



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

AUTHENTICATED

RAKSHA RAJYA MANTRI





BOARD OF DIRECTORS

Rear Admiral K. C. Sekhar, AVSM, VSM, IN (Retd.)	:	Chairman & Managing Director	
VAdm N. N. Kumar, AVSM, VSM, IN	:	Director	
Shri Gyanesh Kumar, IAS	:	Director	
Cmde H. K. Verma, IN (Retd.)	:	Director (Personnel)	
Shri Kallol Kumar Rai	:	Director (Finance)	
Cmde R Ghosh	:	Director (Shipbuilding)	(From 23.05.11)
Prof. Shekhar Chaudhuri	:	Director	(From 02.02.11)
Shri P. C. Sharma	:	Director	(From 02.02.11)
Shri Amarjit Chopra	:	Director	(From 02.02.11)
Capt. KJH Christie, IN (Retd.)	:	Director (Shipbuilding)	(Upto 30.11.10)

Company Secretary
Shri Sandeep Mahapatra

Bankers

State Bank of India
Indian Bank
Allahabad Bank
ICICI Bank
HDFC Bank

Auditors

L. B. Jha & Co.
Chartered Accountants

Branch Auditor

Bhagaria & Associates
Chartered Accountants

Registered Office
43/46, Garden Reach Road,
Kolkata - 700 024

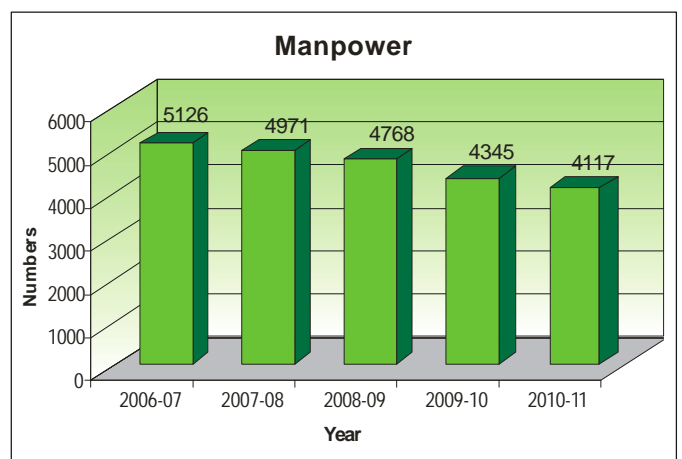
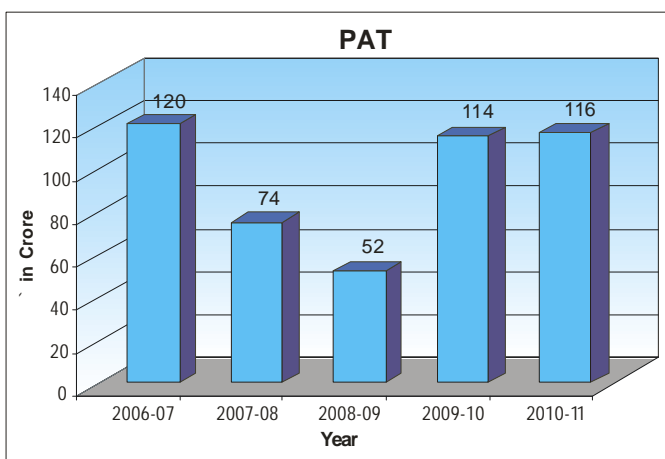
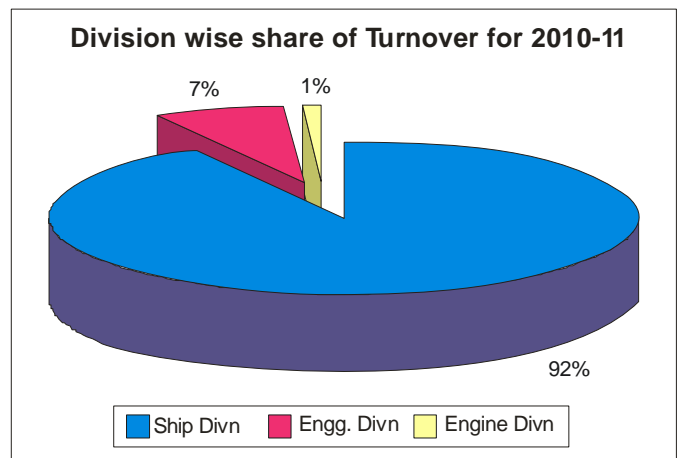
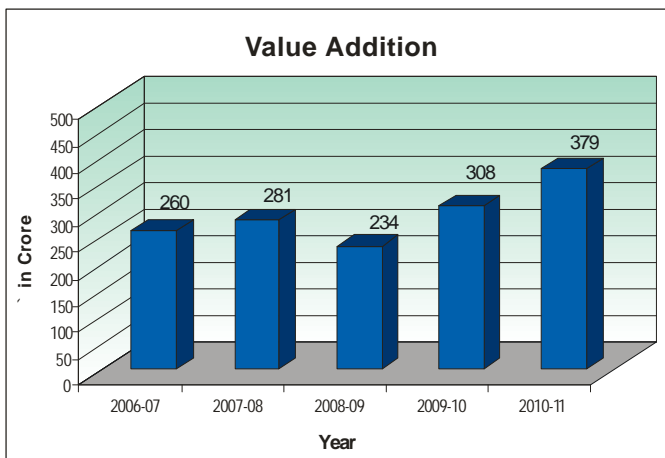
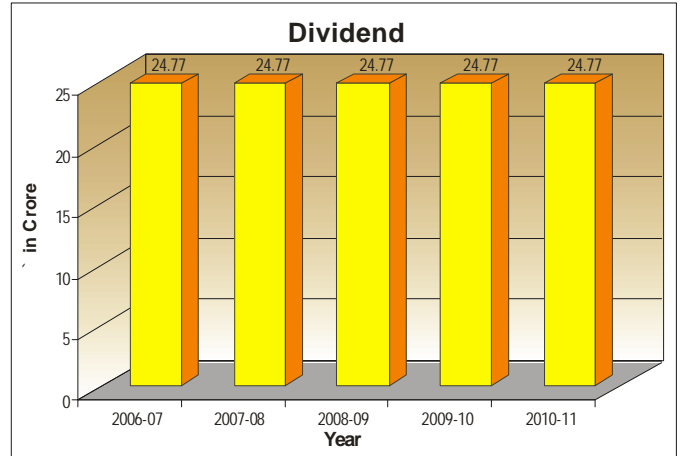
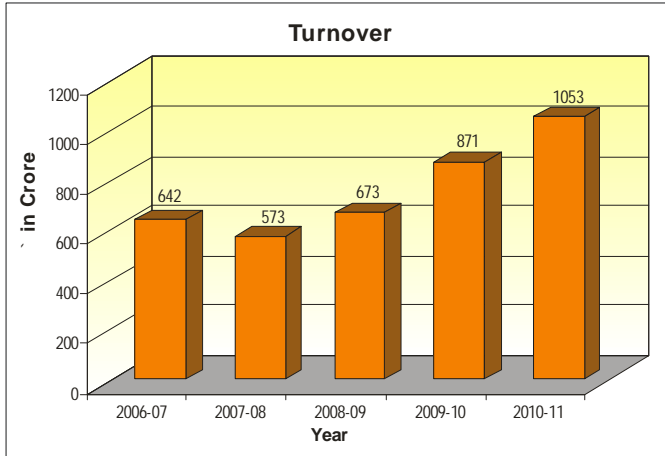


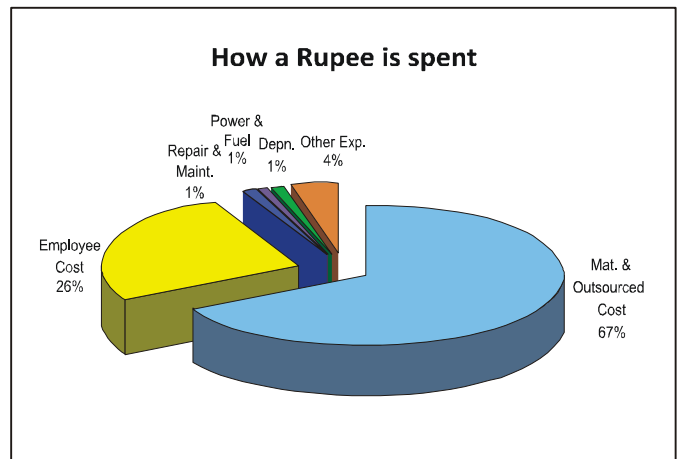
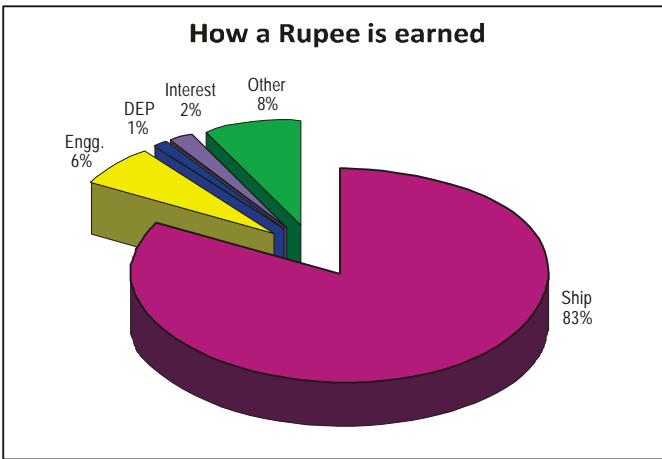
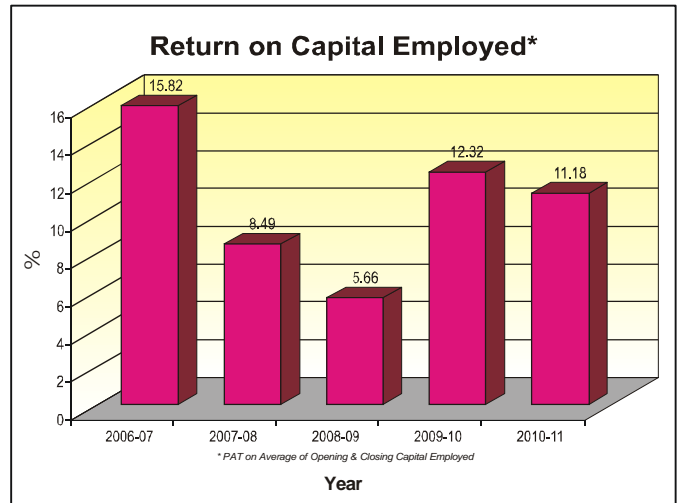
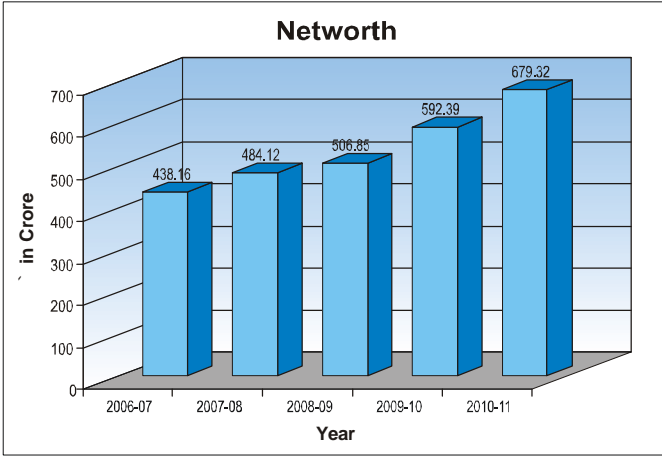


SENIOR MANAGEMENT

RAdm. K. C. Sekhar, IN (Retd.)	:	Chairman & Managing Director
Cmde. H. K. Verma, IN (Retd.)	:	Director (Personnel)
Shri Kallol Kumar Rai	:	Director (Finance)
Cmde. Ratnakar Ghosh, IN (Retd.)	:	Director (Shipbuilding)
Shri Barun Kumar Sahu, IAS	:	Chief Vigilance Officer
Shri Arup Ratan Pal	:	Chief General Manager (ERP)
Shri Samiran Basu	:	Chief General Manager (Material)
Cdr. Ajit Kumar Das, IN (Retd.)	:	Chief General Manager (FOJ)
Shri K. S. Verma	:	General Manager (IE & P)
Shri Kanu Priya Chatteraj	:	General Manager (HR & A)
Cdr. S. Bhaduri, IN (Retd.)	:	General Manager (RBD)
Cmde. S. Mathivanan, IN (Retd.)	:	General Manager (YM)
Shri Pradip Kumar Mitra	:	General Manager (Finance)
Cdr. D. K. Pati, IN (Retd.)	:	General Manager (Engg & FIB)
Capt. SKS Kushwaha, IN (Retd.)	:	General Manager (S) (MW)
Cdr. N. D. Rao, IN (Retd.)	:	General Manager (QA)
Shri Aparajita Bhattacharya	:	General Manager (Design)
Shri Shyamapada Ghosh	:	Addl. General Manager (I/C) (Planning)









TEN YEARS AT A GLANCE

PARTICULARS	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
(A) FINANCIAL POSITION										
Equity Share Capital	12384	12384	12384	12384	12384	12384	12384	12384	12384	12384
Reserve & Surplus	12917	14224	16005	17519	22632	31862	36425	38692	47255	55947
Net Worth	25035	26339	28110	29590	34706	43816	48412	50685	59239	67932
Capital Employed *	24252	26006	26991	29516	34251	41670	46017	45284	47610	55911
Gross Block	12193	14205	15480	17590	17473	24128	24406	25812	26224	29612
Net Fixed Assets	5289	7004	7724	9359	9066	14883	14488	15144	14897	17402
Working Capital *	18963	19002	19267	20157	25185	26787	31529	30140	32713	38509
(B) OPERATING RESULTS										
Sales	49844	15369	39077	88141	98599	71374	55665	74062	42427	54622
Cost of Production	45982	49713	47347	42829	56974	53567	47723	64325	80153	96405
Value of Production	48879	52309	48690	47028	66218	64166	57347	67269	87074	105330
Value Added	15179	15238	15157	16767	25388	26021	28075	23353	30771	37868
Profit/(Loss) Before Tax	3237	4737	5311	4856	10131	17504	11040	8898	13075	16276
Provision For Tax	1596	2604	2381	2104	3598	5490	3593	3733	1633	4705
Profit/(Loss) After Tax	1641	2133	2930	2752	6533	12014	7447	5165	11441	11571
(C) APPROPRIATION										
CSR Reserve	0	0	0	0	0	0	0	0	0	228
General Reserve	164	213	293	275	653	1201	745	517	1144	1134
Proposed Dividend Equity	509	749	1028	1102	1238	2477	2477	2477	2477	2477
Tax on Proposed Dividends	0	96	132	147	184	391	421	421	411	402
(D) RATIOS										
Gross Profit/ Capital Employed	0.14	0.19	0.2	0.16	0.3	0.42	0.24	0.2	0.27	0.29
Profit Before Tax/ Production (VOP)	0.07	0.09	0.11	0.1	0.15	0.27	0.19	0.13	0.15	0.15
Production (VOP)/ Capital Employed	2.02	2.01	1.8	1.59	1.93	1.54	1.25	1.49	1.83	1.88
Value Added/ Production (VOP)	0.31	0.29	0.31	0.36	0.38	0.41	0.49	0.35	0.35	0.36
Sundry Debtors/ Sales	0.05	0.19	0.15	0.09	0.05	0.05	0.17	0.13	0.25	0.26
No. of Employees	6716	6323	5819	5524	5088	5126	4971	4768	4345	4117

Excluding Foreign Exchange Fluctuation Suspense but inclusive of Short Term Investment. Excludes Retired Fixed Assets of '30 Lakhs in 2009-10.





NOTICE FOR ANNUAL GENERAL MEETING

NOTICE is hereby given that the 95th Annual General Meeting of the Shareholders of Garden Reach Shipbuilders & Engineers Limited will be held at the “**CII – Suresh Neotia Centre of Excellence for Leadership**”, DC-36, Sector – I, Salt Lake City, Kolkata 700 064 at 1230 hours on Wednesday, 17th August, 2011 to transact the following business :

ORDINARY BUSINESS :

- (a) To receive, consider and adopt the Directors' Report and the Audited Accounts for the year ended 31st March 2011 along with the Auditors' Report thereon.
- (b) To declare Dividend.
- (c) To fix the remuneration of Auditors to be appointed by the Comptroller & Auditor General of India for the financial year 2011-12.

By Order of the Board
Garden Reach Shipbuilders & Engineers Limited

Sd/-
(Sandeep Mahapatra)
Company Secretary

Registered Office :
43/46, Garden Reach Road,
Kolkata 700 024.

Dated : 20th July 2011.

Notes :

1. **A member entitled to attend and vote at 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 proxies to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. The comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of the Company have not been received so far. These are expected to be received shortly and will be placed before the Meeting.



CHAIRMAN'S STATEMENT

Ladies & Gentlemen,

1. On behalf of the Board of Directors, I have immense pleasure in welcoming you to this 95th Annual General Meeting of the Company and share with you some of the Company's significant achievements during the year under review. The Company for the first time in its history has achieved a turnover of more than ₹ 1000 crore. The Company's Profit Before Tax registered a growth of 25% over last year. The Company's Net Worth has also gone up compared to 2009-10. The Company has delivered five Water Jet Fast Attack Craft and fifty seven Boats to its customers during this period. During the year the Company has bagged a prestigious export order for an Offshore Patrol Vessel. These accomplishments were possible due to the guidance and unstinted support of the Government of India, especially the Department of Defence Production and I am grateful to them. The active role of the members of the Board of Directors, the dedicated efforts put in by the Officers, Supervisors and Workers of the Company as well as the trust extended by our valued customers, i.e. the Indian Navy, Coast Guard and the Ministry of Home Affairs have contributed immensely in meeting our targets.

Performance highlights of the year 2010-11:

2. **Financial Parameters** : The Company recorded Profit Before Tax of ₹ 162.76 crore registering a growth of 25%.
3. **Turnover/Value of Production**: The Company's highest profit is reflected in the substantial increase in the turnover by 21% as compared to F.Y. 2009-10. The VOP of ₹ 1053.30 crore is highest achieved by the Company so far.
4. **Dividend**: For the year 2010-11, the Directors are pleased to recommend a dividend amounting to ₹ 24.77 crore approx. calculated @ 20% on the Company's paid up equity capital of ₹ 123.84 crore as on 31 Mar 11.
5. **MOU Rating**: In terms of parameters arrived at in the Memorandum of Understanding signed with

the Government for the year 2010-11, the Company is expected to be rated as "Excellent" in its performance, with a score of 1.06 (provisional).

6. **Corporate Governance**: It is the constant endeavour of the Company to adopt and maintain the highest standards of ethics in all spheres of business activities. The Company's philosophy of Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures and legal / statutory compliances, to protect, promote and safeguard the interests of all its stakeholders.

Shipbuilding and Production Achievements:

7. The Company's Production and Engineering activities have shown a substantial increase due to greater thrust on productivity, quality and human resource. The following are the main achievements for this year.
 - (a) The fifth, sixth and seventh ships (Yard 2061, 2062 & 2063) of the series of ten Water Jet Fast Attack Craft Project (WJFAC) have been delivered to the Indian Navy during the year. The fifth & sixth ships were delivered on 20 May 10 and were commissioned subsequently at Visakhapatnam by Shri ESL Narasimhan, His Excellency, the Governor of Andhra Pradesh on 29 Jun 10. The seventh WJFAC was delivered on 25 Aug 10 and was commissioned subsequently by Mr. Jasti Chelameswar, the Hon'ble Chief Justice of Kerala on 14 Oct 10 at Kochi.
 - (b) The eighth and ninth (Yard 2064 & 2065) Water Jet Fast Attack Crafts of the series of ten WJFACs have been handed over (1st Reading of D-448) to the Indian Navy on 19 Apr 11 & 27 May 11 respectively.
 - (c) An Anti Submarine Warfare Corvette (ASWC), the first of its Class being built in India, was launched on 19 Apr 10 by Smt. Mamatha M, wife of Shri M.M Palam Raju, Hon'ble Raksha Rajya Mantri.





