss</i>			
Additional provision recognised	4,327.20	1279.57	3,962.34
Unused amounts reversed	(745.91)	-	-
Amount used during the year	(9,717.15)	(66.85)	-
<b>As at 31 March, 2018</b>	<b>6,139.49</b>	<b>1,949.61</b>	<b>5,117.34</b>

### Note 20: Revenue from operations

(₹ in lakh)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
<b>a) Contract revenue</b>		
Shipbuilding	1,10,917.89	69,803.67
General engineering	87.09	433.03
Diesel engines	405.96	309.29
<b>b) Sale of products (including excise duty upto 30 June, 2017)</b>		
Ship repair	-	-
B & D spares	15,234.88	12,320.06
Bailey bridge	5,551.59	6,631.90
<b>c) Sale of services</b>		
Ship repair	614.22	1,631.75
General engineering	1,250.56	1,515.30
Diesel engines	175.64	63.01
<b>d) Other operating revenue</b>		
Scrap sales	306.31	256.23
Write down/(reversal of write down) of inventories	28.09	(92.18)
Training Fees	79.35	60.07
<b>Total revenue from operations</b>	<b>1,34,651.58</b>	<b>92,932.13</b>





**Notes Forming Part of Financial Statements (Contd.)**

**Note 21: Other income**

(₹ in lakh)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Interest income	17,005.24	20,335.84
Rental income	7.65	19.58
Net foreign exchange gains	-	184.53
Insurance claims	2.53	196.79
Liability/provision written back	748.96	906.76
Profit/(Loss) on retired assets (net)	28.81	13.83
Allowance for bad and doubtful loan (including interest) written back	457.75	-
Less : Loan (including interest) written off	391.75	-
	66.00	-
Other items	64.21	41.70
<b>Total other income</b>	<b>17,923.40</b>	<b>21,699.03</b>

**Note 22(a): Cost of materials consumed**

(₹ in lakh)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Raw Materials	11,630.77	5,330.23
Components	46,519.95	28,654.79
<b>Total cost of materials consumed</b>	<b>58,150.72</b>	<b>33,985.02</b>

**Note 22(b): Changes in inventories of work-in-progress and scrap**

(₹ in lakh)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Opening balance		
Bailey bridge unit	3,304.44	4,161.79
Engine unit	138.32	40.73
<b>Total opening balance</b>	<b>3,442.76</b>	<b>4,202.52</b>
Closing balance		
Bailey bridge unit	3,290.71	3,304.44
Engine unit	293.03	138.32
<b>Total closing balance</b>	<b>3,583.74</b>	<b>3,442.76</b>
Total changes in inventories of work-in-progress	(140.98)	759.76
Change in inventories of scrap	7.52	43.16
<b>Total changes in inventories of work-in-progress and scrap</b>	<b>(133.46)</b>	<b>802.92</b>

**Note 23: Employee benefits expense**

(₹ in lakh)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Salaries and wages	22,175.68	22,984.16
Contribution to provident fund and other funds	5,060.55	2,662.28
Staff welfare expenses	2,623.47	2,931.95
<b>Total employee benefit expense</b>	<b>29,859.70</b>	<b>28,578.39</b>



### Notes Forming Part of Financial Statements (Contd.)

#### Note 24: Finance costs

(₹ in lakh)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Interest expense		
Banks	199.77	248.06
Others	65.29	30.30
Unwinding of discount on financial liabilities	490.07	608.26
Other borrowing costs		
Bank charges & commission	13.99	25.22
<b>Total finance costs</b>	<b>769.12</b>	<b>911.84</b>

#### Note 25: Depreciation and amortisation expense

(₹ in lakh)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Depreciation of property, plant and equipment	2,717.88	2,532.10
Amortisation of intangible assets	177.68	133.07
<b>Total depreciation and amortisation expense</b>	<b>2,895.56</b>	<b>2,665.17</b>

#### Note 26: Other expenses - project related

(₹ in lakh)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Facility hire	181.24	153.05
Insurance	31.72	74.82
Travelling expenses	185.71	368.52
Technicians' fees	6,210.14	3,879.73
Launching & commissioning expenses	130.85	174.54
Miscellaneous expenses	526.45	407.63
<b>Total other expenses - project related</b>	<b>7,266.11</b>	<b>5,058.29</b>





**Notes Forming Part of Financial Statements (Contd.)**

**Note 27: Other expenses**

(₹ in lakh)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Consumption of stores and spares parts	95.90	127.83
Power and fuel	968.62	1,051.45
Rent	141.83	359.89
Repair and maintenance		
buildings	763.09	709.34
plant & equipments	416.29	444.62
other	872.55	1,001.59
Insurance	102.33	104.14
Rates and taxes	183.21	284.48
Marketing Expenses	115.85	121.28
Stores clearing & dispatch expenses	37.28	175.77
Liquidated damages	3,660.04	7,854.53
Transport hire charges	365.17	447.49
Travelling expenses	317.15	370.61
Advertisement & publicity	488.57	627.01
Printing & stationery	3.98	6.79
Postage & courier	12.65	10.76
Telephone & fax	55.77	87.47
Legal expenses	51.21	48.14
Corporate social responsibility (Refer Note 37)	172.65	340.24
Allowance for doubtful debts	33.14	334.58
Service tax	79.99	85.80
Auditors' remuneration:		
(a) Statutory audit	5.40	6.21
(b) Tax audit	1.15	1.15
CISF Expenses	3,478.77	2,481.99
Fixed assets written off	5.19	0.17
Net foreign exchange loss	195.78	-
Other miscellaneous expenses	316.92	593.91
<b>Total other expenses</b>	<b>12,940.48</b>	<b>17,677.24</b>

