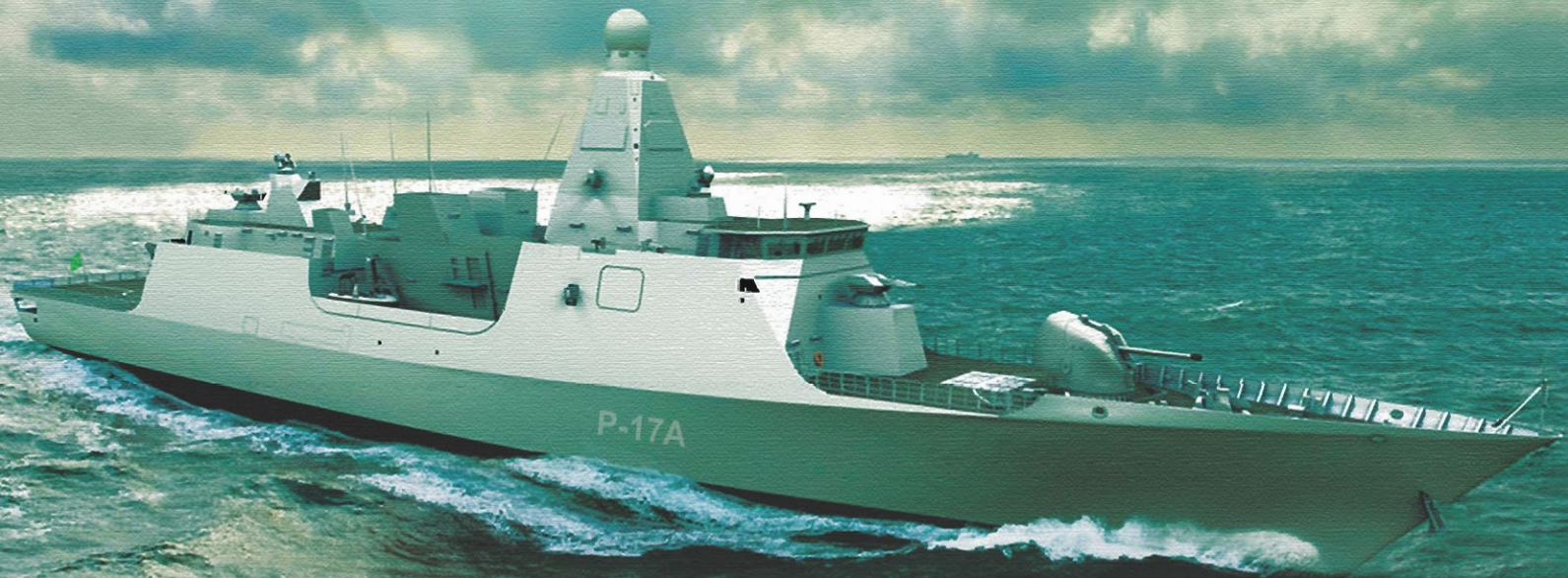




वार्षिक रिपोर्ट ANNUAL REPORT 2015-16

पोतनिर्माण में उत्कृष्टता एवं गुणवत्ता की दिशा में अग्रसर
"In pursuit of Excellence and Quality in Shipbuilding"



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



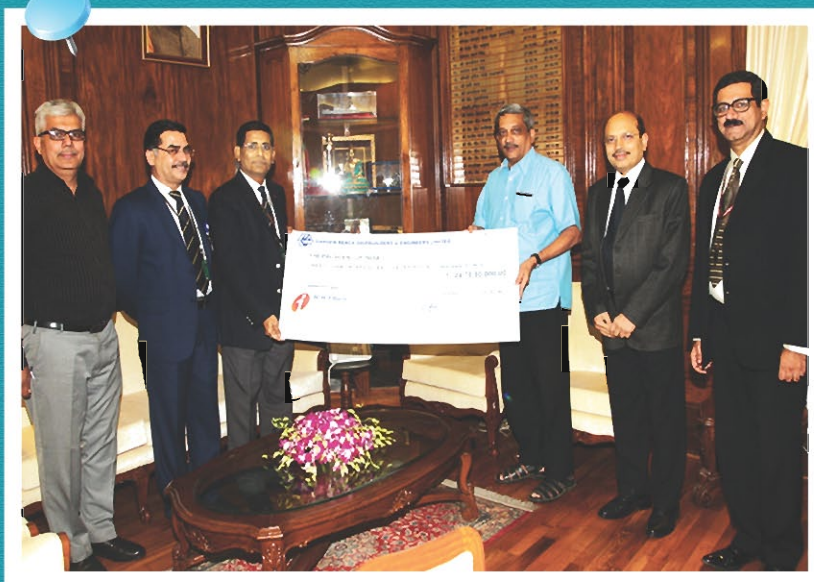
जीआरएसई ने लगातार चौथी बार "सर्वोत्तम कार्य-निष्पादक रक्षा शिपयार्ड अवार्ड" माननीय रक्षा मंत्री श्री मनोहर पर्रीकर से प्राप्त किया