- (d) The Company has successfully completed refit of a Ship from neighboring country and the same was handed over on 25 Mar 11 after completion of medium refit work including renewal of 64 Tonnes of steel, 05 nos DGs, realignment of Shafting line, 12000/10000 hourly routines of ME & GB, refurbishment of accommodation space & others.
- (e) In this financial year GRSE has delivered all the remaining 02 nos 5T & 28 nos 12T FRP Boats to Ministry of Home Affairs for Coastal Patrolling and Surveillance of the Eastern Coast of India by the Coastal Police of different States.
- (f) 10 nos modified 12 Ton FRP boats have been delivered in this FY to Andaman & Nicobar Administration for coastal patrolling and surveillance of Andaman and Nicobar Islands.
- (g) GRSE has also delivered 13 nos Aluminium Boats to West Bengal Government, Civil Defence Department for Disaster Management during floods, natural calamity etc.
- (h) First two vessels of IPV class of ships, Yds 2072 & 2073 have been launched simultaneously from the Raja Bagan.
- (i) The Bailey Bridge (BB) Department dispatched 49 Nos. bridges during the year and secured orders of ` 80.73 crore in 2010-11. The Company has received patent for the Double Lane Portable Steel Bridge and Single Lane Portable Steel Bridge of Standard or extra width with stiffened Steel Deck Units.
- (j) The Pump Department has delivered 49 Nos. newly developed Indigenised Centrifugal Naval Pumps to ENC(V) . The value of order in hand is ` 7.30 crore.
- (k) Deck Machinery Department achieved a remarkable task by way of successful completion of overhauling of HTS including supply of Spares, and re-commissioning of

same, followed by load trial on board two Naval Ships at Mumbai, in a record time, which has been appreciated by the Customer.

- (l) Deck Machinery Department took a challenging assignment of manufacture of versatile Rail Less Helo Traversing System which is independent of type for Helicopter for ASW Corvettes, (Project -28), through tie- up with Mac Taggart Scott, U.K., with the target of indigenisation upto 72%. Future ships built in India will have this system, in turn GRSE being the pioneer, will get immensely benefited.

Future Outlook :

- 8. Your Company is fully committed to building quality ships for the Indian Navy and Coast Guard. Consistent with the acquisition of the additional facilities, the Company is endeavouring to obtain further orders for Naval and Coast Guard Ships for optimization of capacity utilization. Along with limited induction of fresh blood for revamping the aging man power base, the company has already embarked upon an all out measures on modernization, not only for layout of plant / machinery / dock & berth facilities, but also for technology upgradation in planning software, design tools, Networking & e-mailing Software etc. to achieve higher productivity in the coming years. SAP ECC6 has been implemented in phase-II ERP implementation programme covering all units and all business processes of the company. This will result in faster decision making and reduction in cycle time in respect of material procurement and project execution.
- 9. Pre-CNC audit for P17A Frigates which will be built jointly by M/s MDL & GRSE is completed and awaiting CNC. The company is also targeting Export Orders for 06 nos LSTs, 01 no 100 m LST, 02 nos FIBs & FACs.
- 10. **Infrastructure Upgradation:** ` 530 crore work on up-gradation of the infrastructure consisting of a Dry Dock, a Slipway (both of 180 meter in length), 250 ton Goliath Crane, Module Hall for modular construction and Painting and Blasting



Shop at full swing after initial teething problems. Execution of various works under modernization is progressing at a fast pace and scheduled to be completed by March 2012. The progress as on 31 Jul 11 is around 66%. Due to insurmountable problems faced by some of the main contractors and inadequate mobilization of space, the Completion Date has to be shifted from May 11 to March 12.

11. **Enterprise Resource Planning (ERP):** The ERP solution has been effected through implementation of SAP ECC-6 software system on 06 Jan 11 to derive the maximum benefit. The solution covered the entire area of business processes including Human Capital Management, Pay Roll, Finance, Control, Material Management, Project System, Production Planning, Quality Management, Sales and Distribution and Plant Maintenance. The new system was simultaneously implemented across all the units (except DEP) covering the entire businesses of Shipbuilding, Repairs, Trading of spares, Deck Machinery, Pump, Engines and Bailey / Prefab steel bridge

12. **Conservation of Energy:** The yard continued its endeavor to conserve the energy. Through energy audit conducted in all the units of the shipyard in Kolkata, we continued to optimize consumption of energy i.e. coal, electricity, petroleum etc. Power factor of the system was consistently maintained at optimal level. Use of Bureau of Energy Efficiency accredited star rated window air conditioners has been adopted in the yard extensively. In centralized package type air conditioning plants, solid state control system and state-of-the-art energy efficient compressors were introduced. In elevators VVVF control system has been used to reduce energy consumption by 2%. Use of metal roof sheeting in shops has been adopted. A 1000 Ltr capacity solar water heater has been installed at Canteen to conserve electricity.

13. **Technology Absorption, Adoption and Innovation:**

(a) In order to reduce the weight / displacement and, also to improve the stability of P28 ships, it was considered to design superstructures

of P28 in lighter material of equivalent strength. A detailed study / analysis were made in consideration of existing designs of naval ships having superstructure of lighter material. Based on the study it was found that Carbon Fibre Reinforced composite material have been used for superstructures, and also Main Hull of certain military vessels of other countries. The saving in weight by going in for Composite Material for Superstructure, in case of P28 was found to be approx. 100 tonnes. However, there are several challenges to meet viz. integration with steel hull, penetrations of pipes/ducts/cables through Composite Material, fire insulation of Composite Material etc. Based on the technological inputs from M/s TKMSI, the Company is implementing the same into the detailed design of P28 ships (Yard 3019-20). On completion, Yard 3019-20 will be the first Indian Naval Ships with this new technology.

(b) The GRM for ASW Corvettes are the most critical pre-launch equipment pre-determining the launching date. A minimum time frame of 5½ months would be required to undertake the stern gear activities prior to launch of the ship, it was decided to undertake fitment of 'A' Brackets and 'Stern Tubes' prior to release of stern to cut down the time for stern gear activities. The Company undertook alignment and welding of 'A' brackets and 'Stern tubes' (the two most long lead activities in the post stern drop phase of pre launching) prior to release of stern. The improvisation will help GRSE to save about 1½ months on completion of post STE activities before launching. This will also enable the shipyard to advance the launching of ship.

14. **Quality Circle Activities :** The Company continues to enhance its Quality Circle activities. Due importance is given to Quality Circle Techniques and Philosophy to enrich the grass root level employees of various QC teams for gainful utilization of human resources by self development and mutual development. Grass root level workforce of the Company of various shops/ departments are participating through group activities for iden-





tification of problems, its solution and implementation in order to increase production and to improve the quality of work / service, to ensure better work environment and neat and clean work place, to increase safety, morale and to reduce wastages. Total QC activities of the Company have been spread over to 209 QC teams in various shops/ departments covering 41% of the present work force.

15. **Industrial Relations:** Industrial relations situation during the period across all Units of the Company including DEP, Ranchi was generally peaceful and harmonious.
16. **Corporate Social Responsibility:** The Company as always been actively involved in CSR activities. As a responsible Corporate Citizen, Company utilizes a part of the Company's profit as per Guidelines issued by the Government of India, from time to time, for undertaking various developmental initiatives and projects for inclusive growth of the community / society. The Company endeavours to go beyond statutory requirements towards making reasonable impact economically, socially and environmentally.
17. **Implementation of RTI Act:** Implementation of RTI is being progressed in line with the government directives. Requests received were replied and

Annual Return for the year has been uploaded in RTI MIS Updation System developed by NIC.

ACKNOWLEDGEMENTS

18. I would like to conclude by thanking the Central and State Government Authorities, Naval and Coast Guard Authorities, and the Shareholders for the trust they have reposed in us. I would like to place on record our thanks to the Comptroller & Auditor General of India, the Principal Director of Commercial Audit, the Statutory Auditors and the Controller of Defence Accounts (Navy) for their valuable suggestions and co-operation. I also acknowledge with gratitude the continual assistance and guidance received from Indian Navy and Coast Guard. Last, but not the least, I appreciate the vital role 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.

Thanking you all,

Kolkata,
17 August, 2011

Sd/-
K.C. Sekhar,
Rear Admiral (Retd.)
Chairman & Managing Director



DIRECTORS' REPORT

To
The Members,
Garden Reach Shipbuilders & Engineers Limited

- Your Directors have great pleasure in presenting the 95th Annual Report on the working of the Company for the financial year 2010 - 11.
- The audited Profit & Loss Account for the financial year 2010-11 and the Balance Sheet as on 31 Mar 11, together with the Report of the Auditors of the Company, and the comments of the Comptroller & Auditor General of India on the Auditors' Report under Section 619(4) of the Companies Act, 1956, are appended to this Report.

PERFORMANCE HIGHLIGHTS

- Financial Parameters :** The Directors are delighted to inform that the Company has recorded Profit Before Tax of ₹162.76 crore, registering a growth of 25%.
- Turnover/Value of Production:** The Company for the first time in its history has achieved a Turnover of more than ₹1000 crore. The VOP of ₹1053.30 crore is highest achieved by the Company so far registering a growth in turnover by 21% over the Financial Year 2009-10.
- MOU Rating:** In terms of parameters arrived at in the Memorandum of Understanding signed with the Government for the year 2010-11, the Company in this year also is expected to be rated as "Excellent" in its performance.
- Delivery :** During the year the Company has delivered following Product :

Ship Division :

Sl. No.	Type	Total Delivered Nos.
(i)	Water Jet Fast Attack Craft (WJFAC)	3
(ii)	5 Ton Fast Interceptor Boat	5
(iii)	12 Ton Fast Interceptor Boat	39
(iv)	Alluminium Boat	13

Engineering Division :

Sl. No.	Product	Total Delivered Nos.
(i)	Bailey Bridge	49
(ii)	Pump	81
(iii)	Deck Machinery Equipment	36

Engine Division :

Sl. No.	Product	Total Delivered Nos.
(i)	MTU Engines	17

SIGNIFICANT ACHIEVEMENTS DURING THE YEAR :

- The fifth, sixth and seventh ships (Yard 2061, 2062 & 2063) of the series of ten Water Jet Fast Attack Craft Project (WJFAC) have been delivered to the Indian Navy during the year. The fifth & sixth ships were delivered on 20 May 10 and were commissioned subsequently at Visakhapatnam by Shri ESL Narasimhan, His Excellency, the Governor of Andhra Pradesh on 29 Jun 10. The seventh WJFAC was delivered on 25 Aug 10 and was commissioned subsequently by Mr. Jasti Chelameswar, the Hon'ble Chief Justice of Kerala on 14 Oct 10 at Kochi.
- The eighth and ninth (Yard 2064 & 2065) Water Jet Fast Attack Crafts of the series of ten WJFACs have been handed over (1st Reading of D-448) to the Indian Navy on 19 Apr 11 & 27 May 11 respectively.
- An Anti Submarine Warfare Corvette (ASWC), the first of its Class being built in India, was launched on 19 Apr 10 by Smt. Mamatha M, wife of Shri M.M Palam Raju, Hon'ble Raksha Rajya Mantri.
- The Company has successfully completed refit of a Ship from neighbouring country and the same was handed over on 25 Mar 11 after completion of medium refit work including renewal of 64 Tonnes of steel, 05 nos DGs, realignment of Shafting line, 12000/10000 hourly routines of ME & GB, refurbishment of accommodation space & others.
- In this financial year GRSE has delivered all the remaining 05 nos 5T & 29 nos 12T FRP Boats to Ministry of Home Affairs for Coastal Patrolling and Surveillance of the Eastern Coast of India by the Coastal Police of different States.
- 10 nos modified 12 Ton FRP boats have been delivered in this FY to Andaman & Nicobar Administration for coastal patrolling and surveillance of Andaman and Nicobar Islands.
- GRSE has also delivered 13 nos Aluminium Boats to West Bengal Government, Civil Defence Department for Disaster Management during floods, natural calamity etc.
- First two vessels of IPV class of ships, Yds 2072 & 2073 have been launched simultaneously from the Raja Bagan on 21 Mar 11.
- GRSE has bagged a prestigious export order for an Offshore Patrol Vessel and the contract for same has been signed on 04 Mar 11. The ship will be built in the new slipway which is coming up under modernization programme and will be delivered within 42 months from the date of signing of the contract.



**Performance of Ship Division:**

16. VOP for ship division has increased to ₹ 955.80 crore from ₹ 777.92 crore in the previous year. With lot of efforts new vendors have been developed for fabrication & erection of ASW Corvette and IPV blocks, resulting in achieving of annual steel throughput of 1137 Ton in Financial year 2010-11, which is more than the MoU target of 1124 Ton.
17. With inclusion of various productivity improvement tools and adoption of Integrated / modular construction technology, the first two IPVs, GRSE Yard 2072 and 2073 were launched in record time of about 05 months from Keel laying with more than 60% completion against a time frame of 09 months taken in case of WJFAC ships. For Yard 3018, the second ASW Corvette, GRSE is confident of achieving 46% completion at the time of launch.
18. Water Jet Fast Attack Crafts came out to be an extremely successful project but for the indigenously developed Gear Boxes, which impaired the timely delivery of the vessels. Repeated failures of Gear Boxes supplied by M/s KPCL adversely affected the delivery schedule of WJFAC Project. In view of above, GRSE had taken a proactive step of ordering six ship sets of Gearboxes on M/s ZF Marine (a proven one fitted in Bangaram class of ships) on their own with an aim to deliver last six ships without any operational limitation which was of paramount importance to Navy for patrolling along Indian Coastal line. Out of last six ships, three ships were delivered to Indian Navy in FY 2010-11 and remaining two ships were delivered in Apr and May 11. The last WJFAC is expected to be delivered in Jul 2011.
19. In case of IPVs, inlet ducts of Water Jet unit supplied by M/s Rolls Royce, Sweden and inspected by a subsidiary of M/s ABS at Korea were found to be defective during installation on board and as a result all eight ship set ducts were re-inspected and rectified, as necessary. This delayed the first five IPV projects by three months. However, GRSE is trying to minimize the effect of this delay through better planning and tight monitoring.
20. Apart from start-production of all remaining Inshore Patrol Vessels (Yards 2074-79), following major cardinal events were achieved during the financial year :

Keel laying :

Ship	Yard	Date
3 rd ASWC	3019	10 Aug 10
1 st & 2 nd IPVs	2072-73	27 Sep 10
3 rd & 4 th IPVs	2074-75	31 Dec 10
5 th IPV	2076	28 Mar 11

Launching_:

Ship	Yard	Date
1 st ASWC	3017	19 Apr 10
1 st & 2 nd IPVs	2072-73	21 Mar 11

Delivery :

Ship	Yard	Delivery
5 th & 6 th WJFACs	2061-62	20 May 10
7 th Water Jet FAC	2063	25 Aug 10
FIB (5 T) (5 Nos.)	1222, 26, 28, 29, 30	Apr 10 - Mar 11
FIB (12 T) (39 Nos.)	1250 - 88	Apr 10 - Mar 11
Aluminium Boat (13 Nos.)	1291-1303	Apr 10 - Mar 11

21. During the year under review, the Company undertook the repair / refit work amounting to ₹ 60.29 crore (VOP) as against ₹ 43.50 crore in the previous year.
22. The total Order Book position of the Shipbuilding Division amounted to ₹7083.78* crore excluding contract value of Mauritius OPV of 58.5 million US\$ and Base & Depot Spares of ₹ 490.38 crore.
- * Revised cost for ASWC Project as proposed in the draft Contract for CCS-approval has been considered.

Future Outlook:

23. Your Company is fully committed to building quality ships for the Indian Navy and Coast Guard. With the takeover of the nearby Rajabagan Dockyard of M/s CIWTC, Kolkata on 01 Jul 06, the company has become the one of the biggest Defence Shipyards in India with substantial growth potential. Rajabagan Dockyard has been refurbished and converted into a full fledged shipyard from where already two ships (8th & 9th WJFAC) were delivered to Indian Navy starting from Keel laying. More ships will roll out in future from this Unit.
24. Consistent with the acquisition of the additional facilities, the Company is endeavouring to obtain further orders for Naval and Coast Guard Ships for optimization of capacity utilization. Along with limited induction of fresh blood for revamping the aging man power base, the company has already embarked upon an all out measures on modernization, not only for layout of plant / machinery / dock & berth facilities, but also for technology up gradation in planning software, design tools, Networking & e-mailing Software etc. to achieve higher productivity in the coming years. SAP ECC6 has been implemented in phase-II ERP implementation programme covering all units and all business processes of the company.



This will result in faster decision making and reduction in cycle time in respect of material procurement and project execution.

25. The Shipyard is also developing the outsourcing base with proper quality assurance for hull fabrication, plumbing, cabling, hull outfit etc, to strengthen the Company efforts towards customer satisfaction.
26. Also Pre-CNC audit for P17A Frigates which will be built jointly by M/s MDL & GRSE is completed and awaiting CNC. The company is also targeting Export Orders for 06 nos LSTs, 01 no 100 m LST, 02 nos FIBs & FACs.

OPERATING RESULTS :

27. The summarized operating results for the year 2010-11 and 2009-10 are given below:

(₹ in crore)

	2010-11	2009-10
Value of Production	1053.30	866.62
Sales	550.73	424.27
Profit Before Depreciation, Interest and Tax	174.73	144.58
Interest	1.50	6.23
Depreciation	10.47	7.62
Profit Before Tax	162.76	130.73
Provision for Tax	47.05	16.32
Profit After Tax	115.71	114.41

28. The financial position of the Company as on 31 March, 2011 and that of the previous year is shown below:

(₹ in crore)

	2010-11	2009-10
Capital Employed	559.11	476.10
Gross Block	296.12	262.24
Net Block	174.02	148.97
Working Capital	385.09	327.13
Net Worth	679.32	592.39
Value Added	383.93	307.71
Ratios: (%)		
Profit before interest and tax : Capital Employed	29.38	28.77
Profit after tax : Net Worth	17.03	19.31
Value Added : Capital employed	68.66	64.63

Value of Production & Sales - (VOP Up by 21% and Sales up by 30% as compared to previous year)

29. Value of production & Sales during 2010-11 and the previous year given below:
30. During the financial year 2010-11, the Company achieved the highest ever Value of Production of ₹ 1053.30 crore as against ₹ 866.61 crore during the previous year. The Sales for the year amounted to ₹550.73 crore as against ₹ 424.27 crore during the previous year.

31. The comparative VOP for three main Divisions is as follows : (₹ in Crore)

Year	Ship	Engg.	Engine	Total
2010-11	965.67	75.09	12.54	1053.30
2009-10	777.92	60.77	27.93	866.62

32. The comparative Sales for three main Divisions is as follows : (₹ in Crore)

Year	Ship	Engg.	Engine	Others	Total
2010-11	462.94	69.64	13.64	4.51	550.73
2009-10	345.25	59.08	15.81	4.13	424.27

Profit Before Tax up by 25% as compared to Previous Year

33. The Company recorded a Profit Before Tax of ₹162.76 crore as against ₹130.73 crore in the previous year registering a growth of 25%. The Net Profit amounted to ₹ 115.71 crore as compared to ₹ 114.41 crore in the previous year.

Net Worth - (Increase by 15% as compared to previous year)

34. The year under review witnessed a leap forward with the Company's Net Worth going upto ₹ 679.32 crore from ₹ 592.39 crore in 2009-10, representing an increase of 15% over the previous year.

Value Addition

35. The Value Added during the financial year under review was ₹ 383.93 crore as against ₹307.71 crore during the previous year registering a growth of 25%. The Value Added per Employee was ₹ 9.33 lakh as compared to ₹ 7.08 lakh during the previous year registering a growth of 32%.

Appropriations & Dividend

36. Considering the financial performance of the Company in the year 2010-11, the Directors are pleased to recommend the following appropriations from the disposable surplus :





(₹ in crore)

Net Profit After Tax	115.71
Less : Transfer to CSR Fund	2.28
Transfer to General Reserve	11.34
Dividend of 20% on the Company's Paid up Capital of ₹123.84 crore	24.77
Dividend Tax	4.02
Balance retained in Profit & Loss Account	73.30

Contribution to Exchequer

37. Your Company has made a contribution of ₹ 71.87 crore to the national exchequer during the financial year 2010 - 11 as detailed below:

(₹ in crore)

(a) Income Tax & FBT etc.	32.49
(b) Customs Duty	0.86
(c) Excise Duty	3.63
(d) Sales Tax	30.41
(e) Service Tax	4.48
TOTAL	71.87

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

Capital Structure

38. The Authorised Capital of the Company as on 31 Mar 11 was ₹125 crore. During the year under review, the Government of India did not make any fresh investment in the Share Capital of the Company. The Paid-up Capital as on 31 Mar 11, therefore, remained at ₹123.84 crore.