**Note 28: Income tax expense**

(₹ in lakh)

	Year ended 31 March, 2018	Year ended 31 March, 2017
(a) <i>Income tax expense</i>		
Current tax		
Current tax on profits for the year	4,533.98	878.00
<b>Total current tax expense</b>	<b>4,533.98</b>	<b>878.00</b>
Deferred tax		
Deferred tax benefit	(439.30)	(12.67)
<b>Total deferred tax benefit</b>	<b>(439.30)</b>	<b>(12.67)</b>
<b>Income tax expense</b>	<b>4,094.68</b>	<b>865.33</b>



## Notes Forming Part of Financial Statements(Contd.)

### Note 28: Income tax expense (contd.)

#### (b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

(₹ in lakh)

	Year ended 31 March, 2018	Year ended 31 March, 2017
Enacted income tax rate in India applicable to the Company	34.61%	34.61%
Profit before tax	12,774.95	2012.16
<b>Current tax expenses on Profit before tax expenses at the enacted income tax rate in India</b>	<b>4,421.15</b>	<b>696.37</b>
Effect of expenses that are not deductible in determining taxable profit	2,099.86	2,375.25
Effect of expenses that are allowable in determining taxable profit	(2,039.86)	(2,299.30)
Effect of expenses incurred on Corporate Social Responsibility not deductible in determining taxable profit	59.75	117.75
Effect of income that is exempt from taxation	(6.92)	(12.07)
Adjustments for changes in estimates of deferred tax assets	(439.30)	(12.67)
<b>Total income tax expense recognised in Statement of Profit and Loss</b>	<b>4,094.68</b>	<b>865.33</b>

### Note 29: Contingent Liabilities and Contingent Assets

As per Indian Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets, the disclosure are given here under:

(₹ in lakh)

A)	Contingent Liabilities	As at 31 March, 2018	As at 31 March, 2017
i)	Claims against the Company not acknowledged as debts	6,623.81	6,644.78
ii)	Guarantees		
	a) Guarantees given by Banks	6,647.82	5,216.06
	b) Indemnity Bonds for performance & Warranties	1,86,955.52	1,61,490.67
	c) Unexpired Letters of Credit	1,454.22	488.12
iii)	Liquidated damages	7,442.10	14,731.35
iv)	Other Money for which the Company is contingently liable		
	a) Sales Tax	2,975.07	2,975.07
	b) Excise Duty	199.98	199.98
	c) Service Tax	121.30	121.30
	d) Income Tax	485.33	485.33

a) Contingent liability on account of Sales Tax amounts to ₹ 2,975.07 lakh (31 March, 2017: ₹ 2,975.07 lakh) towards assessment dues and demand for the years 2004-05, 2007-08, 2009-10, 2010-11 and 2012-13. 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 ₹ 199.98 lakh (31 March, 2017: ₹ 199.98 lakh) against clearance of goods to Naval Stores Dept of Indian





## Notes Forming Part of Financial Statements (Contd.)

### Note 29: Contingent Liabilities and Contingent Assets (Contd.)

Navy - ₹ 17.90 lakh, for alleged imposition of duty for wrong interpretation of Return filed by GRSE - ₹ 75.54 lakh and for 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. 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 ₹ 121.30 lakh (31 March, 2017: ₹ 121.30 lakh) against imposition of Service Tax on technical fees paid to foreign technicians prior to 18.04.2006. Since the Company has made appeal before the CESTAT, EZB, Kolkata against the impugned demand with due approval of CoD, the same has not been acknowledged as debt and accordingly not provided for in the accounts.
- d) Contingent liability on account of income tax demands amounts to ₹ 485.33 lakh (31 March, 2017: ₹ 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), excess dividend tax liability computed for A.Y. 2010-11 (₹ 18.56 lakh), addition towards delayed deposit of employees P.F. and E.S.I. contribution for A.Y. 2012-13 (₹ 111.33 lakh), addition towards delayed deposit of employees E.S.I Contribution for A.Y. 2013-14 (₹ 0.67 lakh) and disallowance of Provision for Liquidated Damages (₹ 1.92 lakh). 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 October, 2017 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 2 months 10 days attributable to GRSE. Considering a grace period of 1 month, provision for LD in case of this Yard has been made @ 1.33% of Basic Ship Cost for delay of 1 month 10 days in FY 2017-18. Presently, the delays are being scrutinized by IHQ/MoD(N)/DND with the help of WOT, Kolkata before forwarding its final recommendation to MoD for amendment to contract for delivery date extension.

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 for LD has been made in this regard.

In view of the above, the Company has decided to continue with its disclosure of ₹ 7,442.10 lakh for Yard 3020 being 5% of Basic Ship Cost, as Contingent Liability (31 March, 2017 : ₹ 14,731.35 lakh w.r.t Yard 3019 and Yard 3020).

- 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.