GRSE received "Best Performing Defence Shipyard" Award for fourth time in a row from Hon'ble Raksha Mantri, Shri Manohar Parrikar



जीआरएसई ने भारत के माननीय राष्ट्रपति श्री प्रणब मुखर्जी से राजभाषा कीर्ति पुरस्कार प्राप्त किया

GRSE Received Indira Gandhi Rajbhasha Kirti Puraskar from Hon'ble President of India, Shri Pranab Mukherjee



माननीय रक्षा मंत्री श्री मनोहर पर्रीकर को वर्ष 2014-15 के लिए लाभांश चेक प्रदत्त

Presentation of Dividend Cheque for the year 2014-15 to Hon'ble Raksha Mantri Shri Manohar Parrikar



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

AUTHENTICATED

RAKSHA RAJYA MANTRI



Vision

To become Global Leader in Warship Building

Mission

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

Objectives

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





Contents

Board of Directors	04
Senior Management	07
Financial Highlights	08
Ten Years at a Glance	09
Chairman's Statement	12
Notice	18
Directors' Report	20
Corporate Governance Report	44
Management Discussion and Analysis Report	56
Extract of Annual Return	64
Annual Report on CSR Activities	68
Independent Auditors' Report	75
Comments of the C & AG of India	83
Balance Sheet	84
Statement of Profit & Loss	85
Cash Flow Statement	86
Notes forming part of Financial Statement	88



Board of Directors



Rear Admiral Anil Kumar Verma, IN (Retd.)

RAdm Anil Kumar Verma, VSM, IN (Retd.) (DIN: 05177972) joined the Company as Chairman & Managing Director on 01 Nov 11, after serving in the Indian Navy for 34 years.

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

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

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



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

Shri Ashwani Kumar Mahajan (DIN: 07483427) was appointed as a Part-Time Official Director of the Company w.e.f. 02 Apr 16.

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



Shri Swapan Kumar Mukherjee

Shri Swapan Kumar Mukherjee (DIN: 00011232) has been appointed as an Independent Director on the Board of the Company from 23 Jul 14.

Shri Swapan Kumar Mukherjee is a qualified Cost and Management Accountant by profession (Year of Passing – 1975). After passing the final examination of the then Institute of Cost & Works Accountants of India, he joined Balmer Lawrie & Company Limited as a Trainee in Jan 1976 and superannuated as its Chairman & Managing Director in Dec 2011. Shri Mukherjee specializes in corporate treasury / finance function which, inter alia includes capital structuring, resource generation (equity and debt), optimizing cost of funds and forex risk management.

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



Cmde Muthukrishnan Jitendran, IN (Retd.)

Commodore M Jitendran, VSM, IN (Retd.) (DIN: 00052956) is an Independent Director on the Board of the Company w.e.f. 23 Jul 14.

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



Shri Ajay Bhattacharya, IAS

Shri Ajay Bhattacharya (DIN: 06952980) was inducted to the Board of the Company as an Independent Director from 20 Aug 2014.

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



Cmde Ratnakar Ghosh, IN (Retd.)

Commodore Ratnakar Ghosh, VSM, IN (Retd.) (DIN: 05117526) assumed charge as Director (Shipbuilding) of the Company w.e.f. 23 May 11.

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

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



Shri Sarvjit Singh Dogra

Shri Sarvjit Singh Dogra (DIN: 07052300) joined the Company as Director (Finance) on 31 Dec 14.

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



Shri Asit Kumar Nanda

Shri Asit Kumar Nanda (DIN: 07506042) was appointed as Director (Personnel) of the Company from 03 May 16.

Shri Nanda holds a Bachelor's Degree in Law and a Masters' Degree in Social Work (Specialisation in Personnel Management & Industrial Relations). He is also credited with holding a Post Graduate Diploma in Human Resource Management. He has worked for over three decades in the field of Human Resources Management in Central Public Sector Undertakings viz. ITI Limited, Hindustan Aeronautics Limited & BEML Limited, both at the Manufacturing & Corporate Level. He has vast experience in the development and implementation of strategic HR, OD interventions, Change Management, HR policies & handling various HR processes. Prior to joining GRSE, he was working as Chief General Manager (Human Resources) in BEML.