Loans from the Government

39. Company neither had any outstanding loan to the Government at the beginning of the year nor did it take any fresh loan during the year under review.

ICD to Hindustan Cables Ltd.

40. An amount of ₹ 457.75 lakh (₹ 200 lakh as Principal and ₹ 257.75 lakh as interest) was outstanding as on 31 Mar 02 from Hindustan Cables Ltd. (HCL), which is a sick PSU. As the case was registered by BIFR, full provision was made in the Accounts of 2003-04. As per directive of BRPSE, the revival scheme as prepared by HCL's consultants was put up before Dept of Heavy Industries, BRPSE & BIFR. Deptt of Heavy Industries (DHI), made advertisement inviting expression of interest from interested PSUs for joint venture formation. In

response, Rashtriya Ispat Nigam Ltd. (RINL) had shown interest in HCL's Hyderabad Unit. HCL has informed that recently Ordinance Factory Board (OFB) has shown keen interest for taking over all units of HCL and discussion are currently in progress both with OFB and RINL. No modalities however, have been decided yet. HCL has confirmed that GRSE's dues will be taken care of in the Restructuring Scheme.

Grading vide Memorandum of Understanding

41. The MoU Composite Score for the year 2009-10 was 1.35 and the Company was accordingly rated as "Excellent". The assessment for the year 2010-11 will be done by DPE on the basis of the Annual Report to be submitted to them after Annual General Meeting. As per internal assessment, it is expected that the Company this year also be rated as "Excellent".

Auditors

42. The Comptroller & Auditor General of India, under Section 619(2) of the Companies Act, 1956, have appointed M/s. L.B Jha & Co., Chartered Accountants, Kolkata, as the Statutory Auditors for the Company and M/s. Bhageria & Associates, Chartered Accountants, Ranchi as Branch Auditors for the Diesel Engine Plant, Ranchi, for the year 2010-11.

Corporate Governance

43. A Report on Corporate Governance is given in **Annexure-I** forming part of this Report together with Compliance Certificate thereon.

Board of Directors

44. Capt. K.J.H Christie, IN (Retd.), Director (Shipbuilding) on his resignation ceased to be a member of the Board of the Company. The Board acknowledge the valuable services rendered by him.

45. The Board welcomed the appointment of the following new Directors:

- Shri Shekhar Chaudhuri, Director, IIM, Kolkata as Part time non official Director
- Shri Amarjit Chopra, Ex-President, ICAI, New Delhi as Part time non official Director
- Shri P.C.Sharma, Ex-Chief Secretary, Govt. of Assam as Part time non official Director
- Cmdr Ratnakar Ghosh, Director (Shipbuilding)

Directors' Responsibility Statement

46. Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, following is hereby confirmed :



- (a) That in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- (b) That the Directors have 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 the Company as at 31 Mar 11 and the profit of the Company for the year ended 31 Mar 11.
- (c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) That the Directors have prepared the annual accounts on a going concern basis.

Yard Modernisation

47. The foundation stone for the ongoing modernization project at Main Works was laid on 19 Feb 09. Old Slipway No. 4 which was of 900 Tons capacity has been demolished and following new facilities are being created at that location, at an estimated cost of ₹ 530 crore.



- (a) Dry Dock of size with capacity of 10,000 Tons.
- (b) Inclined Berth (Shipbuilding Berth) of size with capacity of 4500 Tons.
- (c) Central Pier between Dry Dock and Inclined Berth with a 25 T Jib Crane.
- (d) Module Hall of size 99Mx30M with three bays and sliding roof facility to assemble large pre-outfitted hull blocks.
- (e) Goliath Crane of capacity 250 Tons with a span of 116 M covering the Module Hall, Dry Dock, Central Pier and Inclined Berth.

- (f) Paint Cell which is an integrated facility for carrying out blasting and painting of hull blocks in controlled conditions of temperature and humidity.
- (g) Portable Shelters of length 20 M each, 3 nos for Dry Dock and 4 nos for Inclined Berth, to provide protection from weather.

48. Execution of various works under modernization is progressing at a fast pace and scheduled to be completed by March 12. The progress as on 31 Mar 11 is around 60%. Due to insurmountable problems faced by some of the main contractors and inadequate mobilization of space, the Completion Date has to be shifted from May 11 to March 12.

Engineering Division

49. The Value of Production achieved by the Engineering Division during the financial year 2010-11 amounted to ₹ 66.31 crore as compared to ₹ 60.77 crore during previous year. Sales registered for the year were ₹ 64.06 crore (provisional) as against ₹ 59.08 crore during previous year.
50. **Bailey Bridge Deptt** - The Bailey Bridge (BB) Department dispatched 49 Nos. bridges during the year and secured orders of ₹ 80.73 crore in 2010-11 as compared to ₹ 50.28 crore during previous year. First set of newly developed 140 Ft. Double Lane prefabricated bridge has been accepted by GMR (Badrinath) H.E Project & NCNC trial for another 90 ft Double Lane Bridge has been accepted by DGBR as a part of introduction of Double Lane Modular Bridge in BRO. This year Bailey Bridge department has timely completed the Tender for supply of 45 Nos. of Bailey Bridges and has become L₁ for 35 No. of Bailey Bridges. The department received Export order worth ₹ 3.71 crore against our Export Target of ₹ 1 crore, out of which order worth ₹ 1.41 crore has been executed.
51. As on date, GRSE has received patent for the following Portable Steel Bridges:
- (i) Double Lane Portable Steel Bridge
 - (ii) Single Lane Portable Steel Bridge of Standard or extra width with stiffened Steel Deck Units.
52. **Pump Department** The department produced 49 Nos. newly developed Indigenized Centrifugal Naval Pumps for ENC(V). The value of order in hand is ₹ 7.30 crore.
53. **Deck Machinery Deptt** GRSE (Deck Machinery) so far has been involved with design and manufacture of fixed boom davits of miscellaneous types with electric motor drive only. Participating in a global tender, Deck Machinery bagged for the first





time an order for design and manufacture of new generation telescopic davit for P-28 Ships. The system feature of the davit is the capability of auto-tensioning the boat's during launching and recovery of boat at high seas. This innovative effort will enable Deck Machinery to exploit market opportunities for different capacities of electro hydraulic telescope davits for Coast Guard / Naval Ships in future.

54. Deck Machinery achieved a remarkable task by way of successful completion of overhauling of HTS including supply of Spares, and re-commissioning of same, followed by load trial on board two Naval Ships at Mumbai, in a record time, which has been appreciated by the Customer.
55. Major Indian Naval ships are presently fitted with rail based Helo Traversing System (HTS) able to handle either Nose Wheel or Rear Wheel Helicopters. Customer was looking for a simpler and proven helicopter handling system capable of handling any type of helicopter irrespective of its design. GRSE Deck Machinery Unit took this challenging assignment and the first of its class design (F.O.C.D.) being built by GRSE for ASW Corvettes, (Project 28), through tie-up with Mac Taggart Scott, U.K., who is the pioneer in Helicopter handling system in the world, with the target of indigenisation up to 72%. Future ships built in India will have this system, in turn GRSE being the pioneer, will get immensely benefitted. A few advantages of the new system are as follows:
- (a) Landing and take-off will be easier and safer as the deck is free from protrusion i.e. rails and platforms.
 - (b) Less cumbersome and independent of the type of helicopter.

Engine Department (Ranchi)

56. The Value of Production achieved by the Engine Department during the Financial year 2010-11 amounted to ₹ 27.93 crore as compared to ₹ 7.91 crore during the previous year. During the year DEP, Ranchi has received following orders.
- (a) W6 routine of MTU 538 Engine of 3 ship sets from Coast Guard HQ at a value of ₹14.75 crore.
 - (b) Re-engining of 2 ship sets with MTU 1163 Engines for Indian Navy at a total value of ₹124 crore.

Conservation of Energy

- 57 The yard continued its endeavor to conserve the energy. Through energy audit conducted in all the units of the shipyard in Kolkata, we continued to optimize consumption of energy i.e. coal, electricity, petroleum etc.. Power factor of the system was

consistently maintained at optimal level.

58. Use of Bureau of Energy Efficiency accredited star rated window air conditioners has been adopted in the yard extensively. In centralized package type air conditioning plants, solid state control system and state-of-the-art energy efficient compressors were introduced. In elevators VVVF control system has been used to reduce energy consumption by 2%. Use of metal roof sheeting in shops has been adopted.
59. A 1000 Ltr capacity solar water heater has been installed at 61 Park Hot Meal Canteen to conserve electricity. Measures like introduction of battery operated material handling equipments, increased installation of electronic ballasts, LED lamps, TL₃ fluorescent lamp, extensive use of CFL, maximum use of translucent sheets in shop floors, minimization of distribution loss in compressed air and water supply system etc. have been adopted as part of conservation of energy. The cost of energy input during the year under review was 0.69% of the total value of production as against 0.77% of last year.

Technology Adoption, Absorption and Innovation

60. The Company has implemented ERP solution which covered the entire area of business processes including Human Capital Management, Pay Roll, Finance, Control, Material Management, Project System, Production Planning, Quality Management, Sales and Distribution, Shipbuilding activity, Plant Maintenance, Repairs, Trading of spares, Deck Machinery, Pump, Engines and Bailey / Prefab steel bridge.
61. In order to reduce the weight / displacement and, also to improve the stability of P28 ships, it was considered to design superstructures of P28 in lighter material of equivalent strength. A detailed study / analysis were made in consideration of existing designs of naval ships having superstructure of lighter material. Based on the study it was found that Carbon Fibre Reinforced composite material have been used for superstructures, and also Main Hull of certain military vessels of other countries. The saving in weight by going in for Composite Material for Superstructure, in case of P28 was found to be approx. 100 tonnes. However, there are several challenges to meet viz. integration with steel hull, penetrations of pipes/ducts/cables through Composite Material, fire insulation of Composite Material etc. Based on the technological inputs from M/s TKMSI, the Company is implementing the same into the detailed design of P28 ships (Yard 3019-20). On completion, Yard 3019-20 will be the first Indian



Naval Ships with this new technology.

62. The Fast Interceptor Boat (FIB) project for the Ministry of Home Affairs enabled the Company to upgrade its FRP boat building potential to the present international standard. With the transfer of technology from M/s Motomarine of Greece the following advancements have been achieved:
- (a) Up-gradation of the boat building facilities.
 - (b) Development of in-house charging facility for 24 v battery.
 - (c) Ownership of unfettered license for construction of at least three different variants of the 12T boat, capable of achieving a maximum speed of beyond 35 knots and an endurance of up to 250 nautical miles.
 - (d) Ownership of unfettered license for construction of 5T boats, powered by Outboard Motors and capable of achieving a maximum speed beyond 35 knots.
 - (e) Construction of light-weight efficient hulls using bi-axial and tri-axial woven roving achieving requisite mechanical properties for high speed boats as per Classification requirement.
 - (f) Alignment and installation of marine gear box and state-of-the-art light-weight propulsion engines with electronic control module and monitoring system.
 - (g) Installation of compact twin water jet systems specially designed for high speed operation in tandem.
63. The GRM for ASW Corvettes are the most critical prelaunch equipment pre-determining the launching date. A minimum time frame of 5 ½ months would be required to undertake the stern gear activities prior to launch of the ship, it was decided to undertake fitment of 'A' Brackets and 'Stern Tubes' prior to release of stern to cut down the time for stern gear activities. The Company undertook alignment and welding of 'A' brackets and 'Stern tubes' (the two most long lead activities in the post tern drop phase of pre launching) prior to release of stern. The improvisation will help GRSE to save about 1 ½ months on completion of post STE activities before launching. This will also enable the shipyard to advance the launching of ship.

ERP

64. In order to manage the growing complexity of Shipbuilding and manufacturing of Engineering Products at diverse locations and in market driven competitive environment, GRSE management decided to implement ERP which will integrate the

entire spectrum of Business Processes (viz. Business development, Sales to Realization, Accounting & HR) with all its production units, spread over different geographic locations. In turn operation will be efficient and product will be competitive. In addition the company also went ahead implementing "Mail messaging solutions" for faster and cost effective communication within the organization and "Document Management System (DMS)" for control and management of documents electronically.

65. The ERP solution has been affected through implementation of SAP ECC-6 software system on 06 Jan 11 to derive the maximum benefit. The solution covered the entire area of business processes including Human Capital Management, Pay Roll, Finance, Control, Material Management, Project System, Production Planning, Quality Management, Sales and Distribution and Plant Maintenance. The new system was simultaneously implemented across all the units (except DEP) covering the entire businesses of Shipbuilding, Repairs, Trading of spares, Deck Machinery, Pump, Engines and Bailey / Prefab steel bridge. A total of 240 licensees are procured.
66. The implementation necessitated a Process Business Re-engineering across the organization. The top management communicated the company's intent and resolve to adopt the change by sending out clear messages/ directives down the line. The company identified a group of 40 members as core team to actively participate in this change process and used their energy to educate and assist rest of the personnel to switch over to the Re-engineered work environment.
67. Diesel Engine Plant at Ranchi went on live in April 11. With this the entire company got integrated in SAP.

Foreign Exchange Earnings & outgo

68. The information in respect of Foreign Exchange Earnings and Outgo is contained in Schedule 19 of the Annual Accounts.

e-Procurement & Reverse Auction

69. e-Procurement is the key component of mission mode project under national e-governance plan. It has several advantages such as cost saving, reduction in lead time, safety, security, speed and above all, transparency and achieving efficiency in procurement.
70. Value of materials procured through e-mode has been ₹ 807 lakh in 2010-11. We are endeavoring for wider participation of vendors in e-Procurement so



far as 204 vendors obtained digital signature certificate as on 31 Mar 11 as against 140 vendors during last year.

71. Approximately 65 Nos. of vendors obtained training for e-procurement participation procedure in FY 2010-11.
72. In order to promote e-tendering in Global Tender / Import, process of approaching overseas vendors was initiated for obtaining Indian DSC. One vendor already responded to obtain Indian DSC; others being pursued.

e-Auction

73. In order to leverage the technology resources in achieving speed, efficiency, transparency and higher market value, the Company opted for e-Auction platform for transaction of its disposal activities. A three year agreement with M/s. MSTC has been entered into. The sale of scrap through e-Auction was ₹ 279 lakh in 2010-11 as compared to ₹ 285 lakh in 2009-10.

QUALITY ASSURANCE

74. **Development of Vendors for Outsourced Jobs:** Against the average rate of earlier vendor registration of 60 nos. per annum, a large no. of new vendors (124) has been registered during financial year 2010-11.
75. Outsourcing activities have been substantially increased in various fields and new vendors who are not permanently registered with GRSE are also permitted to participate against web tendering. Those vendors who bag a contract are provisionally registered and on successful completion of project shall be permanently registered.

QUALITY CIRCLE ACTIVITIES

76. GRSE continues to enhance its Quality Circle activities at the grass root level work force. Due importance is given to Quality Circle Techniques and Philosophy to enrich the grass root level employees of various QC teams for gainful utilization of human resources by self development and mutual development. Grass root level work force of the company of various shops/ departments are participating through group activities for identification of problems, its solution and implementation in order to increase production and to improve the quality of work / service, to ensure better work environment and neat and clean work place, to increase safety, morale and to reduce wastages.
77. Total QC activities of the Company have been spread over to 209 QC teams in various Shops/ Departments covering 41% of the present work

force. The cost savings achieved by various QC teams of GRSE for the Year 2010 is about ₹1.42 crore.

78. The successful QC groups participated in various QC competitions like Zonal, National and International conventions for their self and mutual development by sharing their knowledge, ideas and experiences among the various QC practitioners and quality experts not only from India but also from abroad.
79. The performance of various QC teams of GRSE in the Year 2010 in various competitions viz. Chapter Convention and National convention organized by Quality Circle Forum of India and International convention on Quality Concept Circle (ICQCC) Organized by ICQCC Coordination Committee is indicated in the table below:

Level of Convention/ Presentation	No. of QC teams participated	Performance Grade achieved by QC		
		Gold	Silver	Bronze
CCQC (Chapter Convention)	13	13	—	—

Level of Convention/ Presentation	No. of QC teams participated	Performance Grade achieved by QC			
		Par Excel.	Excell- ent	Disting- uish	Meri- torious
NCQC (Chapter Convention)	06	03	02	01	—

Level of Convention/ Presentation	No. of QC teams participated	Performance Grade achieved by QC		
		Gold	Silver	Bronze
International Convention on Quality Concept Circle (ICQCC 2010)	04	03	01	—



Safety at Work

80. **National Safety Week** was observed in all the Units of the Shipyard from 04 to 10 Mar 11 when safety banners were displayed. Various safety competitions were conducted and prizes awarded. Safety Shield and trophies were awarded to the best performing Units for adherence to safety norms and procedures on 40th National Safety Day on 04 Mar 11. The Shipyard has been rated as excellent in MoU criteria on accident frequency rate during 2010-11. The Yard continued its endeavour to maintain high standard of safety at considerably hazardous modernization site. Fire and Safety Training programmes are conducted regularly in the Yard for all categories of employees including sub-contractor's personnel to invoke safety awareness.



Human Resource & Administration

Industrial Relations:

81 During the period, Industrial Relations situation across all units of the Company including DEP, Ranchi has been peaceful and harmonious. There has been no major incident, influencing Industrial Relations in the Company, reported during the period. The Company initiated proactive action to address conflict situations thereby reducing the threat of Industrial unrest. In the field of Contractors' labourers, the Unions affiliated to INTTUC and CITU had staged demonstration airing various demands outside the gates of the Units. Most of the issues were, however, resolved amicably. The important events that occurred during the period under review are mentioned as follows:

- (a) **Memorandum of Settlement on CCA Matter**
Memorandum of Settlement on CCA was signed with the recognized Operative Union on 03 Sep 10.
- (b) **Election for Employees' Representatives to the Board of Trustee of Provident Fund :**

Election for Employees' Representatives to the Board of Trustee of Provident Fund was held on 02 Dec 10 by secret ballot in all Units including DEP, Ranchi. For the two positions of representatives from the Operatives category, candidates supported by respective Unions contested the election. The representative of the Clerical Staff was elected unopposed. The election process was completed peacefully.

- (c) **Election for Recognition of Trade Unions:**
Election for recognition of Trade Unions was held on 24 Mar 11 as per provision of West Bengal Trade Unions Rules, 1998. GRSE Ltd. Workmen's Union after having secured 77% of the votes cast, emerged as Sole Bargaining Agent for two years commencing from 28 Mar 11. In the previous tenure the same Union was elected as Sole Bargaining Agent through secret ballot.

82. **Revision of Medical Scheme and Allowance :**
The validity period of Settlement related to Medical Scheme and Medical allowance of Operatives and Office Assistants had expired on 20 Aug 09 and 09 Mar 10 respectively. Memorandum of Settlement was signed with the Operative Union on revision of Medical Scheme and Medical Allowance on 14 Jan 11. Memorandum of Settlement was also signed with Clerks' Union on revision of Medical Scheme and Allowance on 25 May 11. Revised medical benefits and allowance have been implemented after approval of the Board.

83. **Manpower:** The total manpower strength under permanent category in the Company as on 31 Mar 11 was 4083 including 485 officers. In addition, total 34 employees including 08 officers are working in the Company under contractual service. However, as on 31 Dec 10, a total of 4155 employees were borne in the roll of the Company including 58 employees on contractual service. Statements showing the representation of SC/ST etc as on 31 Dec 10 as well as the total recruitment made during the period Jan to Dec 10 are given at **Appendices "A" & "B"**.

84. The Company has no employee covered under Section 217(2A) of the Companies Act, 1956.

85. **Welfare Activities :**

- (a) **Celebration of GRSE Day:** GRSE Day was celebrated on 19 Apr 11. To mark the occasion, GRSE Excellence/ Exemplary Awards for individual achievement and group activities were conferred on employees for their excellent performance during 2010. GRSE Shri was conferred to 09 employees and CMD's Commendation was awarded to 82





employees. CMD's Letter of Appreciation was presented to 128 recipients by respective Director / HOD. Group Awards were presented to 13 Quality Circle Teams in recognition of their performance at Intra-GRSE / Zonal / National / International competition.