## Notes Forming Part of Financial Statements(Contd.)

### Note 29: Contingent Liabilities and Contingent Assets (Contd.)

#### 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 was executed by GRSE. CCL did not honour the contract in totality and withheld an amount of Rs. 1,553 lakh since then. The matter was referred to arbitration before the PMA. The Arbitral Award published in 2008, was in favour of GRSE, whereby CCL was required to pay Rs. 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 Awards 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 Rs.1,489 lakh (Awarded amount, exclusive of any interest) has been considered as a Contingent Asset.

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 Rs. 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 Rs. 1,515.94 lakh (31 March, 2017 : Rs. 3,502.78 lakh w.r.t Yard 3018, Yard 3019 and Yard 3020) which need not be reimbursed to the customer based on the terms of delivery extension has been considered as Contingent Asset [Refer Note 29 (A) (e)].

#### Note 30: Commitments

(₹ in lakh)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	2,947.18	2,545.99
Advance paid against above	782.06	486.59



**Notes Forming Part of Financial Statements(Contd.)****Note 31: 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 ₹ 784.64 lakh (31 March, 2017: ₹ 714.80 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.

Particulars	Leave obligation
<b>As at 31 March, 2017</b>	
Current portion	714.80
Non-current portion	5,855.91
<b>Total</b>	<b>6,570.71</b>
<b>As at 31 March, 2018</b>	
Current portion	784.64
Non-current portion	5,138.87
<b>Total</b>	<b>5,923.51</b>

(₹ in lakh)

**(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.

lakh (31 March, 2018) (31 March, 2017: ₹ 532.57 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 ₹ 1,591.21 lakh for the year 2017-18 (₹ 1,507.11 lakh for the year 2016-17).

**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 super annuated employees are defined contribution schemes and premium of Rs. 634.03

**Super annuation Pension Fund:**

The Pension Scheme is administered by a Trust. The Company has transferred an amount of ₹ 279.48 lakh for officers and non-unionised supervisors to LIC towards employer's contribution for the year 2017-18 (₹ 278.13 lakh for the year 2016-17).



## Notes Forming Part of Financial Statements (Contd.)

### Note 31: Employee benefit obligations (Contd.)

The pension scheme for unionised employees has been introduced w.e.f. 01 January 2012. An amount of ₹ 374.16 lakh has been transferred to LIC for the year 2017-18 (₹ 360.11 lakh for the year 2016-17) 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
<b>1 April, 2016</b>	<b>1,046.45</b>
Current service cost	9.76
Interest expense/(income)	78.48
<b>Total amount recognised in profit or loss</b>	<b>88.24</b>
<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	134.61
Experience (gains)/losses	154.86
<b>Total amount recognised in other comprehensive income</b>	<b>289.47</b>
Employer contributions/ premium paid	-
Benefit payments	-
<b>31 March, 2017</b>	<b>1,424.16</b>

(₹ in lakh)

Particulars	Present value of obligation
<b>1 April, 2017</b>	<b>1,424.16</b>
Current service cost	9.94
Interest expense/(income)	110.37
<b>Total amount recognised in profit or loss</b>	<b>120.31</b>
<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)
<b>Total amount recognised in other comprehensive income</b>	<b>(262.08)</b>
Employer contributions/ premium paid	-
Benefit payments	-
<b>31 March, 2018</b>	<b>1,282.39</b>





**Notes Forming Part of Financial Statements (Contd.)**

**Note 31: Employee benefit obligations (Contd.)**

**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
<b>1-April, 2016</b>	<b>10,051.05</b>	<b>(11,163.64)</b>	<b>(1,112.59)</b>
Current service cost	644.55	-	644.55
Interest expense/(income)	678.43	(837.27)	(158.84)
<b>Total amount recognised in profit or loss</b>	<b>1,322.98</b>	<b>(837.27)</b>	<b>485.71</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest	-	(42.82)	(42.82)
Actuarial (gain)/loss from change in demographic	-	-	-
Actuarial (gain)/loss from change in financial assumptions	290.77	-	290.77
Actuarial (gain)/loss from unexpected experience	(571.96)	-	(571.96)
<b>Total amount recognised in other comprehensive income</b>	<b>(281.19)</b>	<b>(42.82)</b>	<b>(324.01)</b>
<b>Employer contributions/ premium paid</b>	<b>-</b>	<b>(429.53)</b>	<b>(429.53)</b>
<b>Benefit payments</b>	<b>(2,010.57)</b>	<b>2,010.57</b>	<b>-</b>
<b>31 March, 2017</b>	<b>9,082.27</b>	<b>(10,462.69)</b>	<b>(1,380.42)</b>

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>1-April, 2017</b>	<b>9,082.27</b>	<b>(10,462.69)</b>	<b>(1,380.42)</b>
Current service cost	532.15	-	532.15
Interest expense/(income)	646.64	(810.86)	(164.22)
<b>Total amount recognised in profit or loss</b>	<b>1,178.79</b>	<b>(810.86)</b>	<b>367.93</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest	-	(646.13)	(646.13)
Actuarial (gain)/loss from change in demographic	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
<b>Total amount recognised in other comprehensive income</b>	<b>1,833.04</b>	<b>(646.13)</b>	<b>1,186.91</b>
<b>Employer contributions/ premium paid</b>	<b>-</b>	<b>(174.42)</b>	<b>(174.42)</b>
<b>Benefit payments</b>	<b>(1,477.07)</b>	<b>1,477.07</b>	<b>-</b>
<b>31 March, 2018</b>	<b>10,617.03</b>	<b>(10,617.03)</b>	<b>-</b>

**(v) Significant estimates: actuarial assumptions**

The significant actuarial assumptions were as follows:

(₹ in lakh)

Particulars	31 March, 2018	31 March, 2017
Discount rate	7.75%	7.5%
Expected return on plan asset	7.75%	7.5%
Salary growth rate	6.50%	8.00%
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.