Independent External Monitors

Smt. Bulbul Sen

Shri Samar Ray

Company Secretary

Shri Sandeep Mahapatra

Bankers

State Bank of India

IDBI Bank

Allahabad Bank

ICICI Bank

HDFC Bank

AXIS Bank

Auditors

G P Agrawal & Co.
Chartered Accountants

Branch Auditor

Poddar & Jain
Chartered Accountants

Registered Office

43/46, Garden Reach Road, Kolkata 700 024

CIN No.: U35111WB1934GOI007891

Website: www.grse.nic.in

Senior Management

RAAdm A K Verma, IN (Retd.)	:	Chairman & Managing Director
Cmde R Ghosh, IN (Retd.)	:	Director (Shipbuilding)
Shri Sarvjit Singh Dogra	:	Director (Finance)
Shri Asit Kumar Nanda	:	Director (Personnel)
Shri Gautam Mandal, IRS	:	Chief Vigilance Officer
Shri Arup Ratan Pal	:	Chief General Manager (HR, Admin, OL, ERP, YM & ES)
Cmde S Mathivanan, IN (Retd.)	:	Chief General Manager (C&CP)
Capt. SKS Kushwaha, IN (Retd.)	:	Chief General Manager (PP&C)
Shri D Vijayam	:	Chief General Manager (Engineering & DEP)
Shri K S Verma	:	General Manager (IEP)
Shri Sidhartha Ray	:	General Manager (Finance)
Shri D Maitra	:	General Manager (Main Works)
Cdr. Soumya Choudhury, IN (Retd.)	:	General Manager (FOJ)
Capt. Jagmohan, IN (Retd.)	:	General Manager (Design)
Shri Venkatesh Murthy	:	General Manager (Material)
Cdr. B Sengupta, IN (Retd.)	:	General Manager (P17A)
Shri A K Mohapatra	:	General Manager (HR)
DIG Subrato Ghosh, ICG (Retd.)	:	General Manager (RBD)
Shri T S Mukherjee	:	Addl. General Manager (Vendor Development)
Shri Sumit Ghosh	:	Addl. General Manager (QA)
Cdr. R N Chattopadhyay, IN (Retd.)	:	Addl. General Manager (Taratala Unit)
Shri Sanat Datta	:	Addl. General Manager (YM & ES)



Financial Highlights



Best Performing Defence Shipyard Award, 2013-14



Best Performing Defence Shipyard Award, 2012-13



Best Performing Defence Shipyard Award, 2011-12



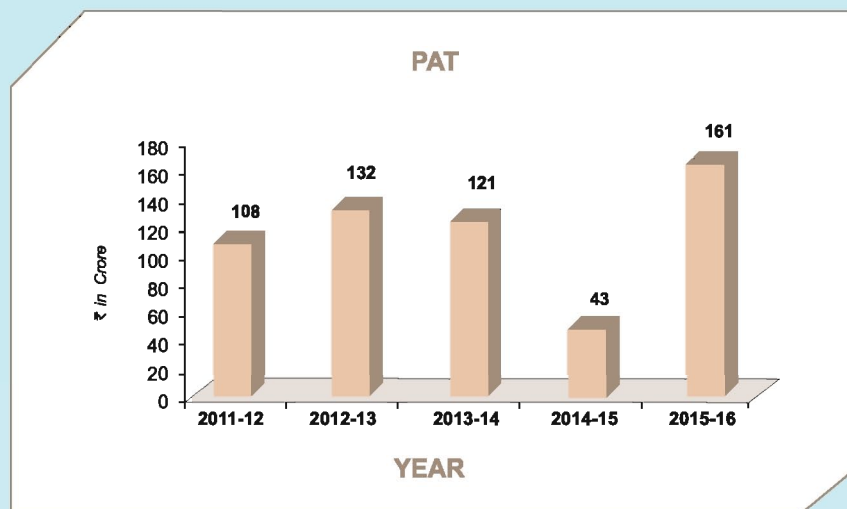
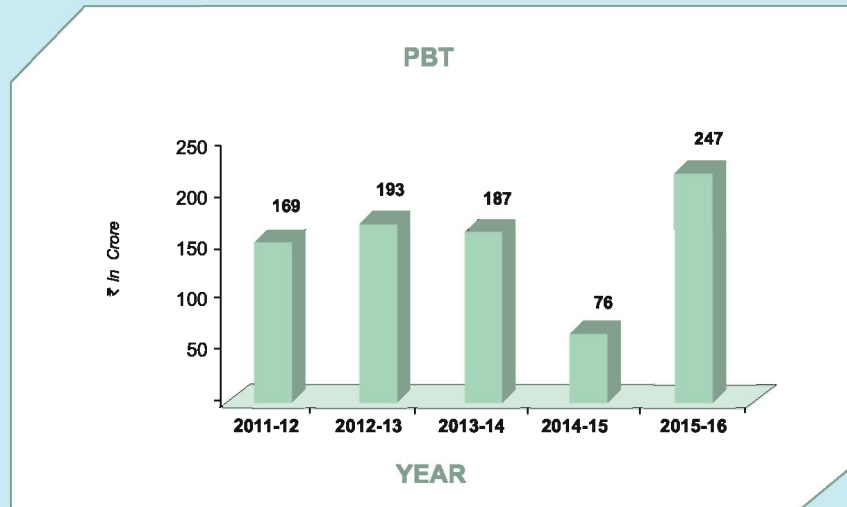
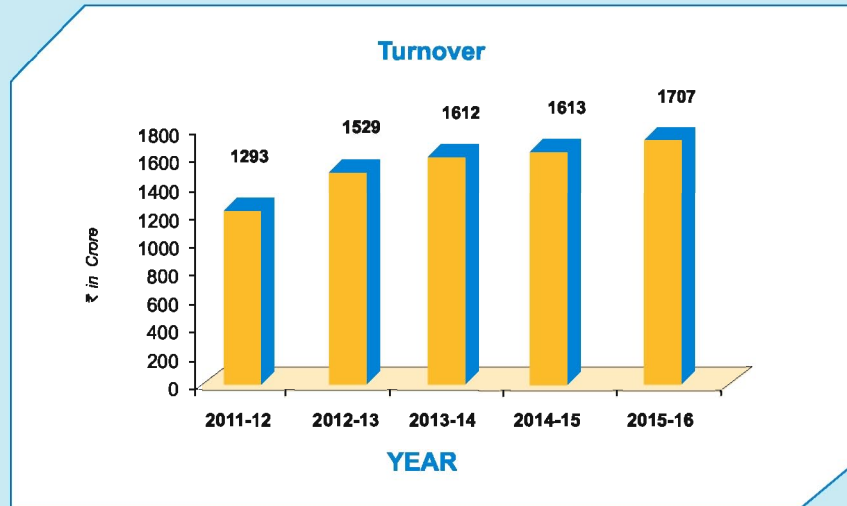
Best Performing Defence Shipyard Award, 2010-11