- (b) **Merit Awards** : GRSE Merit Awards were also conferred on 19 Apr 11 to 37 employees' children for their outstanding academic performance.
- (c) **Painting Competition** : The annual painting competition manifests the inner potentiality of employees' family members. This day gives a chance to the GRSE family to participate in the event and interact with one another. All the family members are welcome on the occasion and they too get a glimpse of the GRSE environment. This annual event has greatly improved the bonding between the employees. The last Annual Painting Competition for employees' children was held on 21 Nov 10 (Sunday) where 140 employees' children participated.



- (d) **Skill Acquisition for Employees' Family** : In order to empower the family members of employees, GRSE organized the following Skill Acquisition Training courses for the daughters and wives of the employees :
 - (i) 02 Months Course on Hair & Skin Care for 25 participants. The course was conducted by faculty from Regional Vocational Training Institute for Women, Salt Lake, Kolkata Branch.
 - (ii) 03 months course on Computers for 32 participants. The course was conducted by M/s. ECIL.
- (e) **Sports**: GRSE encourages participation of employees in sports competitions. The GRSE football team participated in All India Public Sector Football Tournament held in Aurangabad in Jan 11.



Corporate Social Responsibility (CSR)

- 86. GRSE has always been actively involved in CSR activities. Based on DPE Guidelines, GRSE's CSR Policy was formulated on 11 Nov 10. As a responsible Corporate Citizen, GRSE utilizes a part of the Company's profit as per Guidelines issued by the Government of India, from time to time, for undertaking various developmental initiatives and projects for inclusive growth of the community / society. GRSE as a Company endeavours to go beyond statutory requirements towards making reasonable impact economically, socially and environmentally.
- 87. GRSE had engaged professional agencies to conduct Baseline Surveys in Kolkata and Ranchi and has partnered with NGOs/ Institutes and Organisations to undertake long term, medium term and short term CSR projects in line with the recommendations of the baseline survey reports. The identified thrust areas are Healthcare,



Education & Skill Development and Community Development. Some of the CSR activities undertaken during the year are appended below :-

- (a) **Annual Children Treat** : The children are the future of any country and child rights are a concern for both national and international community. The Company as part of its obligation has undertaken initiatives that can cater to the well being of the children. GRSE regularly sponsors the Annual Children's Treat organized for slum children by the Rotary Club of Calcutta. The Annual Children's Treat was last held on 28 Nov 10.
- (b) **Blood Donation Camp** : A gift of blood is a gift of life, especially to patients suffering from Thalassaemia, Haemophilia or the victims of road accident. There is acute shortage of blood in Blood Banks. In order to supplement the supply of fresh blood and to contribute as socially responsible citizens, blood donation camps are regularly organized by the Company. In this regard, a blood donation camp was held on 10 Feb 11 at Medicare Centre, Main Works where 129 personnel donated blood. The total collected blood has been donated to "Haemophilia Society" for free supply to the poor patients in need.
- (c) **Monthly Health Check up Camp** - There is a lack of proper healthcare infrastructure and facilities in the Metiabruz / Garden Reach area of Kolkata. Due to this, the local population faces health and hygiene problems. GRSE as a responsible corporate citizen is working towards providing basic healthcare facilities to the local community who are unable to bear medical expenses. Monthly health check-up camps/ clinics are held in our 61 Park unit on the last Saturday of every month in which around 150 patients are treated and provided medicines free of cost.
- (d) **Indian Institute of Cerebral Palsy (IICP)** : Indian Institute of Cerebral Palsy (IICP) is a renowned Institute catering to the special needs of the children suffering from cerebral palsy. GRSE has been associated with IICP since 2009. Recently, GRSE has adopted the following classes at IICP :
 - (i) **Pre-Primary I** comprises of 6 children (3 boys and 3 girls) aged between 2.5 to 4 years. This Class emphasizes learning basic concepts, enhancing communication, learning language and pre-reading, writing and number skills. The children are given objectives such as: to



learn about themselves and family members and about familiar environments, develop social skills and behaviour, understand commands and instructions and express themselves through speech / gestures. Children remain in this class till they complete the age of 6 years after which each of them is streamed into one of the three units academic, functional and special learning depending on their cognitive abilities.

- (ii) **Junior Special Learning Unit I** comprise 12 children afflicted with very severe nature of cerebral palsy like spastic quadriplegia, microcephaly, epilepsy etc. These children are taught Language and Communication, Numeracy, Augmentative and Alternative Communication, Art and Craft, Behavior and Social Skill etc.
- (iii) **Middle Special Learning Unit** comprises 11 children (8 girls and 3 boys) of an average age of 13 years. This class is for students with severe multiple impairments that lead to serious difficulties in learning. Most of the children do not have functional speech and use augmented communication. The class curriculum includes play and activity based language stimulation, communication, learning of basic concepts through concrete experiences, activities of daily living, therapy, social skills and co-curricular activities.
- (iv) **Life Skill Training Unit (Senior Functional)** comprises 9 children aged between 14 to 18 years. This class emphasizes learning multiple skills related to life depending upon individual student's ability. 'Life Skill' reflects the





teaching of skills, knowledge and positive attitudes through which students have appropriate and current information about the environment, gain ability to develop social skills and behaviours that would equip them for life in family, community and social situations. When the students complete 18 years of age they are transferred to the Adult Training Centre to enroll for vocational courses in catering, printing and computers. Therefore this class facilitates the abilities of students in a way to equip them for further training leading to gainful work.

- (e) **Partnering Kolkata Police in Community Policing** : GRSE has assisted Kolkata Police to procure equipment for six Transit Trauma Care Ambulances so as to save precious lives and reduce the severity of injuries in road traffic accidents.
- (f) **Advance computer training course for the poor needy children of Garden Reach area through Garden Reach Slum Development, a local NGO** - There is a lack of qualified and experienced teachers in schools as well as colleges in Metiabruz. There is no technical training institute in the area and there is absence of college imparting education in science within the area. Looking into these facts GRSE has supported Garden Reach Slum Development to start an advance computer course for 160 students of the area for one year free of cost. Advanced computer education course helps the students to be more employable as knowledge of computers is prerequisite for most jobs today.
- (g) **Construction of Sports Gallery at Metiabruz High School (HS) Playground** : There is dearth of open spaces / children's park and lack of appropriate socio cultural infrastructure in the locality. To improve the community infrastructure of this area, GRSE is helping in construction of a concrete sports gallery in the southern side of the playground of Metiabruz High School.

Training & Development Activities:

88. In the year 2010-11, the Company had organized various Training & Development programmes with an objective to equip the employees in a proper way to handle the interpersonal components of the organization as well as to bring awareness among them about the future organizational challenges. These include workshops, seminars, and regular training programmes.

89. Regular programmes of medium duration, both in-house & out-station were organized during this period which included General Management Programmes, Functional Skill Development Programmes and programmes related to competency topics, relevant to ship building industry. The Company takes pride in surpassing the annual MoU target of training 320 employees in this financial year. Around 600 employees were imparted training during the year on Skill acquisition/up-gradation and General Management, Interpersonal Skill Development, Leadership, Team Building & Conflict Resolution, etc.

- (a) **Mandatory Induction Training Programme** : A structured mandatory Induction Programme of 10 days in-house and 6 days at IISWBM on Management topics has been introduced for the newly joined Executives. Successful completion of the said course is a mandatory requirement for confirmation. Induction Training programme has also been introduced for other category of employees.
- (b) **Competency Development Programme**: Structured Development Programmes were organized for all levels of executives including the newly joined Executives of all disciplines with an objective to equip them in a better way to handle the interpersonal; components of the organization as well as to bring awareness among them about the future organizational challenges. Selected Officers were sent to reputed Training Institutes like SCOPE, SODET, ISB, ASSOCHAM, DGQA, NEC, various chambers of Commerce etc to equip themselves with leadership skills and technical knowledge to administer the organization in the right direction in the years ahead.
- (c) **Skill Development and Modular Employable Skill (MES) Programme**: To enhance the functional skills of employees belonging to various production shops, "Skill Acquisition Training" & "Skill Up-gradation Training" Programmes were organized for the workmen covering topics like Electrical Fitting, Structural Fitting, Electrical Maintenance, Mechanical Fitting, etc. Company further organized "Certification Programme" for Operatives as per Modular Employable Skill (MES) Programme under Ministry of Labour in various trades.
- (d) **Quality Management Programme**: Awareness programmes on Quality Management Techniques like Six Sigma were conducted by Indian Maritime University for the



Executives and Supervisors of the organization, with an objective to give the employees inputs regarding various quality improvement tools and processes.

Misc programmes on ISO, Safety, Environment, Energy Conservation, CSR, Performance management, Procurement, Quality assurance were organized to make the employees more tuned with the latest tools and techniques relating to their disciplines.

- (e) **IFRS Training Programme:** An in-house Training Programme on IFRS was conducted by the Eastern India Regional Council of the Institute of Chartered Accountants of India. Smt. Nandana Munshi, Principal Director of Commercial Audit & Ex-Officio Member, Audit Board 1, Kolkata was present in the Training Programme as Chief Guest. The basic purpose of the training was to enlighten the finance department about the requirement of various issues of IFRS and to prepare finance department to take the challenges of IFRS convergence. The training programme was attended by all officers of the finance department and it was a huge success.

90. Progressive use of Hindi

- (a) During the year under review, sustained endeavours were made to promote, encourage and implement use of Hindi in Official work. Meetings of Official Language Implementation Committee were held regularly, where various initiatives were decided. Apart from this progress of official language policy also being reviewed during 1st CWM of every month.
- (b) In order to acquaint the employees with the Official Language Policies and to train them to work on Computers in Hindi, in-house Workshops were conducted. Various incentive schemes were implemented to encourage the employees and to promote the use of Hindi in day to day official work. To achieve the targets prescribed by the Deptt. of Official Language, Ministry of Home Affairs, all Standard Drafts and Forwarding letters are prepared in Hindi/Bilingual form and they are in use.
- (c) Period from 1-14 Sep 10 was celebrated as Hindi Fortnight in all the Units of the Company. During the period various competitions i.e., Hindi Essay, Hindi Noting-Drafting, Hindi Quiz, Hindi Translation, Self composed Hindi poem, Hindi skits and Picture Composition were organized and Cash Awards were given to participants as per their performance, on the occasion of Hindi Day function on 14th Sep 10

by CMD. Company's Rajbhasha Shield was given to FOJ Unit for the excellent performance in implementation of Rajbhasha during the year. Besides, Vth Edition of Hindi Magazine 'Rajbhasha Jagriti' was also released on the occasion.



- (d) Rajbhasha Seminar was held on 10 Mar 11. It was attended by the Officers and Staff of GRSE, Officers of Ministry of Home Affairs (Department of Official Language), Representatives of Town Official Language Implementation Committee & Rajbhasha Officers of various Central Government Undertakings.

Ms Veena Upadhyaya, I.A.S., Secretary to Government of India, Department of Official Language graced the occasion as Chief Guest. She appreciated the efforts of GRSE in enhancing the use of official language. She was happy to learn that GRSE has taken the lead in conducting the first ever Seminar on Hindi conducted in Kolkata.



- (e) During the year, GRSE was awarded Rajbhasha Shield for excellent performance in Implementation of Official Language and 4th edition of Hindi Magazine 'Rajbhasha Jagriti' was awarded IInd prize by Town Official Language Implementation Committee (PSU's), Kolkata. Sr. Manager (OL) was also awarded appreciation letters for i) excellent performance in Implementation of Official Language and ii) editing of Rajbhasha Jagriti Magazine.
- (f) Apart from Hindi magazine Rajbhasha Jagriti, company's House Journal 'GRSE Barta' was published in trilingual form during the year.

Publicity and Public Relations :

91. GRSE has created a trustworthy impact among the media and target audiences using multiple communication devices. Editorial & advertorial coverage of the launching ceremony of Kamorta (ASWC) on GRSE Day 2010 was remarkable. Alongwith few domestic exhibitions (IITF, Kolkata, SMM in Mumbai, DEF + Contract in Secunderabad), GRSE had participated in renowned foreign exhibitions like NAVDEX in Abu Dhabi and AAD in Cape Town in South Africa. Apart from the normal sponsorship support to various organizations, the Company had supported Navy's socio endeavour towards adopting more comfortable social scenario around the Western & Southern part of the Country. Publication of Barta, GRSE House journal was also appreciated by all the members of the Company. Extensive coverage in the news letters of various chambers of commerce as well as in media helped the Company for leveraging the brand GRSE.

Expenditure on entertainment and foreign Travel -

92. Expenditure on business promotion during the year was ₹21.95 lakh. An amount of ₹49.26 lakh was spent on foreign travel by the Company's Executives for export promotion and for business visits.

Implementation of RTI Act

93. Implementation of RTI is being progressed in line with the government directives promulgated from time to time. During the year a total of twenty five requests were received and replied. Annual Return for the year has been uploaded in RTI MIS Updation System developed by NIC. During the current year (2011-12) eleven applications were received.

Vigilance Activities

94. The primary role of the Vigilance Department is to achieve a corruption-free organization by ensuring compliance of different orders/ guidelines issued

from time to time by CVC, CTE and DPE. Vigilance has several aspects: Predictive Vigilance, Preventive Vigilance and Punitive Vigilance etc. To achieve the vigilance awareness, wide publicity was given for these orders/ guidelines. Besides, different files pertaining to procurement/ disposal of different items, various contracts, and recruitment of personnel were scrutinized to ascertain adherence to the promulgated guidelines. Further, to ensure proper observation of 'Integrity Pact', meetings with IEMs were held at regular intervals. Property returns submitted by officers were scrutinized. Complaints received from various sources were thoroughly investigated.

95. As per the directive received from CVC, the period from 25 Oct 10 to 1 Nov 10 was observed as **"Vigilance Awareness Week"**. All the employees of the company undertook the pledge on 25 Oct 10 as per this directive. Workshop on vigilance awareness was organized for senior officers and some selected officers who are posted in sensitive posts. On this occasion, Smt. SB Sahoo, IPS, Joint Director, Head of Zone, CBI, Kolkata was invited. She delivered lecture on various aspects of corruption, the steps required to be taken to check corrupt practices and the need to deal with vigilance cases with utmost promptness. She also explained the role of CBI in unearthing corruption. The workshop was presided over by C & MD, GRSE Ltd.



96. Separate workshop was arranged for junior level officers. The officers were made aware of the 'whistle blower's resolution', and the role of CVC, CBI and CVO. The officers were also made aware of various guidelines issued by the CVC from time to time to ensure transparency and fair play. Different provisions of RTI Act 2005 and details of integrity pact were also explained to them.





ACKNOWLEDGEMENTS

97. 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 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 the Company. We will fail in our duty if we do not acknowledge the cooperation and positive approach of the Warships Production Superintendent on his dedicated Team under whose watchful eyes our ships are being built. Also, we thank all classification societies, in particular, IRS & ABS, who have ensured quality and adherence to the standards.

98. The Directors acknowledge with thanks the valuable advice rendered by, and co-operation received from the Principal Director, Commercial Audit as also the Officers of the Comptroller & Auditor General of India, Controller of Defence Accounts (Navy), Registrar of Companies, Company Law Board and the Department of Public Enterprises.
99. The Directors wish to place on record their appreciation to all officers and employees at various levels for their hard work, dedication and commitment. The enthusiasm and unstinted efforts of the employees have enabled the Company to remain at the forefront of the industry despite increased competition from several existing and new players.

For and on behalf of the Board of Directors

Sd/-

K.C. Sekhar

Rear Admiral (Retd)

Chairman & Managing Director

Kolkata

Dated, 20th July, 2011



APPENDIX – A

STATEMENT SHOWING REPRESENTATION OF SC/ST/OBC, EX-SERVICEMEN, PHYSICALLY CHALLENGED AND WOMEN EMPLOYEES AS ON 31 DEC 10 UNDER PERMANENT & CONTRACT CATEGORIES

Group/ Category	Total Strength	SCs	STs	OBCs	Ex- Servicemen	Physically Challenged	Women Employees
Group "A"	464	72	13	62	60	7	27
Group "B"	24	3	1	6	3	2	1
Group "C"	2986	535	149	98	64	25	40
Group "D" (Excluding Safaiwalas)	604	142	43	49	82	18	88
Group "D" (Safaiwalas)	77	70	–	–	–	2	–
Total	4155	822	206	215	209	54	156

APPENDIX – B

DETAILS OF RECRUITMENT MADE DURING 2010 UNDER PERMANENT & CONTRACT CATEGORIES

Group/ Category	Total Recruitment made	SCs	STs	OBCs	Ex- Servicemen	Physically Challenged	Women Employees
Group "A"	74	14	3	19	9	2	6
Group "B"	13	2	1	3	–	1	1
Group "C"	37	7	3	10	11	–	3
Group "D" (Excluding Safaiwalas)	1	–	–	1	–	–	–
Group "E" (Safaiwalas)	–	–	–	–	–	–	–
Total	125	23	7	33	20	3	10



REPORT ON CORPORATE GOVERNANCE (For the Year 2010-11)

1. As per the guidelines issued by the Department of Public Enterprises, Government of India, a Report on compliance of the provisions on Corporate Governance in succeeding paragraphs:

Philosophy of the Company on Corporate Governance

2. It is the constant endeavour of the Company to adopt and maintain the highest standards of ethics in all spheres of business activities. The Company's philosophy of Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures and legal / statutory compliances, to protect, promote and safeguard the interests of all its stakeholders. It strives for maximum level of transparency in decision making and avoids conflicts of interest. It also accords importance to adherence of adopted corporate values and objectives and discharging social responsibilities as a responsible corporate citizen.

3. In keeping with its professional approach, the Company is implementing the precepts of Corporate Governance in letter and spirit.
4. The Company's activities are monitored by several external agencies like Statutory Auditors, Comptroller & Auditor General of India, the Central Vigilance Commission, Ministry of Defence, Department of Defence Production etc.

Board of Directors

Composition

5. The composition of the Board of Directors of the Company had been re-structured by the Government of India with nine members : four Whole Time Directors, including the Chairman & Managing Director, two Part Time Government Directors and three Part Time Non-official Independent Directors. The details of the members of the Board during the year ended 31 Mar 11 are given below :

Name of the Directors	Period	No. of other Directorship	No. of Committee position held in other Companies	
			Chairman	Member
Whole Time Directors				
RAdm K.C Sekhar, IN (Retd) Chairman & Mg. Director	01.04.10 to 31.03.11	Two	—	—
Cmde H.K Verma, IN (Retd) Director (Personnel)	01.04.10 to 31.03.11	—	—	—
Shri K K Rai Director (Finance)	01 .04.10 to 31.03.11	—	—	—
Capt KJH Christie, IN (Retd) Director (Shipbuilding)	01.04.10 to 30.11.10	—	—	—
Part time Government Directors				
VAdm N N Kumar, AVSM, VSM, IN	01.04.10 to 31.03.11	One	—	—
Shri Gyanesh Kumar	01.04.10 to 31.03.11	Three	—	—
Part time Independent Directors				
Shri PC Sharma	02.02.11 to 31.03.11	One	—	—
Shri Shekhar Chaudhuri	02.02.11 to 31.03.11	Three	—	—
Shri Amarjit Chopra	02.02.11 to 31.03.11	Five	One	Three





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

Shri Amarjit Chopra

Shri Amarjit Chopra was born on 27 Jun 1952. He did his post graduation in commerce from Delhi University. He acquired his professional qualification as Chartered Accountant in the year 1975 and joined in profession as a practicing Chartered Accountant in the same year. He has specialization in internal and Statutory Audits of Private and Public Sector Enterprises, Banks and Insurance Companies. He has also specialized in Company Law Matters, Accounting Standards and Audit and Assurance Standards. He has been involved in training of Professionals/ non-professionals through various training programs organized by Professional Bodies in house or otherwise.

Shri Chopra has vast experience in the field of Accounting & Auditing, particularly matters relating to Indian and International Auditing and Accounting Standards, Corporate Law, Corporate Governance, Restructuring of Business Mergers, Amalgamations, Demergers etc, Insurance, Finance particularly working capital finance and Due Diligence.

During his long illustrative 35 years of professional career he has served the profession in various capacities. Notable among them are Chairman of Auditing and Assurance Standard Board (AASB) and Committee on Internal Audit Constituted by ICAI, Chairman of Northern India Regional Council of ICAI, Vice-President of the Institute of Chartered Accountants of India and President of the Institute of Chartered Accountants of India.