## Notes Forming Part of Financial Statements(Contd.)

### Note 31: Employee benefit obligations (Contd.)

#### (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, 2018		31 March, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	10,298.11	10,956.26	8,791.65	9,392.90
% change compared to base due to sensitivity	-3.004%	3.195%	-3.20%	3.42%
Salary growth rate (-/+ 0.5%)	10,931.74	10,316.27	9,173.10	8,986.01
% change compared to base due to sensitivity	2.964%	-2.833%	1.00%	-1.06%
Attrition rate (-/+ 0.5%)	10,625.22	10,608.87	9,090.46	9,074.11
% change compared to base due to sensitivity	0.077%	-0.077%	0.09%	-0.09%
Life expectancy/ mortality rate (-/+ 10%)	10,671.30	10,562.79	9,134.96	9,029.61
% change compared to base due to sensitivity	0.511%	-0.511%	0.58%	0.58%

Particulars	Impact on Post-retirement medical benefits			
	31 March, 2018		31 March, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	1,159.32	1,423.26	1,350.25	1,499.78
% change compared to base due to sensitivity	-9.60%	10.99%	-5.19%	5.31%
Attrition rate (-/+ 0.5%)	1,281.56	1,283.22	1,423.45	1,424.87
% change compared to base due to sensitivity	-0.065%	0.065%	-0.05%	0.05%
Life expectancy/ mortality rate (-/+ 10%)	1,277.85	1,286.92	1,414.62	1,434.27
% change compared to base due to sensitivity	-0.35%	0.35%	-0.67%	0.71%

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





## Notes Forming Part of Financial Statements (Contd.)

### Note 31: Employee benefit obligations (Contd.)

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, 2019 are Rs. 600 lakh.

The weighted average duration of the defined benefit obligation (gratuity) is 12 years (31 March, 2017 – 12 years) and Post-retirement medical benefits is 37 years (31 March, 2017 – 37 years). The expected maturity analysis of undiscounted gratuity and post-retirement medical benefits is as follows:

(₹ in lakh)

Particulars	Less than a year	More than 1 year
<b>As at 31 March, 2018</b>		
Defined benefit obligation (gratuity)	2,119.64	17,749.60
Post-retirement medical benefits	354.88	9,319.21
<b>Total</b>	<b>2,474.52</b>	<b>27,068.81</b>
<b>As at 31 March, 2017</b>		
Defined benefit obligation (gratuity)	1,723.11	15,221.41
Post-retirement medical benefits	262.79	10,740.65
<b>Total</b>	<b>1,985.90</b>	<b>25,962.06</b>

### Note 32: Related party transactions

The Company is controlled by the President of India having ownership interest of 100%.

#### (a) Key management personnel compensation

(₹ in lakh)

Particulars	31 March, 2018	31 March, 2017
Short-term employee benefits	110.89	129.52
Post-employment benefits	18.61	15.72
Long-term employee benefits	-	4.32
<b>Total compensation</b>	<b>129.50</b>	<b>149.56</b>

No amount has been written back/written off during the year in respect of dues to related parties.



## Notes Forming Part of Financial Statements (Contd.)

### Note 32: Related party transactions (Contd.)

#### (b) Transactions with related parties

(₹ in lakh)

Particulars	31 March, 2018	31 March, 2017
Sales of goods and services		
Sale of goods (owned by Govt. of India)	1,29,955.31	87,188.58
Sale of services (owned by Govt. of India)	1,315.22	2,003.73
Other transactions		
Dividend paid to shareholder	5,407.57	5,322.05

#### (c) Outstanding balances arising from sales/purchases of goods and services

(₹ in lakh)

Particulars	31 March, 2018	31 March, 2017
Trade receivables (sale of goods and services)		
Entities (owned by Govt. of India)	18,993.78	18,610.20

### Note 33: Fair value measurements

#### Financial instruments by category

(₹ in lakh)

Particulars	31 March, 2018			31 March, 2017		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments						
Equity instruments	0.44	-	-	0.44	-	-
Trade and others receivables	-	-	20,374.79	-	-	20,006.14
Security deposits	-	-	763.61	-	-	760.35
Deferred credit recoverable from Navy	-	-	886.03	-	-	901.77
Unbilled revenue	-	-	42,443.77	-	-	62,795.41
Cash and cash equivalents	-	-	72,089.26	-	-	1,18,486.04
Other financial assets	-	-	1,59,105.44	-	-	1,27,454.11
<b>Total financial assets</b>	<b>0.44</b>	<b>-</b>	<b>2,95,662.90</b>	<b>0.44</b>	<b>-</b>	<b>3,30,403.82</b>
<b>Financial liabilities</b>						
Trade payables	-	-	69,662.65	-	-	37,591.42
Borrowings	-	-	-	-	-	2,500.00
Security deposits	-	-	438.11	-	-	411.14
Other payables	-	-	1,716.67	-	-	3,145.55
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>71,817.43</b>	<b>-</b>	<b>-</b>	<b>43,648.11</b>





**Notes Forming Part of Financial Statements (Contd.)**

**Note 33: Fair value measurements (Contd.)**

**(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)

<b>Financial assets and liabilities measured at fair value - recurring fair value measurements</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At 31 March, 2018</b>				
<b>Financial assets</b>				
<i>Financial investments at FVPL</i>				
Unquoted equity investments - healthcare sector	-	-	0.44	0.44
<b>Total financial assets</b>	-	-	<b>0.44</b>	<b>0.44</b>

<b>Financial assets and liabilities measured at amortised cost for which fair values are disclosed</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At 31 March, 2018</b>				
<b>Financial assets</b>				
Security deposits	-	-	772.41	772.41
Deferred credit recoverable from Navy	-	-	886.03	886.03
Trade and other receivables	-	-	20,374.79	20,374.79
<b>Total financial assets</b>	-	-	<b>22,033.23</b>	<b>22,033.23</b>
<b>Financial liabilities</b>				
Trade payable				
LD deducted from vendors	-	-	1,599.47	1,599.47
Russian deferred credit	-	-	886.03	886.03
<b>Total financial liabilities</b>	-	-	<b>2,485.50</b>	<b>2,485.50</b>

<b>Financial assets and liabilities measured at fair value - recurring fair value measurements</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At 31 March, 2017</b>				
<b>Financial assets</b>				
<i>Financial investments at FVPL</i>				
Unquoted equity investments - healthcare sector	-	-	0.44	0.44
<b>Total financial assets</b>	-	-	<b>0.44</b>	<b>0.44</b>

<b>Financial assets and liabilities measured at amortised cost for which fair values are disclosed</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At 31 March, 2017</b>				
<b>Financial assets</b>				
Security deposits	-	-	761.90	761.90
Deferred credit recoverable from Navy	-	-	1,039.96	1,039.96
Trade and other receivables	-	-	20,006.14	20,006.14
<b>Total financial assets</b>	-	-	<b>21,808.00</b>	<b>21,808.00</b>
<b>Financial liabilities</b>				
Trade payable				
LD deducted from vendors	-	-	4,855.60	4,855.60
Russian deferred credit	-	-	1,039.96	1,039.96
<b>Total financial liabilities</b>	-	-	<b>5,895.56</b>	<b>5,895.56</b>



## Notes Forming Part of Financial Statements (Contd.)

### Note 33: Fair value measurements (Contd.)

#### (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

(₹ in lakh)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Security deposits	763.61	772.41	760.35	761.90
Deferred credit recoverable from Navy	886.03	886.03	901.77	1,039.96
<b>Total financial assets</b>	<b>1,649.64</b>	<b>1,658.44</b>	<b>1,662.12</b>	<b>1,801.86</b>
<b>Financial liabilities</b>				
Trade payable				
LD deducted from vendors	1,599.47	1,590.07	4,605.98	4,855.60
Russian deferred credit	886.03	886.03	901.77	1,039.96
<b>Total financial liabilities</b>	<b>2,485.50</b>	<b>2,476.10</b>	<b>5,507.75</b>	<b>5,895.56</b>

The carrying amounts of trade receivables, trade payables, borrowings 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 34: 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.



**Notes Forming Part of Financial Statements (Contd.)****Note 34: Financial risk management (Contd.)****(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 unbilled revenue**

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:

(₹ in lakh)

Particulars	One year or less	More than 1 year	Total
Trade receivable as on 31 March, 2018	12,351.40	7,854.96	20,206.36
Unbilled revenue as on 31 March, 2018	31,719.40	10,724.37	42,443.77
Trade receivable as on 31 March, 2017	10,921.45	8,819.87	19,741.32
Unbilled revenue as on 31 March, 2017	62,795.41	-	62,795.41

**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, therefore, 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, 2018 and 31 March, 2017 is the carrying amounts as illustrated in Note 6 (d) and Note 10 (c).

**(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.



## Notes Forming Part of Financial Statements (Contd.)

### Note 34: Financial risk management (Contd.)

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.

#### 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.

(₹ in lakh)

Contractual maturities of financial liabilities - 31 March, 2018	One year or less	More than 1 year	Total
Borrowings	-	-	-
Trade payables	68,882.55	1,906.59	70,789.14
Other financial liabilities	2,154.78	-	2,154.78
<b>Total financial liabilities</b>	<b>71,037.33</b>	<b>1,906.59</b>	<b>72,943.92</b>

Contractual maturities of financial liabilities - 31 March, 2017	One year or less	More than 1 year	Total
Borrowings	2,500.00	-	2,500.00
Trade payables	36,795.59	2,012.51	38,808.10
Other financial liabilities	3,556.66	-	3,556.66
<b>Total financial liabilities</b>	<b>42,852.25</b>	<b>2,012.51</b>	<b>44,864.76</b>

#### (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 (₹). 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:

(₹ in lakh)