Shri Amarjit Chopra was appointed as Part time Non Government Director of the Company by the Ministry of Defence, Department of Defence Production on 02 Feb 11.

The Board appointed him as Chairman of the Audit Committee and Member of the HR & Remuneration Committee of the Board of Directors.

Prof. Shekhar Chaudhuri

Professor Shekhar Chaudhuri was born on 04 Aug 1951. He did his B.Tech (Hons) degree in

Mechanical Engineering from IIT Kharagpur in 1972. Subsequently he worked for Larsen and Toubro Limited in their Powai Works, Mumbai as a Graduate Engineer Trainee. In 1975 he joined the doctoral programme (Fellow Programme in Management) at I.I.M, Ahmedabad where he specialized in Business Policy. On completion of his doctoral studies in 1979 he joined Calico Mills, Ahmedabad where he initially worked as Staff Assistant to the Vice Chairman and Managing Director and later as Manager – Cloth Department and Manager – Organisation Development Cell.

In 1981 Professor Chaudhuri moved into academics and joined his alma-mater in I.I.M. Ahmedabad as an Assistant Professor in the Business Policy Area. He has been associated with I.I.M. Ahmedabad as a faculty member for about 27 years. In November 2002 he joined I.I.M. Calcutta as the Director.

Professor Choudhuri has held faculty and administrative positions in several institutions of higher learning in his long career. During Aug 1989 – Aug 1993 he was a visiting Professor in the Department of Management, College of Business and Administration, Southern Illinois University at Carbondale, Illinois, USA, Visiting Professor in the Strategy, Organisation and Human Resources Group at ESCP – Paris School of Management during Oct – Dec 1998 and Dean of the Vinod Gupta School of Management IIT, Kharagpur during the period May 2000 to Dec 2001.

Professor Choudhuri was conferred the “**Bharat Asmita Acharya Shrestha Award 2009**” in the field of management education by HE Vice President of India on 03 Feb 09.

Professor Choudhuri has been a consultant to several organizations both in the private and public sectors. Besides, he has also been a consultant to the World Bank.

Currently he sits on the boards/governing councils of several organizations/institutions, including GVFL Trustee Company, Ahmedabad; Xavier's Institute of Management, Bhubaneswar; Indian Jute Industries' Research Association, Kolkata; and Gontermann Piepers Ltd. Presently he is a member of the National Manufacturing Competitiveness Council set up by the Government of India.





Shri Shekhar Chaudhuri was appointed as Part time Non Government Director of the Company by the Ministry of Defence, Department of Defence Production on 02 Feb 11.

The Board appointed him as Member of the HR & Remuneration Committee and Business Strategy and Capacity Augmentation Committee of the Board of Directors.

Shri Prafulla Chandra Sharma

Shri P.C.Sharma was born on 31 Mar 1950 at Dergaon in Golaghat District of Assam in a rural area. He completed his schooling at the local Higher Secondary School in 1967 and completed B.Sc (Hons) in Chemistry with a first class first from Cotton College in 1970. He did M Sc in Chemistry from Guwahati University in the year 1972 and was first class first. He completed his LLB from Guwahati University in 1990. He entered the Indian Administrative Service (IAS) in the year 1975 and was allotted Assam-Meghalaya Joint cadre.

He has held various posts in the State and Central Government in Rural Development, Agriculture, Industries, Tourism, Transport, Ministry of Defence, Home and Political Departments.

He took over as Chief Secretary of Assam in 2006 and superannuated from service on 31 Mar 10.

He had played a significant role in controlling militancy in the state as Chairman of the Unified Command during the tenure as Chief Secretary of Assam. He further played a pivotal role in bringing about double digit growth in the state during this period.

He has keen interest in spiritual studies and meditation. He also has keen interest in Development issues, conflict management and public finance. Shri P.C.Sharma was appointed as Part time Non Government Director of the Company by the Ministry of Defence, Department of Defence Production on 02 Feb 11.

The Board appointed him as Chairman of the HR & Remuneration Committee and Member of the Audit Committee & Procurement Committee of the Board of Directors.

Cmde Ratnakar Ghosh, IN (Retd.) Director (Shipbuilding)

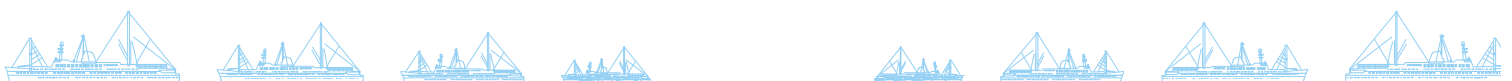
Cmde Ratnakar Ghosh was born on 01 Jul 1957. He is a Civil Engineering Graduate from IIT, Roorkee, and has done his Post Graduation in Naval Architecture from IIT, Delhi. He started his career with the Indian Navy in 1979. After completion of 32 years of service in the Navy, Cmde Ghosh took premature retirement and joined Garden Reach Shipbuilders & Engineers Ltd. on 23 May,11 as Director (Shipbuilding).

Cmde.R.Ghosh has vast experience in the field of ship design, ship maintenance and ship construction. During his career in Navy, he has served at Naval Headquarters in the Directorate of Naval Design and as Principal Director in Directorate of Naval Architecture. He had been responsible for implementation of major ship design and modernization projects and also for formulation of Navy wide policies in the professional field of Naval Architecture. He has served at Naval Dockyard, Visakhapatnam and Naval Dockyard, Mumbai and has handled major refits of ships and submarines.

He has a rich exposure in ship building and has served at Warship Overseeing Team (WOT), Mumbai, as Project Officer of the prestigious INS Delhi project, first indigenously built Destroyer and has seen through its successful delivery to Navy. He had been at the helm of WOT, Kolkata, as Warship Production Superintendent and has overseen successful construction and commissioning of wide range of IN ships including INS Karmuk, INS Betwa, INS Beas and Banagram Class of Ships. Due to his meritorious service, he was awarded "**Vishisht Seva Medal**" by the President of India on 26 Jan 10.

The Board appointed him as Member of the Audit Committee, Business Strategy and Capacity Augmentation Committee and Procurement Committee of the Board of Directors.

7. The number of Directorship and Committee positions indicated above are as notified by the Directors and it is confirmed that no Director has been a member of more than Ten Committees or acted as Chairman of more than five Committees across all Companies in which he is a Director.



Directors' Attendance

8. Details of Directors' attendance at the Board Meetings and Annual General Meetings held during the F.Y. 2010-11 are given below :

Name of the Directors	Board Meetings		Attendance at the last Annual General Meeting
	No. of Meetings held during respective Tenure of Directors	No. of Meetings attended the last Annual	
Whole Time Directors			
RAdm K.C.Sekhar, IN (Retd) Chairman & Managing. Director	6	6	Attended
Cmde H.K Verma, IN (Retd.) Director (Personnel)	6	6	-do-
Shri Kallol Kumar Rai, Director (Finance)	6	6	-do-
Capt KJH Christie, IN (Retd.) Director (Shipbuilding)	4	4	-do-
Part Time Government Directors			
VAdm N N Kumar	6	4	Attended
Shri Gyanesh Kumar	6	4	Not Attended
Part Time Independent Directors			
Shri Prafulla Chandra Sharma	1	1	Not Applicable
Shri Amarjit Chopra	1	1	-do-
Shri Shekhar Chaudhuri	1	—	-do-

9. During the year 2010-11 (6) (Six) Board Meetings were held on 10 May 10, 16 Jul 10, 20 Aug 10, 26 Nov 10, 10 Dec 10 and 18 Feb 11. The maximum interval between any two Board Meetings was 69 days.

Board Procedure

10. Board meetings are held at least once in every quarter, and more often if considered necessary, focusing on formulation of policies, strategies, exercising control, delegation of powers, reviewing performance of the Company, approving contracts for high value items, half yearly/periodical results, annual accounts, annual operating plan and budgets and also for considering statutorily required matters. The 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 the 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 the Company their wide experience in the fields of technology, finance, marketing, public policy and operations.

Remuneration of Whole Time Directors

11. The remuneration of the Whole Time Directors is fixed by the Government as the Company is a "Government Company" within the meaning of Sec. 617 of the Companies Act, 1956.

Remuneration of Part Time Directors

12. Part Time Government Directors are not eligible for Sitting Fees for the meetings attended by them. The Part Time Independent Directors are paid Sitting Fees as per the provisions of the Companies Act, 1956 for attending each meeting of the Board / Committee(s) of the Board and are reimbursed actual expenditure for attending the meeting of Board / Board Committee(s).



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

13. As per guidelines issued by the Department of Public Enterprises, the Company has formulated "Code of Business Conduct and Ethics for Board Members and Senior Management" for better Corporate Governance and fair / transparent practices. A copy of the same has been circulated to all concerned and posted at 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 11. A declaration signed by the Chairman & Managing Director of the Company is appended at the end of this report.

Audit Committee

14. The Audit Committee of the Board was formed on 04 April 01 and re-constituted from time to time.
15. On joining of Independent Directors on the Board, the Audit Committee has been further reconstituted consisting of following members of the Board with effect from 18 Feb 11, to fall in line with the guidelines issued by the Department of Public Enterprises, Government of India :

Shri Amarjit Chopra	Chairman
Part Time Independent Director	
Shri P.C.Sharma	Member
Part Time Independent Director	
Shri Gyanesh Kumar	Member
Part Time Government Director	

16. The terms of reference of the Audit Committee are as specified in Sec. 292A of the Companies Act, 1956 and the guidelines issued by the Department of Public Enterprises. The primary function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports; the Company's systems of internal controls regarding finance, accounting and legal compliance that management and the Board have established; and the Company's auditing, accounting and financial reporting process generally.
17. The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors and discusses their findings, suggestions and other related matters and reviews major accounting policies followed by the Company. The Audit Committee reviews the half yearly and annual financial statements before their submission to the Board.

18. 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 in their subsequent meetings and taken note of.
19. During the financial year 2010-11, five meetings of the Audit Committee were held on 21 Apr 10, 16 Jul 10, 20 Aug 10, 26 Nov 10 and 31 Mar 11.
20. The attendance of the members of the Audit Committee during the financial year 2010-11 is given below :

Name of the Directors	Meeting held during respective Tenure of Directors	No. of Meetings Attended
Shri Gyanesh Kumar	5	3
RAdm K.C.Sekhar, (Retd.)	4	4
Cmde H.K.Verma, IN (Retd.)	4	4
Shri Amarjit Chopra	1	1
Shri P C Sharma	1	

Procurement Committee

21. The Procurement Committee of the Board has been constituted for approving for procurement of high value items. The Minutes of the meeting of the Committee are placed before the Board at its subsequent meeting to take note of.

Remuneration Committee

22. The Remuneration Committee of the Board of Directors was constituted on 18 Feb 11 on joining of Independent Directors on the Board of the Company with following members:

Shri P.C.Sharma	Chairman
Part Time Independent Director	
Shri Amarjit Chopra	Member
Part Time Independent Director	
Shri Shekhar Chaudhuri	Member
Part Time Independent Director	
Cmde Harish Kumar Verma, IN (Retd.)	Member
Director (Personnel)	Secretary



23. The terms of reference of Remuneration Committee is 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.
24. The Recommendations of the Remuneration Committee is placed before the Board of Directors for approval.
25. One Meeting of Remuneration Committee was held during the year 2010-11 on 01 Mar 11 and Shri P.C.Sharma, Shri Shekhar Chaudhuri and Cmde Harish Kumar Verma were present at the meeting.

Annual General Meetings

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

Year	Date	Time	Venue
2007-08	29 Aug 08	1400 hrs	ITC, Hotel-The Sonar Kolkata Kolkata
2008-09	24 Aug 09	1400 hrs	ITC, Hotel-The Sonar Kolkata Kolkata
2009-10	20 Aug 10	1330 hrs	CII-Suresh Neotia Centre of Excellence for Leadership, Kolkata

Disclosures

27. During the year 2010-11, the Company has not entered into any transactions with the Directors that may have potential conflict with the interests of the 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 the Company which, in the judgement of the Board, may affect independence of judgement of the Directors.
28. During the last three years, there has been no instance of non-compliance by the Company on any matters related to Companies Act, 1956 or any Industrial Law.
29. Regarding "whistle blower" mechanism, the guidelines issued by the Government of India have been complied with. The mechanism, inter alia, contains a provision enabling any Personnel to approach the Chairman of the Audit Committee in exceptional cases.

30. The Central Vigilance Commission (CVC) issued a circular on 4 Dec 07 recommending adoption and implementation of the Integrity Pact (IP) in respect of all major procurements of the Government Organisations. Accordingly, the Company adopted Integrity Pact in procurement of material and / or service for a value above ` 100 crore. The IP envisages formation of a panel of Independent External Monitors (IEMs). Accordingly, the Company has following IEMs considered by CVC:

- (i) Shri Sakti Kumar Banerjee, Ex-CMD, NALCO
- (ii) Shri Prabir Roy, Ex-CMD, Bengal Chemical & Pharmaceuticals Ltd.

31. The IEMs are reviewing independently and objectively, whether and what extent parties have complied with the obligations under the Pact and examine complain received by them and submit a report to CMD.
32. During the year 3 nos. of Structured Meeting of the IEMs with the CMD were held. Presently five number of high value cases are monitored by the IEMs.
33. The guidelines issued by the Department of Public Enterprises, Government of India have been complied with.
34. The Company has not incurred any expenditure which is not for the purpose of the Company's business, nor has the Company incurred any expenditure which are personal in nature for the Board of Directors and top management.
35. Details of Administrative and Office expenses as a percentage of total expenses vis-à-vis financial expenses are furnished below :

(` In Crore)

Sl.	Particulars	2010-11	2009-10
(a)	Total Expenditure (Other than materials)	416.41	320.14
(b)	Administrative & Office Expenses	8.90	9.95
(c)	Percentage of (b) on (a)	2.14	3.11

General

36. The Company's communication system with its Shareholders, Directors and other stakeholders is through all means of communication channels correspondence and the official website of the





Company. The Company has a Website (www.grse.nic.in) which provides information on GRSE management, Chairman's Statement, Director's Report, Financial Status, Corporate Governance, Product Spectrum, Vendor registration procedure, details of tenders, payment status of suppliers' bills etc. The performance of the 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.

37. The 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 ten years (1999-2000 to 2009-2010) there have been no audit qualifications. The Company has also received "Nil" comments from the CAG during these years.
38. Need based Training Programmes are formulated from time to time.

DECLARATION

As provided under the Guidelines on Corporate Governance for CPSEs 2010 issued by the Government, it is hereby declared that all Board Members and Senior Management Personnel affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel of Garden Reach Shipbuilders & Engineers Limited for the year ended 31st Mar 2011.

Kolkata
20th July, 2011

For Garden Reach Shipbuilders & Engineers Limited
Sd/-
K.C.Sekhar
Rear Admiral (Retd.)
Chairman & Managing Director





Maheshwari R & Associates

Company Secretaries

“Wellesley House”
Ground Floor, Room No-6
Kolkata-700 001
Ph. 22316640 (O) 26389129 (R)
Mobile : 9432232757
Email : rashmi3309@rediffmail.com

CORPORATE GOVERNANCE

To
The Members of
Garden Reach Shipbuilders & Engineers Limited
43/46, Garden Reach Road,
Kolkata – 700 024

We have examined the Compliance of the guidelines issued by the Department of Public Enterprises, Government of India on Corporate Governance by Garden Reach Shipbuilders & Engineers Limited, Kolkata, a Government Company within the meaning of Sec 617 of the Companies Act, 1956 for the year ended 31st March 2011.

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

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

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

For Maheshwari R & Associates
Company Secretaries

Place : Kolkata
Date : 20th July, 2011

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



AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF GARDEN REACH SHIPBUILDERS & ENGINEERS LTD.

1. We have audited the attached Balance Sheet of Garden Reach Shipbuilders & Engineers Limited as at 31st March 2011 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, collectively hereinafter referred to as financial statements, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, collectively hereinafter referred to as "Order", issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata
20th July, 2011

For **L.B. Jha & Co.**
Chartered Accountants
(Registration number: 301088E)
Sd/-
(K.K. Bhanja)
Partner
(Membership number 14722)



ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of our report of even date to the members of
Garden Reach Shipbuilders & Engineers Limited]

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - (b) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section.
6. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA or any other relevant provisions of the Act.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. According to the information and explanations given to us Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company except for Power Driven Pumps and Diesel Engines. With respect to these products, as per report dated 6th July, 2011 of the Branch Auditors, Messrs. Bhageria & Associates prima facie, the prescribed accounts and records have been made and maintained by the company pursuant to the Rules made by the Central Government of India under clause (d) of sub-section (1) of Section 209 of the Act.
9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.



- (b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as at 31st March 2011 which have not been deposited on account of a dispute, are as follows :

Name of the statute	Nature of dues	Amount (`)	Period to which the amount relates	Forum where the dispute is pending
Bengal Finance (Sales Tax) Act, 1941	Sales Tax	96.38 Lacs	1988-89	West Bengal Commercial Taxes and Revisional Board
Central Sales Tax Act	Central Sales Tax	7.52 Lacs	2003-04	West Bengal Commercial Taxes and Revisional Board
West Bengal Value Added Tax Act	Value added Tax	545.72 Lacs	2007-08	Additional Commissioner of Commercial Tax
Income Tax Act	Income Tax	1166.44 Lacs	2008-09	Commissioner of Income Tax (Appeals)
Central Excise Act	Central Excise	62.50 Lacs	1983, 1984, 1991	High Court, Calcutta
Service Tax	Service Tax	121.30 Lacs	2003-04 to 2007-08	Central Excise and Service Tax Appellate Tribunal

10. The company has no accumulated losses as at 31st March 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the company examined by us and the information and explanation given to us, the company has no dues to any financial institution nor issued any debentures and has not defaulted in repayment of dues to any bank as at the balance sheet date.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The company has not obtained any term loans.
17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are

no funds raised on a short-term basis which have been used for long-term investment.

18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The company has neither issued any debentures during the year nor any debenture was outstanding at the year end.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

Kolkata
20th July, 2011

For **L.B. Jha & Co.**
Chartered Accountants
(Registration number: 301088E)
Sd/-
(K.K. Bhanja)
Partner
(Membership number 14722)





**Comments of the Comptroller and Auditor General of India under Section 619(4)
of the Companies Act, 1956 on the Accounts of Garden Reach Shipbuilders
& Engineers Limited, Kolkata for the year ended 31 March 2011.**

The preparation of financial statements of Garden Reach Shipbuilders & Engineers Limited, Kolkata for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 20-07-2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Garden Reach Shipbuilders & Engineers Limited, Kolkata for the year ended 31 March 2011. This supplementary audit has been carried out independently 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 Auditors' Report under Section 619(4) of the Companies Act, 1956.