	31 March, 2018			31 March, 2017		
	EUR	GBP	USD	EUR	GBP	USD
Financial assets	-	-	-	-	-	-
Financial liabilities	704.27	542.05	215.42	658.48	462.66	113.67
<b>Net exposure to foreign currency risk</b>	<b>(704.27)</b>	<b>(542.05)</b>	<b>(215.42)</b>	<b>(658.48)</b>	<b>(462.66)</b>	<b>(113.67)</b>





## Notes Forming Part of Financial Statements (Contd.)

### Note 34: Financial risk management (Contd.)

#### 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, 2018	31 March, 2017
<b>EUR sensitivity</b>		
INR/EUR Increases by 15.11% (31 March, 2017 - 10.63%)*	(106)	(70)
INR/EUR Decreases by 12.83% (31 March, 2017 - 12.83%)*	90	84
<b>GBP sensitivity</b>		
INR/GBP Increases by 12.31% (31 March, 2017 - 8.29%)*	(67)	(38)
INR/GBP Decreases by 11.04% (31 March, 2017 - 11.04%)*	60	51
<b>USD sensitivity</b>		
INR/USD Increases by 6.94% (31 March, 2017 - 6.71%)*	(15)	(8)
INR/USD Decreases by 1.10% (31 March, 2017 - 2.16%)*	2	2

\* Holding all other variables constant.

### Note 35: 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, 2018	31 March, 2017
<b>(i) Equity shares</b>		
Final dividend for the year ended 31 March, 2017 - ₹ 4.72 (31 March, 2016 ₹ 4.65) per fully paid share	5,407.57	5,322.05
Dividend Distribution Tax	1,100.85	1,083.44
<b>(ii) Dividends not recognised at the end of the reporting period</b>		
In addition to the above dividends, since year end the board has recommended the payment of a final dividend of ₹ 4.43 per fully paid equity share (31 March 2017: ₹ 4.72). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	5,079.67	5,407.57
Tax on Proposed Dividend	1,044.14	1,100.85



## Notes Forming Part of Financial Statements (Contd.)

### Note 36: Earnings per share

(₹ in lakh)

Particulars	31 March, 2018	31 March, 2017
Profit attributable to equity share holders of the Company used in calculating basic and diluted earnings per share (₹ in lakh)	8,680.29	1,146.83
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	12,16,00,701	12,38,40,000
<b>Basic and diluted earnings per share (₹)</b>	<b>7.14</b>	<b>0.93</b>

### Note 37 : Expenditure on Corporate Social Responsibilities (CSR) Activities

The various heads under which the CSR expenditure was incurred during the year is detailed as follows:

Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR activities	Amount Spent (₹ in lakh)
i) Clause (i)	Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water.	113.44
ii) Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the differently abled.	149.42
iii) Clause (iv)	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of air, water and soil.	4.00
<b>TOTAL</b>		<b>266.86</b>

Particulars	2017-18	2016-17
Amount required to be spent by the Company during the year	230.71	340.24

### 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	266.86	-	266.86

### Note 38: 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, 2018	31 March, 2017
(i) Contract revenue recognized for the year	1,11,410.94	70,545.99
(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	2,73,242.72	3,78,482.41
(iii) Amount of customer advances outstanding for contracts in progress	4,44,126.50	5,79,597.07





### Notes Forming Part of Financial Statements(Contd.)

**Note: 39 Information given in accordance with the requirements of Ind AS 108 on Segment Reporting:**

The chief operating decision maker (CODM) has identified four primary business segments viz. Ship, Base and Depot Spares (B & D Spares), Engineering and Engine. These segments have been identified and reported taking into account the nature of the products/ services, the differing risks and returns, the organisational structure and internal business reporting system.

- ◆ **Ship segment** - Business relating to construction of ships and vessels arising out of contracts with the customer, including modification carried out during construction stage and after delivery of ship based on customer requirements.
- ◆ **Base and Depot Spares (B & D spares) segment** - Business relating to supply of spares for ship equipment /machinery to the customers location as per contractual terms.
- ◆ **Engineering segment** - Engaged in manufacturing/ fabrication of portable steel bridges, on-board machinery of ship (Deck Machinery) & Marine Pump.
- ◆ **Engine segment** - Engaged in the testing & overhauling of marine propulsion engines & partial manufacture(assembly from CKD) of diesel engine-located at Ranchi.

- a) Revenue and expenses have been identified to a segment on the basis of direct relationship to operating activities of the segment. Expenditure which are not directly identifiable but has a relationship to the operating activities of the segment are allocated on a reasonable basis.
- b) Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Others".
- c) Segment assets and segment liabilities represent assets and liabilities of respective segment. Investments, tax related assets/ liabilities and other common assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Others".
- d) Inter segment transfer consists of material , labour and overhead which are recorded at cost .
- e) Information about Primary Business Segments:



**Notes Forming Part of Financial Statements (Contd.)**

**Note: 39 Information given in accordance with the requirements of Ind AS 108 on Segment Reporting: (Contd.)**

(₹ in lakh)

Particulars	Ship		B & D Spares		Engineering		Engine		Others		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<b>Revenue</b>												
Revenue from operation	1,11,532.11	71,435.42	15,234.88	12,320.06	6,889.24	8,580.23	581.60	372.30	413.75	224.12	1,34,651.58	92,932.13
Less : Inter segment Revenue	(533.36)	(198.94)	-	-	305.36	198.94	228.00	-	-	-	-	-
<b>External Revenue</b>	<b>1,10,998.75</b>	<b>71,236.48</b>	<b>15,234.88</b>	<b>12,320.06</b>	<b>7,194.60</b>	<b>8,779.17</b>	<b>809.60</b>	<b>372.30</b>	<b>413.75</b>	<b>224.12</b>	<b>1,34,651.58</b>	<b>92,932.13</b>
<b>Segment result</b>	<b>(4,322.24)</b>	<b>(18,372.69)</b>	<b>1,078.18</b>	<b>859.54</b>	<b>(733.00)</b>	<b>(559.00)</b>	<b>(816.00)</b>	<b>(927.00)</b>	<b>413.75</b>	<b>224.12</b>	<b>(4,379.31)</b>	<b>(18,775.03)</b>
Add : Unallocable Income net of unallocable Expenditure											<b>17,923.40</b>	<b>21,699.03</b>
Less : Finance Cost											769.12	911.84
<b>Profit / (Loss) before tax</b>											<b>12,774.97</b>	<b>2,012.16</b>
Total tax expense											4,094.68	865.33
Profit for the year											8,680.29	1,146.83
Other Comprehensive Income for the year (net of Tax)											755.05	22.59
<b>Total Comprehensive Income for the year</b>											<b>9,435.34</b>	<b>1,169.42</b>

g) Other information

(₹ in lakh)

Particulars	Ship		B & D Spares		Engineering		Engine		Others		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Segment assets	1,81,415.21	1,95,065.35	-	-	12,710.46	14,311.47	3,168.13	3,073.52	2,28,729.23	2,44,213.10	4,26,023.03	4,56,663.44
Segment liabilities	3,17,174.82	2,98,770.71	-	-	2,702.18	6,115.42	1,899.56	2,258.26	2,653.00	41,204.55	3,24,429.56	3,48,348.94
Capital expenditure	4,249.48	3,932.90	-	-	12.39	16.33	200.49	39.52	1,110.28	411.54	5,572.64	4,400.29
Depreciation and amortisation	2,545.20	2,266.79	-	-	37.34	46.45	104.89	51.18	208.13	300.75	2,895.56	2,665.17

**Note:**

Transactions between segments are primarily for materials which are transferred at cost.





## Notes Forming Part of Financial Statements (Contd.)

### 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, 2018 and aggregated to ₹ 886.03 lakh (Undiscounted amount being ₹ 2,012.51 lakh) (31 March 2017: ₹ 902.48 lakh (Undiscounted amount being ₹ 2,118.43 lakh)

### Note 41: ICD to Hindustan Cables Ltd.:

An amount of ₹ 457.75 lakh (₹ 200 lakh as Principal and ₹ 257.75 lakh as interest) was outstanding as on 31<sup>st</sup> March, 2002 from Hindustan Cables Ltd. (HCL), a sick PSU. As the case was registered by BIFR, full provision was made in the Accounts of 2003-04. HCL's winding up process has since been accepted. The Company has received ₹ 66 lakh (one third of the principal amount) as full & final settlement From HCL. The balance amount of ₹ 391.75 lakh has been written off during the year.

### Note 42:

- a) The Company follows a general practice of undertaking physical verification of fixed assets in every 3 years. Such physical verification is carried out in a phased manner following verification programme. In the current year, such physical verification has been done in the Main, FOJ, 61 Park & DEP Ranchi units. Discrepancies found have been appropriately dealt with in the Accounts.
- b) 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.

- c) 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 ₹ 1281.26 lakh (original value ₹ 2865.48 lakh) as on 31 March, 2018 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.

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



### Notes Forming Part of Financial Statements (Contd.)

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.

In view of above, an amount of ₹4,761.60 lakh (Previous year ₹4,612.80 lakh) without interest has been considered as contingent liability not acknowledged as debt.

#### Note 43:

Letters seeking confirmation of balances in the accounts of sundry creditors were sent to vendors. On the basis of replies received from certain vendors, adjustments wherever necessary have been made in the accounts.

#### Note 44:

(a) 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.

b) 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, 2017: ₹ 9.58 lakh).

Accordingly, Prepaid expenses under Note no. 8 & Note no: 11 include unamortised Leasehold Land of ₹ 39.69 lakh (31 March, 2017: ₹ 50.01 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	2017-18	2016-17
a)	The principal amount remaining unpaid to suppliers as at the end of accounting year	3206.12	633.01
b)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	6.17	6.00
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	52.91	24.27
e)	The amount of interest accrued during the year/period and remaining unpaid at the end of the accounting year	59.08	30.27
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	-	-





## **Notes Forming Part of Financial Statements (Contd.)**

### **Note 47:**

A 250 Tonne Goliath crane was created as part of modernized infrastructure facility at Main Works Unit of the Company, at a total cost of ₹11,000 lakh. This crane was commissioned during 2013 and used regularly till date.

On 17 April, 2018 a 'Near Cyclonic Storm' hit Kolkata and inflicted damage to the facilities at Main Works, wherein the Goliath crane suffered total loss and also resulted in damage to facilities in the immediate vicinity of the fallen crane. Estimate of financial effect cannot be ascertained at this point of time.