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

Sd/-
(Nandana Munshi)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-I,
Kolkata

Place: Kolkata
Date : 12 August 2011



**BALANCE SHEET AS AT 31ST MARCH 2011**

		(` in Lakh)		
		Schedules	As At 31-3-2011	As At 31-3-2010
SOURCES OF FUNDS :				
1. Shareholders' Fund				
a)	Share Capital	1	12384.00	12384.00
b)	Reserves & Surplus	2	<u>55947.41</u>	<u>47254.71</u>
			<u>68331.41</u>	<u>59638.71</u>
 2. Loan Fund				
	Unsecured Loans	3	<u>0.00</u>	<u>0.00</u>
			<u>68331.41</u>	<u>59638.71</u>
 APPLICATION OF FUNDS :				
1. Fixed Assets				
a)	Gross Block	4	29611.70	26223.50
b)	Less : Depreciation		<u>12209.56</u>	<u>11326.05</u>
c)	Net Block		17402.14	14897.45
d)	Retired Fixed Assets		38.87	30.47
e)	Capital Work-in Progress/Advance	4A	<u>12144.06</u>	<u>11220.03</u>
			<u>29585.07</u>	<u>26147.95</u>
 2. Investments				
		5	0.44	0.44
3. Deferred Tax Assets - Net				
(Refer Explanatory Note No 8)			237.21	777.72
 4. Current Assets, Loans & Advances				
i)	Inventories	6.1	230695.35	153154.72
ii)	Sundry Debtors	6.2	14299.94	10555.51
iii)	Interest & Other Receivables	6.3	562.16	1127.90
iv)	Cash & Bank Balances	6.4	18566.88	46785.63
v)	Loans & Advances	7	<u>85397.58</u>	<u>90814.01</u>
			<u>349521.91</u>	<u>302437.77</u>





	Schedules	As At 31-3-2011	(` in Lakh) As At 31-3-2010
b) Less : Current Liabilities & Provisions			
i) Current Liabilities	8	297092.95	249880.35
ii) Provisions	8	13920.27	19844.82
		<u>311013.22</u>	<u>269725.17</u>
NET CURRENT ASSETS		38508.69	32712.60
5. Miscellaneous Expenditure (To the extent not written off or adjusted)	9	0.00	0.00
		<u>68331.41</u>	<u>59638.71</u>

Schedules, Accounting Policies & Explanatory Notes form part of these Accounts

Sd/-
S.Mahapatra
Company Secretary

Sd/-
K . K. Rai
Director (Finance)

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

In terms of our report of even date

For **L B Jha & Co.**
Chartered Accountants
(Firm Registration No 301088E)

Sd/-
(K. K. Bhanja)
Partner
(Membership No. 14722)

Kolkata
20th July, 2011





PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

Schedules	(` in Lakh)						
	For the year ended 31-3-2011			For the year ended 31-3-2010			
	Gross	(-) Excise Duty/ Service Tax	Net	Gross	(-) Excise Duty/ Service Tax	Net	
A. INCOME							
Turnover	17	105330.18	1208.44	104121.74	86661.90	463.21	86198.69
Sale of Scrap		451.37	22.71	428.66	412.57	28.48	384.09
Other Revenues	18			10544.25			10549.87
				<u>115094.65</u>			<u>97132.65</u>
B. EXPENDITURE							
Consumption of Raw Materials & Components	10			57177.04			51400.04
Sub-Contract & Other Direct Expenses	11			8571.76			3201.41
Consumption of Stores	-			263.54			282.64
Employees' Remuneration & Benefits	12			26003.65			23703.70
Power & Fuel	-			788.46			714.77
Repairs & Maintenance	13			1263.42			849.79
Expenses Directly related to Projects -				165.00			44.86
Other Expenses	14			3262.11			2867.91
Deferred/Development exp. written off	9			0.00			0.97
Provision for Bad & Doubtful Debts				63.75			0.01
Depreciation	4			1046.56			761.96
Retirement of Assets (Profit / Loss)				5.76			-101.59
Interest	15			150.11			622.72
Prior Period adjustments	16			57.18			-289.56
				<u>98818.34</u>			<u>84059.63</u>
Net Profit for the year c/f				<u>16276.31</u>			<u>13073.02</u>





Schedules	For the year ended 31-3-2011	(` in Lakh)	For the year ended 31-3-2010
Net Profit for the year b/f	16276.31		13073.02
Income Tax			
Current Tax	4163.90	1818.99	
Current Year			
Adj. Prior Year(s) (Net)	0.54	0.00	
	4164.44	1818.99	
Deferred Tax	540.51	-187.46	1631.53
Profit after Tax	11571.36		11441.49
Transferred to CSR Reserve	228.07		0.00
Transferred to General Reserve	1134.33		1144.15
Dividend - Proposed	2476.80		2476.80
Tax on dividend	401.86		411.37
Balance of Profit brought forward from previous year	37882.83		30473.66
Balance Carried to Balance Sheet	45213.13		37882.83

Additional Information

19

Schedules, Accounting Policies & Explanatory Notes form part of these Accounts

Sd/-
S.Mahapatra
Company Secretary

Sd/-
K . K. Rai
Director (Finance)

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

In terms of our report of even date

For **L B Jha & Co.**
Chartered Accountants
(Firm Registration No 301088E)

Sd/-
(K. K. Bhanja)
Partner
(Membership No. 14722)

Kolkata
20th July, 2011





SCHEDULE - 1

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
SHARE CAPITAL		
Authorised Capital :		
12500000 Equity Shares of ` 100/- each :	12500.00	12500.00
Issued, Subscribed and Paid up Capital :		
12384000 Equity Shares of ` 100/- each :	12384.00	12384.00
Of the above shares, 69997 shares were allotted as fully paid up pursuant to a contract without payment being received in cash.		
	<u>12384.00</u>	<u>12384.00</u>

SCHEDULE - 2

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
RESERVE & SURPLUS		
Capital Reserve		
As per last Account	399.24	389.78
Add : Addition during the year	<u>0.00</u>	<u>9.46</u>
	399.24	399.24
Contract Contingency Reserve	2100.00	2100.00
Corporate Social Responsibility Reserve	228.07	0.00
General Reserve		
As per last Account	6872.64	5728.49
Add : Transferred from Profit & Loss A/c	<u>1134.33</u>	<u>1144.15</u>
	8006.97	6872.64
Profit & Loss Account - Balance at Credit	45213.13	37882.83
	<u>55947.41</u>	<u>47254.71</u>

SCHEDULE - 3

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
UNSECURED LOAN		
Foreign Suppliers' Deferred Credit (Russian (Formerly USSR) State Credit)	2022.99	2100.80
Less : Amount recoverable from Indian Navy held in Foreign Exchange Fluctuation Suspense Account (Refer Explanatory Note No 6)	<u>2022.99</u>	2100.80
	<u>0.00</u>	<u>0.00</u>



**SCHEDULE - 4
FIXED ASSETS**

(in Lakhs)

DESCRIPTION	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK			
	As At 31.3.2010	Additions	Deductions/ Adjustments	As At 31.03.2011	Upto 31.03.2010	Prior Period	For the year	Upto 31.03.2011	As At 31.03.2011	As of 31.03.2010
Freehold Land	5223.05	-	97.34	5125.71	-	-	-	-	5125.71	5223.05
Leasehold Land	200.41	-	-	200.41	61.84	-	13.34	75.18	125.23	138.57
Building	4850.67	101.76	46.90	4905.53	1894.27	-	148.52	2035.21	2870.31	2956.40
Railway Siding	3.15	-	-	3.15	2.99	-	-	2.99	0.16	0.16
Plant & Machinery	10274.55	233.60	165.34	10342.81	5229.68	0.13	377.36	5452.97	4889.84	5044.87
Docks & Jetties	2037.12	1072.43	35.79	3073.76	1531.08	67.17	81.10	1647.38	1426.38	506.05
Furniture, Fixtures, Office Equipments.	1384.96	86.94	6.62	1465.28	741.06	1.05	192.28	929.02	536.26	643.90
Computers	1026.39	857.23	-	1883.62	894.45	0.69	96.64	991.78	891.84	131.94
Launches, Burges & Boats	75.87	-	-	75.87	48.38	-	5.27	53.65	22.22	27.49
Motor Cars	67.46	-	-	67.46	51.76	-	3.76	55.52	11.94	15.70
Motor Lorries, Trailers, Mobile Cranes etc.	533.29	278.43	34.70	777.02	414.72	-	46.28	428.03	348.99	118.57
Softwares	409.56	1144.50	-	1554.06	325.66	-	82.01	407.67	1146.39	83.90
Enterprise Resource Planning	137.02	-	-	137.02	130.16	-	-	130.16	6.86	6.86
T O T A L	26223.50	3774.89	386.69	29611.70	11326.05	69.04	1046.56	12209.56	17402.14	14897.45
Last Year 2009-10	25811.61	546.16	134.27	26223.50	10667.67	2.90	761.96	11326.05	14897.45	15143.94



SCHEDULE - 4A FIXED ASSETS : Capital Work-in-Progress / Capital Advance

(` in Lakhs)

Description	As At 31.03.2011		As At 31.03.2010	
	Capital Work-in-Progress	Capital Advance	Total	Total
Building	971.76	-	971.76	695.15
Plant & Machinery	361.54	7855.10	8216.64	7623.16
Docks & Jetties	1440.25	1022.23	2462.48	1912.34
Furniture, Fixtures, Office Equipments	6.00	-	6.00	7.28
Computer	31.52	-	31.52	20.33
Motor Lorries, Trailers, Mobile Cranes etc.	74.45	-	74.45	-
Enterprise Resource Planning	-	-	-	580.56
Consultancy Charges for Modernisation	381.21	-	381.21	381.21
T O T A L	3266.73	8877.33	12144.06	11220.03

Notes:

1. Depreciation includes amortisation of Land 13.34 lakh (previous year ` 13.34 lakh).
2. Adjustment column includes due adjustment for Retired Assets.
3. Retired asset as on 31.03.2011 comprise of 38.87 lakh, Original Cost ` 777.86 lakh (Previous year ` 30.47 lakh, original cost ` 609.68 lakh), valued at estimated scrap value being 5% of original cost.
4. During the year 2010-11, the rates of depreciation of Furniture, Fixture and Office Equipments which were hitherto being charged as per schedule XIV of Companies Act 1956, have been charged at 19% SLM per annum so as to depreciate these assets to a value upto 95%. Necessary adjustments have been made in the Accounts accordingly, with consequential incremental impact on year's depreciation charge by 129.84 lakh.
5. Depreciation includes amortisation in case of software.
6. The Fixed Assets include Modern Hull Shop, the creation of which has been partly funded by Indian Navy as part of ongoing modernisation of infrastructure. The original cost of Modern Hull Shop capitalised under the head building ` 1238.77 lakh and WDV as on 31 March 2011 is ` 976.94 lakh (Previous year ` 1018.32 lakh). In addition, the Modern Hull Shop was also co-funded by Indian Navy for an amount of ` 441.69 lakh as part of P-28 Project, which forms part of total expenditure of 18782.00 lakh as mentioned in Explanatory note no. 9.
7. Building includes ` 67.29 lakh (Original Cost) for Delhi Shipyard House being one third share in the property jointly held by the Company, Mazagon Dock Limited and Goa Shipyard Limited.
8. Capital Advance is unsecured and considered good.



SCHEDULE - 5

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
INVESTMENTS (OTHER THAN TRADE) :		
Investment in shares, debentures or bonds :		
East India Clinic Limited (unquoted at cost) :		
(a) 170 Nos 1/2% Registered Mortgage Debentures of ` 100 each fully paid up	0.17	0.17
(b) 270 Nos 5% Non-Redeemable Registered Mortgage Debenture Stock-1957 of ` 100 each fully paid up	0.27	0.27
	<u>0.44</u>	<u>0.44</u>

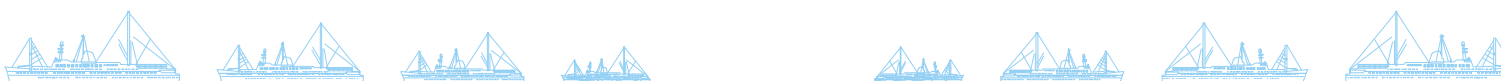
SCHEDULE - 6

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
CURRENT ASSETS :		
6.1 Inventories		
Stocks		
(As per inventories taken valued and certified by the Management)		
Raw Materials & Components	89422.06	60825.84
Stores & Spares	571.36	665.81
Loose Tools	271.79	113.51
	<u>90265.21</u>	<u>61605.16</u>
Stores in Transit	0.00	1827.74
	<u>90265.21</u>	<u>63432.90</u>
Work-in-Progress	140430.14	89721.82
(including items with Sub-contractors)	<u>230695.35</u>	<u>153154.72</u>



SCHEDULE - 6 (Contd.)

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
6.2 Sundry Debtors (Unsecured)		
(a) Debts outstanding for a period exceeding 6 months :		
Considered Good	972.69	368.97
Considered Doubtful	796.17	733.59
	<u>1768.86</u>	<u>1102.56</u>
(b) Other Debts :		
Considered Good	13327.25	10186.54
	<u>15096.11</u>	<u>11289.10</u>
Less : Provision for Doubtful Debts	796.17	733.59
	<u>14299.94</u>	<u>10555.51</u>
6.3 Interest & Other Receivables :		
Interest Accrued/Receivable	654.52	1242.29
Less : Provision	258.72	258.72
	<u>395.80</u>	<u>983.57</u>
Other Receivables	166.36	144.33
	<u>562.16</u>	<u>1127.90</u>
6.4 Cash & Bank Balances :		
Cash in hand	8.36	12.24
Balance with Scheduled Banks :		
On Current Accounts	1848.31	838.29
On Short term Deposits	16532.20	45710.50
Margin Money Deposit	178.01	224.60
	<u>18566.88</u>	<u>46785.63</u>



SCHEDULE - 7

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
LOANS & ADVANCES :		
(Unsecured Considered Good unless otherwise stated)		
Loans to Other	0.00	0.12
Short term Deposits (including doubtful ` 200 Lakh Previous year : ` 200 Lakh)	200.00	200.00
Leave Fund (Refer Explanatory Note No 7)	3577.79	0.00
Advance recoverable in Cash or in Kind or for value to be received (including doubtful ` 0.31 Lakh . Previous year : ` 12.42 Lakh)	68468.51	73145.07
Advance Income Tax	8143.80	9537.70
Income Tax Deducted at source	5029.38	7929.14
Fringe Benefit Tax	58.60	192.84
Deposit with Customs, Port Trust & Other Government Authorities	119.81	21.56
	<u>85597.89</u>	<u>91026.43</u>
Less : Provision for Doubtful Deposits & Advances	200.31	212.42
	<u>85397.58</u>	<u>90814.01</u>

SCHEDULE - 8

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
CURRENT LIABILITIES & PROVISION :		
Current Liabilities		
Sundry Creditors	38233.99	33315.65
Advance Received from Customers & Others	244589.28	195202.07
Deposit from Contractors & Others	314.80	872.91
Other Liabilities (Previous year) Net of Sales Tax Debit ` 4844.60 Lakh)	13954.88	20489.72
	<u>297092.95</u>	<u>249880.35</u>
Provisions		
Income Tax	10983.87	16768.47
Fringe Benefit Tax	57.25	186.40
Wealth Tax	0.49	1.78
Proposed dividend	2476.80	2476.80
Tax on distributed profit	401.86	411.37
	<u>13920.27</u>	<u>19844.82</u>



SCHEDULE - 9

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
MISCELLANEOUS EXPENDITURE :		
(To the extent not written off or adjusted)		
Deferred/Development Expenditure		
Opening Balance	0.00	0.97
	<u>0.00</u>	<u>0.97</u>
Less : Charged off to Profit & Loss Account	0.00	0.97
	<u>0.00</u>	<u>0.00</u>

SCHEDULE - 10

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
CONSUMPTION OF RAW MATERIALS & COMPONENTS (INCLUDING STORES & SPARES)		
Opening Stock	61507.46	35462.88
- Others	97.70	461.26
- B & D Spares	75011.60	63660.83
Add : Purchase	10825.49	13420.23
- Others	<u>147442.25</u>	<u>113005.20</u>
- B & D Spares	89664.50	61507.46
Less : Closing Stock - Others	600.71	97.70
- B & D Spares	<u>46854.56</u>	<u>37616.25</u>
Consumptions - Others	10322.48	13783.79
- B & D Spares	<u>57177.04</u>	<u>51400.04</u>

SCHEDULE - 11

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
SUB-CONTRACT & OTHER DIRECT EXPENSES :		
Contractors' services	8338.10	3140.39
Bought-in-items	233.66	61.02
	<u>8571.76</u>	<u>3201.41</u>





SCHEDULE -12

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
EMPLOYEES' REMUNERATION & BENEFITS :		
Salaries, Wages & Bonus	19472.28	17916.08
Contribution to Provident Fund & Family Pension Scheme	1403.41	1430.89
Contribution to E.S.I.	9.71	8.28
Pension	34.84	58.94
Gratuity	1690.25	2437.67
Workmen & Staff Welfare Expenses	3293.57	1497.72
Voluntary Retirement Scheme	0.00	295.64
Directors' Remuneration (Notes Below)	99.59	58.48
	<u>26003.65</u>	<u>23703.70</u>

Notes :

1. Directors' Remuneration **		
Salary	83.29	44.65
Contribution to P.F.	5.07	4.58
Other Perquisites	11.23	9.25
	<u>99.59</u>	<u>58.48</u>
2. ** Net of Recoveries in excess of approved limit.		

SCHEDULE -13

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
REPAIRS & MAINTENANCE :		
Repairs to Buildings	448.23	228.63
Repairs to Plant & Machinery	267.15	213.01
Other Repairs	548.04	408.15
	<u>1263.42</u>	<u>849.79</u>



SCHEDULE - 14

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
OTHER EXPENSES :		
Rent	125.53	118.36
Rates & Taxes	97.44	97.85
Insurance	79.61	84.39
Commission on Sales	200.15	183.77
Hired Services	945.20	599.86
Stores Clearing & Despatch Expenses	283.64	62.92
Liquidated Damages	376.40	532.61
Bank charges & Commission	35.18	248.65
Travelling Expenses	276.22	248.24
Advertisement & publicity	347.74	270.10
Printing & stationary	12.75	13.70
Postage & Courier	13.09	14.55
Telephone & Fax	79.84	74.11
Loss in Exchange Rate Fluctuations	56.97	3.41
Legal Expenses	9.53	32.84
Entertainment Expenses	0.00	0.00
Corporate Social Responsibility	71.93	18.91
Auditors' Remuneration :		
(a) Statutory Audit	1.50	1.46
(b) Tax Audit	0.33	0.33
P.F. Audit Fee	0.11	0.11
P.F. Administration Charges	18.99	22.70
Other Misc. Expenses	229.96	239.04
	3262.11	2867.91

SCHEDULE - 15

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
INTEREST :		
Bank Borrowings	44.45	1.38
Interest Liability to Customer	98.66	621.34
Others	7.00	0.00
	150.11	622.72

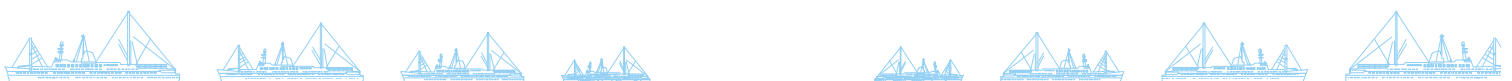


SCHEDULE - 16

	(` in Lakh)	
	As At 31-3-2011	As At 31-3-2010
PRIOR PERIOD ADJUSTMENTS :		
A. Expenses :		
Depreciation	<u>69.04</u>	<u>2.90</u>
	<u>69.04</u>	<u>2.90</u>
B. Income		
Creditors balance written back	<u>0.00</u>	<u>292.46</u>
Others	<u>11.86</u>	<u>0.00</u>
	<u>11.86</u>	<u>292.46</u>
Net Debit (+)/Credit (-)	<u>57.18</u>	<u>-289.56</u>

SCHEDULE -17

	(` in Lakh)					
	For the year ended 31-3-2011			For the year ended 31-3-2010		
	(-) Excise Duty/ Service			(-) Excise Duty/ Service		
	Gross	Tax	Net	Gross	Tax	Net
TURNOVER :						
A. Sales :						
(a) Ship Construction	<u>27268.96</u>			19303.93		
(b) Ship Repair	<u>7931.03</u>			403.81		
(c) B & D Spares	<u>11094.29</u>			14816.60		
(d) General Engineering	<u>6963.91</u>			5908.43		
(e) Diesel Engine	<u>1363.67</u>			1581.20		
B. Sub-Total (a+b+c+d+e)	<u>54621.86</u>	<u>1336.79</u>		42013.97	425.59	41588.38
C. Accretion / (Decretion) to WIP	<u>50708.32</u>	<u>-128.35</u>		44647.93	37.62	44610.31
D. Turnover	<u>105330.18</u>	<u>1208.44</u>	<u>104121.74</u>	86661.90	463.21	86198.69





SCHEDULE - 18

	As At 31-3-2011	As At 31-3-2010
(` in Lakh)		
OTHER REVENUES :		
Profit on sale of Fixed Assets	584.80	6.97
Profit on sale of Retired Assets	30.93	13.05
Interest on Advances & Deposits	2094.76	5246.06
Liability/Provision written back	999.79	1123.25
Rent	11.62	17.43
L.D. Recovered	641.87	915.07
L.D. Waived	6067.55	1094.57
Gain in Exchange Rate Fluctuations	0.00	81.57
Insurance Claim	4.58	33.30
Miscellaneous Receipts	108.35	2018.60
	<u>10544.25</u>	<u>10549.87</u>



SCHEDULE -19

ADDITIONAL INFORMATION (as certified by Management)

Class of Goods	Quantity	2010-11 Value (` in Lakh)	Quantity	2009-10 Value (` in Lakh)
(I) TURNOVER : (Sales)				
1. Ship Division :				
(a) Ship Building	** 3 Nos* +44 Nos GRP I.Boat +13 Nos Aluminium Boats	17053.17 10215.79	** 2 Nos* +41 Nos GRP I.Boat	12535.70 6768.23
(b) Ship Repair	*	7931.03	*	403.81
		35199.99		19707.74
2. General Engineering Division :				
(a) Centrifugal Pump	49 Nos	409.66	18 Nos +1 No***	326.41
(b) Farakka, Vindychal & Other conveyors	*	0.00	*	274.04
(c) Others	*	6554.25	*	5307.98
		6963.91		5908.43
3. Diesel Engine Division :				
(a) G.V./Bergen/MTU Engines Spares etc.	5 Nos	1317.44	2 Nos	1092.71
(b) General Engineering (D.E.P.)	*	46.23	*	41.53
(c) R.V. Diesel Engines & Spares	*	0.00	*	446.96
		1363.67		1581.20
Total (1 + 2 + 3) :		43527.57		27197.37
(II) Sale of Scrap :				
		451.37		412.57
Grand Total :	**	43978.94	**	27609.94

(*) Owing to varigated nature, data cannot be fully quantified

(**) Includes additional revenue in respect of cost-plus contracts of Indian Navy completed in earlier years ` 176.69 Lakhs (Previous year ` 1425.93 Lakhs)

(***) To other than Navy



SCHEDULE -19 (Contd.)