The assets of the Company damaged during this incident are adequately insured. Inspection by the insurance surveyors is under progress. Assessment of the insurance claim is not yet finalized; however, all efforts are being carried out to minimize the impact on the Yard capacity, and actions are also initiated to ensure fast track restoration of the damaged assets including the Goliath Crane.

### **Note 48: Change in accounting policy**

During the year, the Company changed its accounting policy for revenue recognition with respect to Modification Jobs whereby revenue against completed Modification Jobs is now 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 the customer. Prior to this change in policy, revenue in respect of Modification Jobs was accounted for in the year in which final approval was received.

The Company believes the new policy is preferable as it is more closely aligned to the matching cost concept of accounting for these transactions.

This change in accounting policy was applied retrospectively resulting in increase in revenue and profit by ₹ 817.21 lakh, other financial assets by ₹ 980.29 lakh and increase in basic and diluted earnings per share by 0.62. The effect for the year ended 31 March, 2017 is decrease in revenue and profit by ₹ 76.37 lakh, other financial assets by ₹163.06 lakh and a decrease in basic and diluted earnings per share by 0.06. The effect at the beginning of the earliest period presented in this financial statement is increase in Retained earnings and other financial assets by ₹ 239.44 lakh as at 01 April, 2016.



## Notes Forming Part of Financial Statements (Contd.)

## Note 49: Disclosure of recovery or settlement of assets and liabilities

(₹ in lakh)

Particulars	31 March, 2018		31 March, 2017	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
<b>ASSETS</b>				
(1) Non-current assets				
(a) Property, plant and equipment	-	38,296.06	-	35,295.12
(b) Capital work-in-progress	1,602.77	-	2,318.35	-
(c) Intangible assets	-	620.64	-	538.97
(d) Financial assets				
(i) Investments	-	0.44	-	0.44
(ii) Trade receivables	-	37.98	-	120.29
(iii) Other financial assets	-	1,25,848.86	-	78,122.87
(e) Non-current tax assets	-	8,557.32	-	9,497.35
(f) Other non-current assets	782.06	57.36	1,866.99	69.90
(2) Current assets				
(a) Inventories	50,865.84	-	48,588.81	-
(b) Financial assets				
(i) Trade and other receivables	20,366.81	-	19,885.85	-
(ii) Cash and cash equivalents	1,189.26	-	1,185.04	-
(iii) Bank balances other than (ii) above	1,01,025.83	-	1,60,841.00	-
(iv) Other financial assets	47,224.17	-	70,248.77	-
(c) Other current assets	29,541.21	-	28,045.93	-
(d) Assets classified as held for sale	36.42	-	37.76	-
<b>LIABILITIES</b>				
(1) Non-current liabilities				
(a) Financial liabilities				
Trade payables	-	780.10	-	795.85
(b) Provisions	-	940.11	-	1,170.70
(c) Deferred tax liabilities (Net)	-	1,712.90	-	1,746.62
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	-	-	2,500.00	-
(ii) Trade payables	68,882.55	-	36,795.59	-
(iii) Other financial liabilities	2,154.78	-	3,556.66	-
(b) Other current liabilities	2,36,364.54	-	2,86,882.52	-
(c) Provisions	13,594.58	-	14,901.00	-





## Notes Forming Part of Financial Statements (Contd.)

### Note 50:

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 51:

The financial statements were authorised for issue by the Board of Directors on 22 June, 2018.

As per our report of even date attached.

**For G.P. Agrawal & Co.**

Chartered Accountants

Firm's Registration No - 302082E

**(CA. Sunita Kedia)**

Partner

Membership No. 60162

Place of Signature : Kolkata

Date : the 22<sup>nd</sup> day of June, 2018

For and on behalf of the Board of Directors

**Rear Admiral V.K. Saxena, IN (Retd.)**

Chairman & Managing Director

DIN - 07696782

**S. Mahapatra**

Company Secretary

**S.S. Dogra**

Director (Finance) & CFO

DIN - 07052300



माननीय रक्षा मंत्री, श्रीमती निर्मला सीतारमण कालीवनार, अरंगम, चेन्नई में ओएफबी और रक्षा उपक्रमों के लिए विक्रेता विकास मिलन प्रदर्शनी के जीआरएसई स्टाल में

Hon'ble Raksha Mantri, Smt. Nirmla Sitharaman at the GRSE Stall in the Vendor Development Meet Exhibition for OFB & DPSUs at Kalaivanar, Arangam, Chennai



माननीय रक्षा राज्य मंत्री, डॉ. सुभाष रामराव भामरे ने चेन्नई में डेफैक्सपो 2018 प्रदर्शनी में जीआरएसई स्टाल का परिभ्रमण किया

Hon'ble Raksha Rajya Mantri, Dr. Subhash Ramrao Bhamre visited the GRSE Stall at DEFEXPO 2018 Exhibition at Chennai



डॉ. अजय कुमार, सचिव (रक्षा उत्पादन) का जीआरएसई का परिभ्रमण और वर्चुअल रियलिटी लैब का उद्घाटन

Dr. Ajay Kumar, Secretary (Defence Production) visit GRSE and Inaugurate the Virtual Reality Lab







**गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड**  
**Garden Reach Shipbuilders & Engineers Ltd.**

CIN No. : U 35111 WB 1934 GOI 007891

पंजीकृत कार्यालय: 43/46, गार्डन रीच रोड, कोलकाता - 700 024

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