INFORMATION REQUIRED FORMANUFACTURING COMPANY

			2010-11		2009-10	
	Quantity		Value (` in Lakh)	Quantity	Value (` in Lakh)	
A. Consumption of Raw Material & Components :						
1. Iron & Steel	5112	Ton	3607.05	5855	Ton	3055.60
2. Alloy Steel	145	Ton	194.74	45	Ton	49.06
3. Hardware	304107	Nos		217908	Nos	
	9	Ton	424.78	6	Ton	347.28
4. Pipe & Pipe Fitting	17297	Mtrs	448.10	14397	Mtrs	373.62
5. Electrode & Non-Ferrous items	51	Ton	146.62	38	Ton	112.97
6. Components & Equipments						
Equipments & Components	6243	Sets		5206	Sets	
	22014	Nos	21344.42	18706	Nos	17851.80
Components-Pumps	5199	Nos		4289	Nos	
	56	Mtr.	54.37	47	Mtr.	45.67
- Electrical & Cables	361551	Nos		283677	Nos	
	320857	Mtrs	14739.37	252956	Mtrs	11844.48
- Marine Items	102329	Nos	727.66	87913	Nos	637.34
- Bailey Bridge	571182	Nos	3210.00	393744	Nos	2196.44
- G.V./M.T.U./Bergen Engine	2	Sets	191.09	2	Sets	191.00
7. Miscellaneous other Groups			1669.21			864.36
			<u>46757.41</u>	*		<u>37569.61*</u>
B.						
1. Imported	20.28%		9482.30	44.05%		16549.43
2. Indigenous	79.72%		37275.11	55.95%		21020.18
	100%		<u>46757.41</u>	* 100%		<u>37569.61*</u>
* Includes :						
a) Shortage/Surplus			NIL			NIL
b) Cost of Direct Sale of Stores			NIL			NIL
and c) Prior to adjustment of ` 97.15 lakh (Previous year ` 46.64 lakh) on account of Non-moving items.						
C. Value of Import on C.I.F Basis						
1. Raw Materials			0.00			755.79
2. Components & Spare Parts			27276.84			28238.24
3. Capital Goods			—			—
			<u>27276.84</u>			<u>28994.03</u>
D. Payment in Foreign Currency						
1. Know-how			—			—
2. Consultation / Service Fees			365.80			358.71
3. Interest on foreign suppliers credit			—			—
4. Deferred payment to foreign suppliers			77.80			77.80
5. Other Payments (for Equipment/Materials, etc.)			21159.78			18216.91
			<u>21603.38</u>			<u>18653.42</u>



SCHEDULE -19 (Contd.)

INFORMATION REQUIRED FORMANUFACTURING COMPANY

Class of Goods	2010-11		2009-10	
	Quantity	Value (` in Lakh)	Quantity	Value (` in Lakh)
E. Earning in Foreign Exchange				
Export		0.00		5.13
Deemed Export		—		—
Others		—		—
		0.00		5.13

CLASS OF GOODS	2010-11				2009-10			
	Unit	Licensed Capacity	Installed Capacity	Actual Production	Unit	Licensed Capacity	Installed Capacity	Actual Production
F. Production Statistics								
Industrial Licenses								
1. Deep Tubewell Turbine Pump	No	720	720	49	No	720	720	19
2. Ship Repair	*	—	1200		*	—	1200	—
3. (a) Shipbuilding	*	3200	3230 \$	1935	*	3200	3230\$	2381
	**			+3484	**			+4213
(b) General Engineering	*	1800	2500	515	*	1800	2500	584
	**			+2633	**			+2675
4. Diesel Engine- Large/Medium/Slow Speed (275 H.P. to 20000 H.P.)								
K. Z.	No		2	—	No		2	—
G.V./Bergen/MTU	No	168	36	14	No	168	36	13
R.V.	No		48	—	No		48	—
5. Deck Machinery :								
i) Winch (Marine & Industrial)	No	50	50	—	No	50	50	—
ii) a) Electric Anchor Windlass	No	20	20	14	No	20	20	17
b) Electric Capstan	No	12	12	5	No	12	12	6
iii) HTS	No	3	3	3	No	3	3	2
iv) Boat Davits for Ships	Sets	40	40	2	Sets	40	40	2
G. Production Statistics- Letter of Intent								
Steel Plant Equipment	Tons	1000	1000	—	Tons	1000	1000	—

(*) Tons for Fabrication

(**) Fabrication for other jobs

\$ Steel throughput capacity reassessed by NPC and approved in 262nd meeting of the Board of Directors



SCHEDULE -19 (Contd.)

H. Opening and Closing Work-in-Progress and Finished Goods of Goods Produced

Activity	Opening W.I.P.				Closing W.I.P.			
	Value (₹ in Lakhs)		Quantity		Value (₹ in Lakhs)		Quantity	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1. Ship Repair	1547.49	829.03	10 orders	06 orders	39.82	1547.49	04 orders	10 orders
2 a. Ship Building	80008.85	36567.13	14 ships	12 ships	133707.14	80008.85	15 ships	14 ships
b. GRP I.Boats	2620.50	2113.13	37 nos	78 nos	652.50	2620.50	03 nos	37 nos
3. Deepwell Turbine/Pump	102.43	95.63	34 nos	32 nos	21.20	102.43	02 nos	34 nos
4. Bailey Bridge	1294.66	1150.34	02 orders	02 orders	1853.21	1294.66	—*	02 orders
5. Deck Machinery Equipment	222.41	204.64	25 orders	24 orders	290.07	222.41	13 orders	25 orders
6. GV/BERGEN/MTU/Engines	342.51	531.01	07 nos	05 nos	233.22	342.51	04 nos	07 nos
7. Others	3582.97	3582.98	—	—	3632.98	3582.97	—	—
TOTAL	89721.82	45073.89			140430.14	89721.82		
8. Finished Goods (included above)	—	—	—	—	—	—	—	—

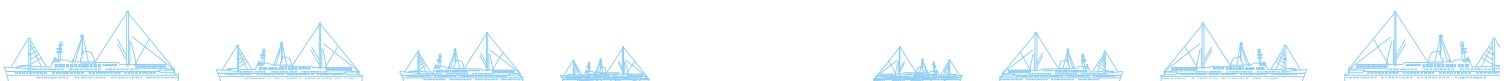
* Not quantifiable

SCHEDULE -19 (Contd.)

ADDITIONAL INFORMATION (as certified by Management)

I. Particulars in respect of Traded Goods :	2010-11		2009-10	
	Quantity	Value (₹ in Lakh)	Quantity	Value (₹ in Lakh)
1. Base & Depot Spares				
Opening Stock	#	97.70	#	461.26
Purchase		10825.49		13420.23
Sales		11094.29		14816.60
Closing Stock		600.71		97.70
2. Cost of Traded Goods Sold:				
a. Imported	6.17%	636.46	25.35%	3494.12
b. Indigenous	93.83%	9686.02	74.65%	10289.67
	<u>100.00%</u>	<u>10322.48</u>	<u>100.00%</u>	<u>13783.79</u>

Base & Depot Spares are assorted items of spares in respect of equipment on board Naval Vessels, procured and sold to Indian Navy. Due to variegated nature of large number of such assorted spares, these items have been grouped as such and quantitative data has not been given.



**SCHEDULE -19 (Contd.)****BALANCE SHEET ABSTRACT AND
COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No.	007891	State Code	...	21
Balance Sheet Date	31.03.2011			

**II. Capital Raised during the year
(Amount in ` thousands)**

Public Issue	...	NIL	Right Issue	...	NIL
Bonus Issue	...	NIL	Private Placement	...	NIL

**III. Position of mobilisation and deployment of funds
(Amount in ` thousands)**

Total Liabilities (includes Owners Fund ` 6833141 Thousands)	...	37934463	Total Assets	...	37934463
--	-----	----------	--------------	-----	----------

Source of Funds :

Paid up Capital	1238400	Reserves & Surplus	5594741
Secured Loans	NIL	Unsecured Loans	NIL
Current Liabilities	31101322		

Application of Funds :

Net Fixed Assets	2958507	Investment	44
Current Assets	34952191	Misc. Expenditure	NIL
Deferred Tax Assets	23721	Accumulated losses	NIL

**IV. Performance of Company
(Amount in ` thousands)**

Turnover*	11509465	Total Expenses	9881834
Profit before Tax	1627631	Profit after Tax (Exclusive of Tax on Distributed Profit)	1157136
Earning per share in `	93.44	Dividend Rate %	20.00%
Diluted Earning per share in `	93.44		

* (Net, Inclusive of Scrap & Other Income)





SCHEDULE -19 (Contd.)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Contd.)

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

(a)	Item Code No. (ITC Code)	....	89060000
	Product Description	....	SHIP CONSTRUCTION
(b)	Item Code No. (ITC Code)	....	97900000
	Product Description	....	SHIP REPAIRS & GENERAL ENGINEERING
(c)	Item Code No. (ITC Code)	....	84080000
	Product Description	....	DIESEL ENGINES

Sd/-
S.Mahapatra
Company Secretary

Sd/-
K . K. Rai
Director (Finance)

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

Kolkata
20th July, 2011



EXPLANATORY NOTES

1. Following Contingent Liabilities have not been provided for in respect of:
 - 1.1 Guarantees given by Scheduled Banks amounted to ` 2989.03 lakhs (Previous year ` 5796.41 lakhs) against counter guarantees given by the Company and/or secured by extension of hypothecation of current assets except Fixed Deposits/Margin Money Deposits.
 - 1.2 Outstanding Contract Performance Indemnity Bonds and Indemnity Bonds for Warranty as on 31.3.2011 issued by the Company in terms of related contracts in favour of Indian Navy and Director General Border Roads stood at ` 7204.98 lakhs (Previous year ` 8471.88 lakhs).
 - 1.3 Unexpired Letters of Credit amounted to ` 13035.36 lakhs (Previous year ` 9105.05 lakhs) secured by extension of hypothecation of entire Current Assets except. Fixed deposits/margin money deposits.
 - 1.4 Claims of ` 1294.52 lakhs (Previous year ` 2190.53 lakhs) not acknowledged as debts.
 - 1.5 Contingent liability on account of Sales Tax amounts to Rs. 553.24 lakhs (Previous year ` 149.90 lakhs) which comprises of ` 545.72 lakhs towards assessment dues for the year 2007-08 and ` 7.52 lakhs towards disallowance made by Sales Tax Authorities for the year 2003-04 on account of transit sales for Talcher Project. Besides, Sales Tax Authorities have considered certain sale made from DEP for the year 1988-89 as being sale from West Bengal for which a demand was raised for ` 96.38 lakhs. 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.
 - 1.6 Contingent Liability on account of Excise Duty amounting to ` 62.50 lakhs (Previous Year ` 62.50 lakhs) towards Clearance of Pump has not been acknowledged as debt. Central Excise Dept. has filed a case before Kolkata High court against order of CESTAT which was earlier issued and reconfirmed in favour of GRSE. Service Tax Authorities have raised a demand of ` 121.30 lakhs (Previous year ` 121.30 lakhs) against imposition of Service Tax on technical fees paid to foreign technicians prior to 18.04.2006. Since GRSE has made appeal before EZB, CESTAT, 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.
 - 1.7 Contingent liability on account of Income Tax amounting to ` 1166.44 lakhs (Previous Year – NIL) towards disallowance made by Income Tax Authority for the A. Y.2008-09 on account of Provision for Liquidated Damages and addition in the closing stock for slow moving and obsolete items.
 - 1.8 Liquidated Damages amounting to ` 913.81 lakhs in respect of 10 in number WJFAC vessels and ` 180.00 lakhs in respect of SLNS Sagara, totalling to ` 1093.81 lakhs, delays in respect of which had taken place for reasons not attributable to the Company having been caused by factors beyond the control of the Company. The management holds the view that liquidated damages in respect of the above vessels will not be leviable by the Govt., and as such no outflow of resources embodying economic benefits is envisaged for which no provision is required to be held.
2. Commitments in respect of contracts remaining to be executed on Capital Accounts and not provided for amount to ` 9087.53 lakhs (Previous year ` 10639.28 lakhs).
3. Post dated cheques, in favour of Kolkata Port Trust (KOPT) for rent for 13 years as per Estate Rules of KOPT were issued earlier and are pending on 31.3.2011 as under:
 - a) In respect of lease of land of Taratalla Unit, each cheque dated 1st January due for presentation starting from the year 2009 and ending in the year 2021 aggregating to ` 372.76 lakhs (Previous Year ` 400.83 lakhs);
 - b) In respect of lease of open land, each cheque dated 1st December and 17th November due for presentation starting from the year 2008 and ending in the year 2020 aggregating to ` 195.99 lakhs and Rs. 69.58 lakhs respectively (Previous year ` 210.75 lakhs and ` 74.82 lakhs respectively).
4. Liabilities, in respect of despatches made within 31st March, 2011 and booked to sales against Sale Orders with the stipulation of safe receipt by the customers, have not been provided for in the accounts, being the amount not ascertainable as per consistent practice followed.





5. Letters seeking confirmation of balances in the accounts of sundry creditors were sent to vendors constituting about 70% in value. On the basis of replies received from certain vendors, adjustments wherever necessary have been made in the accounts.

6. Russian (USSR) deferred State Credit

An inter-governmental agreement between Russian Federation and Government of India was reached for restructuring of Russian deferred state credit in Rouble in connection with procurement of weapon systems for cost-plus P25 ships built and delivered by GRSE to Indian Navy. As per the said agreement, the outstanding debt in Rouble as on 01.04.1992 was converted to Indian Rupees at the difference in Rupee-Rouble exchange rate between 01.04.1990 and 01.04.1992 and such amount of exchange rate difference was rescheduled by Government of India under a deferred rupee payment arrangement payable over 45 years till 2037. These rescheduled payments

(a) Gratuity Benefits

Gratuity liability is a defined benefit obligation and is administered by a Trust. Such liability is determined on the basis of actuarial valuation done by Life Insurance Corporation of India with whom the gratuity fund is maintained by the Trust.

(` in Lakhs)

Sl.No.	Assumptions as at	Valuation Date 31 st March 2011	Valuation Date 31 st March 2010
1	Discount Rate Rate of increase in compensation	8.00% 5.00%	8.00% 6.00%
2	Changes in present value of obligations Present Value of Obligations at beginning of period Interest cost Current Service Cost Benefits Paid Actuarial (gain)/loss on obligation Present Value of Obligations at end of period	8759.50 700.76 165.60 (2887.47) 2821.83 9560.22	7322.82 585.53 208.25 (1420.31) 2062.92 8759.50
3	Changes in fair value of plan assets Fair Value of Plan Assets at beginning of period Expected return on Plan Assets Contributions Benefit Paid Actuarial gain/(loss) on plan assets Fair Value of Plan assets at end of period	8994.39 717.08 3156.07 (2887.47) Nil 9980.06	7670.95 667.54 2076.21 (1420.31) Nil 8994.39
4	Fair Value of Plan Assets Fair Value of Plan Assets at beginning of period Actual Return on Plan Asset Contributions Benefit Paid Fair Value of Plan Assets at end of period Funded Status Excess of actual over estimated return on Plan Assets	8994.39 717.08 3156.07 (2887.47) 9980.06 419.84 Nil	7670.95 667.54 2076.21 (1420.31) 8994.39 234.89 Nil

are also reimbursable by Indian Navy. Such amount is accordingly held as Foreign Exchange Fluctuation Suspense as at 31.03.2011 and aggregated to ` 2022.99 lakhs (Previous year ` 2100.80 lakhs).

The amount of such Foreign Exchange Fluctuation Suspense, being receivable from Indian Navy and being contra in nature against the corresponding unsecured loan of deferred Russian (formerly USSR) state credit, has been disclosed by way of reduction from such unsecured loan in schedule 3.

7. Employees Benefits

The Company has adopted Accounting Standard 15 (AS-15) on Employee Benefits. Accordingly, the Company maintains three defined benefit plans.

- (a) Gratuity Benefit
- (b) Leave Encashment Benefit
- (c) Post Retirement Medical Benefit





5	Actuarial Gain/(Loss)Recognized Actuarial(Gain)/Loss for the period (obligation) Actuarial (Gain)/Loss for the period (Plan Assets) Total (Gain)/Loss for the period Actuarial (Gain)/Loss recognized for the period	(2821.83) Nil 2821.83 2821.83	(2062.92) Nil 2062.92 2062.92
6	Amounts to be recognized in Balance Sheet and Profit & Loss Account Present Value of Obligations at end of period Fair Value of Plan Assets at end of period Funded Status Unrecognized ActuarialGain/(Loss) Net Asset/(Liability) recognized in the balance sheet	9560.22 9980.06 419.84 — (419.84)	8759.50 8994.39 234.89 — (2344.89)
7	Expense recognized in the statement of Profit & Loss Account Current Service Cost Interest cost Expected Return on Plan Assets Net Actuarial (Gain)/Loss recognized for the period Expense recognized in the statement of Profit & Loss Account after adjustment for provision	165.60 700.76 (717.08) 2821.83 1690.25	208.25 585.83 (667.54) 2062.92 2437.67

(b) **Leave Encashment Benefit**

Leave Encashment Benefit is actuarially assessed at the end of each financial year.

Sl.No.	Assumptions as at	Valuation Date 31 st March 2011	Valuation Date 31 st March 2010
1	Discount Rate Rate of increase in compensation	8.00% 5.00%	8.00% 5.00%
2	Changes in present value of obligations Present Value of Obligations at beginning of period Interest cost Current Service Cost Benefits Paid Actuarial (gain)/loss on obligation Present Value of Obligations at end of period	3575.53 254.37 465.57 (791.91) 460.53 3964.09	3118.48 249.48 251.99 (597.97) 553.55 3575.53
3	Changes in fair value of plan assets Fair Value of Plan Assets at beginning of period Expected return on Plan Assets Contributions Benefit Paid Actuarial gain/(loss) on plan assets Fair Value of Plan assets at end of period	(791.91)	(597.97)
4.	Fair Value of Plan Assets Fair Value of Plan Assets at beginning of period Actual Return on Plan Asset Contributions Benefit Paid Fair Value of Plan Assets at end of period Funded Status Excess of actual over estimated return on Plan Assets	(791.91) (3964.09)	(597.97) (3575.53)



5	Actuarial Gain/Loss Recognized		
	Actuarial (Gain)/Loss for the period obligation	(460.53)	(553.55)
	Actuarial (Gain)/Loss for the period -Plan Assets	—	—
	Total (Gain)/Loss for the period	460.53	553.55
	Actuarial (Gain)/Loss recognized for the period	460.53	553.55
6	Amounts to be recognized in Balance Sheet and Profit & Loss Account		
	Present Value of Obligations at end of period	3964.09	3575.53
	Fair Value of Plan Assets at end of period	—	—
	Funded Status	(3964.09)	(3575.53)
	Unrecognized Actuarial (Gain)/Loss	—	—
	Net Asset/(Liability) recognized in the balance sheet	(3964.09)	(3575.53)
7	Expense recognized in the statement of Profit & Loss Account		
	Current Service Cost	465.57	251.99
	Interest cost	254.37	249.48
	Expected Return on Plan Assets	—	—
	Net Actuarial (Gain)/Loss recognized for the period	460.53	553.55
	Expense recognized in the statement of Profit & Loss Account after adjustment for provision	910.65	1055.02

Leave Liability has been provided in the accounts as per the actuarial valuation as on 31.03.2011. The total provision as on 31.03.2011 is ` 3964.09 lakhs (Previous year ` 3575.53 lakhs). A leave liability fund was created by depositing a sum of ` 3575.00 lakhs on 28.03.2011 with Life Insurance Corporation of India based on actuarial valuation of the same as of 31.03.2010.

(c) Post Retirement Medical Benefit

The Company has started w.e.f. April 2010 a Post Retirement Medical Benefit Scheme under an Insurance Plan with The New India Assurance Company Ltd. A total premium of ` 259.86 lakh has been paid during the year. The related liability has also been actuarially assessed as at the end of financial year, which stood at ` 651.95 lakh on 31.03.2011 and has been provided for in the accounts.

8. Deferred Tax

Following is the break-up of Tax impact on the under mentioned items and have been considered as deferred tax assets and liabilities as on 31.03.2011.

(A) Deferred Tax Assets (` In lakhs)		
	As on 31.03.11	As on 31.03.10
(i) Provision for Bad & Doubtful Debts & Advances	264.47	133.35
(ii) Central Excise Duty	10.86	10.86

(iii) Employees separation and Retirement	1375.69	828.21
(iv) Other timing difference	317.99	1274.52
	1969.01	2246.94
(B) Deferred Tax Liability		
Fiscal Allowances on Fixed Assets	1731.80	1469.22
Net Deferred Tax- (Assets)	237.21	777.72

9. There is an ongoing infrastructure project being co-funded by Indian Navy. The status of the project execution is given below: (` In lakhs)

	As of 31.03.11	As of 31.03.10
a) Expenses Incurred	18782.00	9798.00
b) Amount received from Indian Navy	16382.00	14169.00

10. **Disclosure pertaining to Accounting Standard (AS-7) (Construction Contract)** (` In lakhs)

(i) Contract revenue recognized for the year ended 31 st March 2011	85455.38
(ii) Aggregate amount of costs incurred and recognized profit (less recognized losses) upto 31 st March 2011 for all contracts in progress as at that date.	134399.46





- (iii) Amount of customer advances outstanding for contracts in progress as at 31st March 2011 227208.83
- (iv) Retention of customer advances outstanding for contracts in progress as at 31st March 2011 Nil
11. The estimated costs to completion and sale prices of three follow-on vessels of P28 series ASW Corvettes (i.e. Yards 3018, 3019 and 3020) could not be computed as the revised cost estimates of P28 Project are currently under processing at Integrated Headquarters of Indian Navy and not yet firmed up. The related contract has also not been concluded. In terms of Letter of Intent of Government of India for the construction of vessels of P28 Project, the first vessel (Yard 3017) is to be built on cost-plus basis and the costs of the second, third and fourth vessels are to fixed on the basis of verified costs of the first vessel, cost of which is under revision as part of P28 Project. Accordingly, all costs incurred in respect of second, third and fourth vessels of P28 Project till 31st March 2011 have been accumulated in the Work-in-Progress and have been carried at cost.
12. (a) Out of three docks and two slipways taken out from CIWTC Ltd. on 1st July 2006, Dry Dock No.2 has been capitalized. All other facilities are under extensive repair and have remained non-operational, due to which cost of acquisition of these assets and subsequent capital expenditure have been carried forward as capital work-in progress.
- (b) The Fixed Assets include five residential flats having a total WDV of ` 42.32 lakhs as on 31st March 2011 which are vacant and currently not in use. A decision was taken by the management towards disposal of these assets in 2009-10. Due process of disposal has also been initiated.
- However, as any impairment in value of these assets of real estate in nature is unlikely, the said assets have been carried at WDV.
- (c) The land for setting up Diesel Engine Plant at Ranchi was obtained free of cost from Heavy Engineering Corporation Ltd., Ranchi. Deed for transfer of land is yet to be executed and status quo is being maintained.
13. **ICD to Hindustan Cables Ltd:-** An amount of ` 457.75 lakhs (` 200 lakhs as Principal and ` 257.75 lakhs as interest) was outstanding as on 31st Mar 02 from Hindustan Cables Ltd (HCL), which is a sick PSU. As the case was registered by BIFR, full provision was made in the Accounts of 2003-04. As per directive of BRPSE, the revival scheme as prepared by HCL's consultants was put up before Dept. of Heavy Industry, BRPSE & BIFR. Dept. of Heavy Industries (DHI) made advertisement inviting expression of interest from interested PSUs for joint venture formation. In response, Rashtriya Ispat Nigam Ltd. (RINL) had shown interest in HCL's Hyderabad Unit. HCL has informed that recently Ordnance Factory Board (OFB) has shown keen interest for taking over all units of HCL and discussions are currently in progress both with OFB and RINL. No modalities however, have been decided yet. HCL has confirmed that GRSE's dues will be taken care of in the Restructuring Scheme.
14. The expenditure during 2010-2011 on Public Relations and Publicity amounted to Rs. 229.24 lakhs comprising of (i) Salaries ` 6.92 lakhs and (ii) other items of expenditure ` 222.32 lakhs (Previous year ` 3.84 lakhs and ` 156.90 lakhs respectively).
15. Figures for the previous year have been re-grouped/re-arranged wherever necessary to correspond to those of the current year.
16. Segment Report – Annexure A.

Sd/-

S. Mahapatra
Company Secretary

Sd/-

K.K. Rai
Director (Finance)

Sd/-

Rear Admiral K.C.Sekhar (Retd)
Chairman & Managing Director

Kolkata
20th July, 2011



ANNEXURE - A

SEGMENT REPORTING

Particulars	Year : 2010-11					Year : 2009-10				
	Total Company	Ship	B&D Spares	Engg	Engine	Total Company	Ship	B&D Spares	Engg	Engine
A SEGMENT REVENUE										
Sales to External Customers	54621.86	35199.99	11094.29	6963.91	1363.67	42013.97	19707.73	14816.60	5908.43	1581.21
+/- Increase/Decrease in WIP	50708.32	50272.62	-	544.99	-109.29	44647.93	44667.54	-	168.90	-188.50
VOP (Excluding Scrap)	105330.18	85472.61	11094.29	7508.90	1254.38	86661.90	64375.27	14816.60	6077.33	1392.70
Inter Transfer	0.00-	-307.86	-	10.18	297.68	-3501.50	-	-	135.91	3365.59
B SEGMENT RESULTS										
VOP (Excluding Scrap)	105330.18	85472.61	11094.29	7508.90	1254.38	86661.90	64375.27	14816.60	6077.33	1392.70
Less : COP	96405.14	79595.12	10322.48	5550.41	937.13	80153.46	61553.99	13783.79	4176.07	639.61
Less : Segment Expenses & Provisions	8925.04	5877.49	771.81	1958.49	317.25	6508.44	2821.28	1032.81	1901.26	753.09
Segment Results	9284.53	6480.00	771.81	1719.50	313.22	-406.86	-727.18	-	271.58	48.74
C PROFIT BEFORE TAX										
Other Revenues	10544.25					10549.87				
Less : Liability/Prov.no longer reqd.	999.79					1123.25				
Scrap Sale	451.37					412.57				
Segment Result Profit/Loss	9284.53					6915.30				
Less : Unallocated Expenses (Net)	19280.36					16754.49				
Interest	2791.00					3448.93				
Prior Period adjustment	150.11					622.72				
Less : Retirement Loss	57.18					-289.56				
Profit Before Tax	2998.29					3783.06				
	5.76					-101.59				
	16276.31					13073.02				



ANNEXURE - A

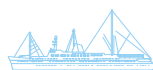
SEGMENT REPORTING (Contd.)

Particulars	Year : 2010-11					Year : 2009-10				
	Total Company	Ship	B&D Spares	Engg	Engine	Total Company	Ship	B&D Spares	Engg	Engine
D SEGMENT ASSETS @										
NET BLOCK	17402.14	16447.66	-	560.46	394.02	14897.45	13881.15	-	597.67	418.63
CAPITAL WIP	12144.06	12144.06	-	-	-	11220.03	11220.02	-	0.01	-
FIXED ASSETS **	29546.20	28591.72	-	560.46	394.02	26117.48	25101.17	-	597.68	418.63
CURRENT ASSETS										
SUNDRY DEBTORS (NET)*	14299.94	7455.10	1955.03	4209.45	680.36	10555.51	2520.94	4104.39	2658.61	1271.57
OTHERS	335221.97	-	-	-	-	291888.41	-	-	-	-
TOTAL CURRENT ASSETS	349521.91					302443.92				
INVESTMENT	0.44					0.44				
E SEGMENT LIABILITIES										
CURRENT LIABILITIES & PROV.	311013.22					269731.32				
F CAPITAL EMPLOYED	55910.83					47610.05				
G ADDITION TO SEGMENT ASSETS										
ADDITION TO GROSS BLOCK (Net)	3774.89	3774.11	-	0.10	0.68	518.94	513.00	-	26.32	-20.38
ADDITION TO CAPITAL WIP (Net)	924.03	924.04	-	-0.01	0.00	6019.57	6038.78	-	-19.21	0.00
ADDITION TO FIXED ASSET **	4698.92	4698.15	-	0.09	0.68	6538.51	6551.78	-	7.11	-20.38

@ including Corporate, Delhi & Mumbai Office
** includes assets of Corporate Office and other assets not specific to Activities

NOTES

- Generally liabilities are managed at Corporate Office, except for some discharge of liabilities from Ranchi. Control on Debtors/Suppliers' payments in general are exercised by Corporate Office located at Kolkata.
- Some of the Fixed Assets and Debtors are specific to Activities or group of Activities. Such specific Assets /Debtors are marked (*) in the aforesaid table, and separately recorded.
- Labour and other expenses are allocated to jobs on the basis of predetermined recovery rates on the basis of normal cost accounting principles and subject to revision as appropriate. computed
- Transfer price is the price accepted by the internal customer.
- Addition to Gross Block (Net) is exclusive of assets retired.
- Capital Employed is exclusive of Retired Assets.



CASH FLOW STATEMENT

(` in Lakh)

	For the year ended 31-3-2011	For the year ended 31-3-2010
A. Cash flow from operating activities:		
Profit before tax for the year	16276.31	13073.02
Adjustments for -		
Profit on sale of Fixed Assets	(584.80)	(6.97)
Profit on sale of Retired Assets	(30.93)	(13.05)
Interest on Loans, Advances, Investments & Deposits	(2094.76)	(5246.00)
Depreciation	1046.56	761.96
Retirement of Assets - (Profit) / Loss	5.76	(101.59)
Interest	150.11	621.34
Unrealized loss on FE variation	63.63	(78.16)
Prior Period adjustments	57.18	(289.56)
Operating profit before working capital changes	14889.06	8720.99
Adjustments for changes in working capital :		
(INCREASE)/DECREASE in Sundry Debtors	(3744.43)	(853.88)
(INCREASE)/DECREASE in Other Receivables	4590.88	(8547.04)
(INCREASE)/DECREASE in Inventories	(77540.63)	(69296.87)
INCREASE/(DECREASE) in Trade and Other Payables	47066.11	46041.12
	(29628.07)	(32656.67)
Cash generated from/ (used in) operations	(14739.01)	(23935.68)
Taxes Paid (net of refunds)	(5613.04)	(2544.50)
Net cash from operating activities	(20352.05)	(26480.18)
B. Cash flow from Investing activities		
Purchase of fixed assets	(3891.72)	(546.16)
Capital Advance	(812.97)	(4271.70)
Proceeds from Sale of fixed assets	722.46	18.62
Proceeds from Sale of retired fixed assets	33.71	13.71
Net cash used in investing activities	(3948.52)	(4785.53)
C. Cash flow from financing activities:		
Leave Fund	(3577.79)	0.00
Interest received	2645.82	5397.78
Interest paid	(51.45)	(1.38)
Dividend paid	(2476.80)	(2476.80)
Dividend tax paid	(411.37)	(420.83)
Net cash used in financing activities	(3871.59)	2498.77
Net Increase/(Decrease) in Cash & Cash Equivalents	(28172.16)	(28766.94)



**CASH FLOW STATEMENT (Contd.)**

(` in Lakh)

Cash and Cash Equivalents	<u>31.03.11</u>	31.03.10	diff	<u>31.03.11</u>	31.03.10	diff
Cash and Bank Balance (Schedule 6.4)	18566.88	46785.63		46785.63	75476.52	
Less : Margin Money Deposit	178.01	224.60		224.60	148.55	
Cash and Cash Equivalents as above	18388.87	46561.03	(28172.16)	46561.03	75327.97	(28766.94)

Sd/-
S.Mahapatra
Company Secretary

Sd/-
K . K. Rai
Director (Finance)

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

In terms of our report of even date

For **L B Jha & Co.**
Chartered Accountants
(Firm Registration No 301088E)

Sd/-
(K. K. Bhanja)
Partner
(Membership No. 14722)

Kolkata
20th July, 2011



SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF ACCOUNTING :

- (i) The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles accounting standards issued by the Institute of Chartered Accountants of India, as applicable and the relevant provisions of the Companies Act, 1956.
- ii) In preparing the financial statements in conformity with accounting principles generally accepted in India, Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the accounts of revenue and expenses during the reported period. Actual result could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

II. FIXED ASSETS :

- i) Fixed Assets procured by the Company are shown at Cost. Capital Works executed internally are valued at prime cost plus appropriate overheads. No charges for supervision are levied on civil capital projects.

Cost means cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs.

- ii) Software cost is capitalized where it is expected to provide future enduring economic

benefits. Capitalization costs include license fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

- iii) Retirement of Assets: Unserviceable fixed assets are valued at the net realisable value. In case the net realisable value is not available, the same is considered at 5% of original cost as scrap value.

III. DEPRECIATION :

A. Depreciation on Fixed Assets

- (i) Depreciation on Fixed Assets, not being assets mentioned in (ii) to (iv) below, is charged on straight-line method based on Schedule XIV of the Companies Act, 1956 as amended from time to time.
- (ii) Depreciation on software, computer hardware & accessories—
 - a) For assets acquired up to 31 Mar 01 depreciation is charged on straight-line method @ 16.21%.
 - b) In respect of assets acquired after 31 Mar 01, depreciation is charged on straight-line method @ 19% so as to write off 95 % of the original cost on the expiry of 5 years.
- (iii) The rates of depreciation of Furniture, Fixture and office equipment have been applied on straight-line method at @19% w.e.f 1st April 2010.
- (iv) Depreciation on second hand assets –
Depreciation on second hand assets is charged on straight-line method to write off 95% of the cost on the basis of estimated life of asset.



In respect of the additions made during the year, depreciation is charged on pro-rata basis from the month of capitalization

B. Leasehold properties

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

IV IMPAIRMENT OF ASSETS:

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

V. VALUE OF INVENTORIES:

i) (a) Raw materials, stores and spares :

Valued at weighted average rates.

(b) Inplant items :

Valued at standard cost.

ii) Equipment for specific projects :

Valued at cost.

iii) Stores in transit and non-stock items :

Valued at cost.

Note:

(a) Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location. Cost includes taxes and duties and is net of credit under CENVAT and VAT, where applicable.

(b) Inplant items are valued at standard cost for convenience taking into account normal level of activity and regularly reviewed.

iv) Obsolete, slow-moving and defective inventories are identified at the time of physical verification and where necessary provision

is made for such inventories. Stores not moving for 4 years and more are valued at 50% on review.

v) Scrap :

Valued at estimated realisable value.

vi) Inter-transfer items (Pending final transfer) :

At cost, limited to transfer price.

vii) Work-in-progress :

Valuation of work-in-progress is done on the following basis and the term cost includes all overheads.

1. Recognition of revenue – Valuation of Work in Progress

A. Cost Plus Contracts:

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

B. Fixed Price Contracts:

(a) Where profit can be reliably measured:

“At costs incurred up to the reporting date plus profits recognized under percentage completion method in the proportion the actual costs incurred bear to the estimated total cost to completion as on that date”.

(b) Where loss is anticipated:

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



C. Ship Repair Contracts:

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

VI. REVENUE RECOGNITION :

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

(A) SALES :**1. Sales other than Turnkey Projects :**

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

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

2. Sales in case of Turnkey Projects :

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

(B) INTEREST INCOME :

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

VII. GRANTS/SUBSIDY :**(i) Capital Grants / Subsidies**

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

(ii) Revenue Grants / Subsidies

Revenue Grants are credited to Profit & Loss A/c or deducted from the related expenses.

VIII. BORROWING COST

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

IX. INSURANCE CLAIMS :

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



X. TAXES ON INCOME :

Current tax is determined as the amount of tax payable in respect of taxable income for the period and provided for as per the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date.

Deferred tax is recognized on timing difference between taxable income and accounting income subject to consideration of prudence and provided for. Deferred tax assets on unabsorbed depreciation and carrying-forward of losses are not recognized unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

XI. RETIREMENT BENEFITS:

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

Contributions to secure retiral benefits in respect of Provident Funds and Pension based on applicable rules/statutes are made on regular monthly basis and charged to revenue. Provident Fund is administered through duly constituted and approved independent Trust.

(ii) **Gratuity:**

Gratuity Fund is administered through duly constituted independent Trust and yearly contributions on actuarial valuation as determined by LIC are charged to revenue. Any additional provision as may be required, is provided for on the basis of actuarial valuation as per AS-15.

(iii) **Leave Liability:**

Liability towards Earn Leave in respect of all employees is provided based on actuarial valuation as per AS – 15.

(iv) **Voluntary Retirement Scheme:**

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

XII. VARIATION IN FOREIGN EXCHANGE RATES :

- (1) In respect of loans and deferred liabilities, rupee value of foreign exchange liabilities are updated (except where forward cover exists), based on the exchange rates prevailing on the date of the balance sheet or the latest notified exchange rates wherever applicable. If the liabilities are against procurement of capital assets, the difference due to exchange variations is included in the cost of the respective capital assets. If the liabilities are against revenue expenditure, the difference due to exchange variations is accumulated separately and out of it, the amount proportionate to the liabilities discharged during the year is written off/written back to revenue during the year.
- (2) Transactions in foreign currencies (except those in (1) above) (to the extent not covered by forward contracts) are accounted for at the rates of exchange in force at the time of transaction was effected. Current assets and current liabilities denominated in foreign currencies are translated at the rates of exchange ruling on Balance Sheet date. Gain/Loss arising out of fluctuations in exchange rate is accounted for in the Profit and Loss Account.

XIII. LICENCE FEE:

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

XIV. RESEARCH AND DEVELOPMENT :

Capital expenditure on Research and Development is included in fixed assets and revenue expenditure on R&D is charged as expenditure in the year in which it is incurred.

XV. MISCELLANEOUS :

i) **Loose Tools and Tackles :**

- (a) Loose Tools and Tackles are charged to revenue, on issue from stores, if the





cost of the individual items does not exceed ₹ 5000.

- (b) Cost of such tools & tackles individually costing over ₹ 5000 is written off evenly over a period of five years commencing from the year of purchase.

ii) **Materials with contractors :**

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

iii) **Liquidated Damages :**

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

iv) **Guarantee repair :**

Provision for liability made on the basis of estimation.

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

vi) **Advance from customers :**

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

XVI. CLAIMS :

Claims against the company are assessed on the basis of evaluation of facts and legal aspects of the matter involved. Where such assessment indicate probable obligation, adequate provision is made otherwise claims against the company are disclosed as claims not acknowledged as debts.

XVII. SEGMENT REPORTING:

Segments are identified having regard to the dominant source and nature of risk and returns and the internal organization and management structure. Inter-segment revenue are accounted for on the basis of transfer price acceptable to the final customer. Assets pertaining to Corporate Office or not specific to segment activities are separately indicated.

XVIII. PROPOSED DIVIDEND:

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

Sd/-
S.Mahapatra
Company Secretary

Sd/-
K . K. Rai
Director (Finance)

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

Kolkata
20th July, 2011





Annual Report 2010-11

**Garden Reach
Shipbuilders &
Engineers Ltd.**