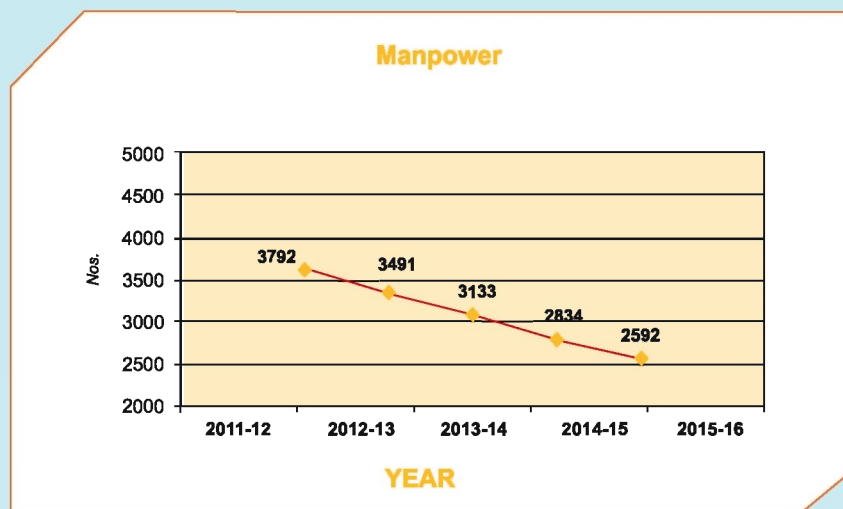
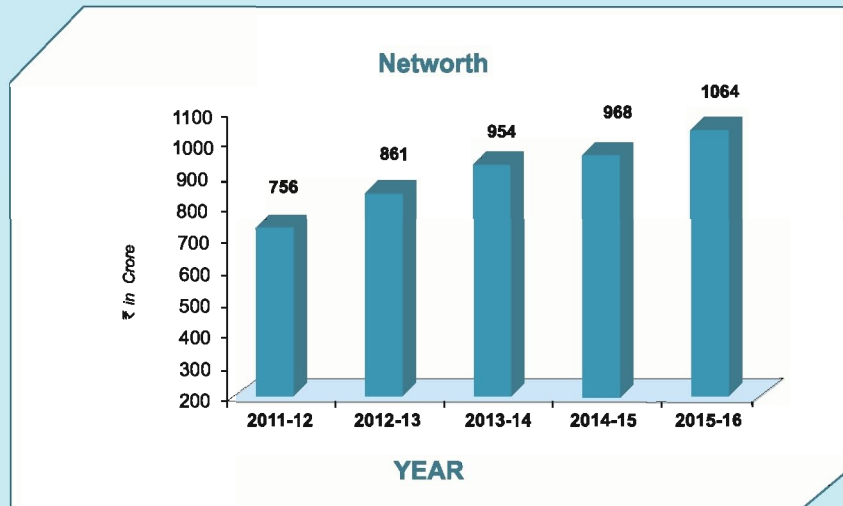
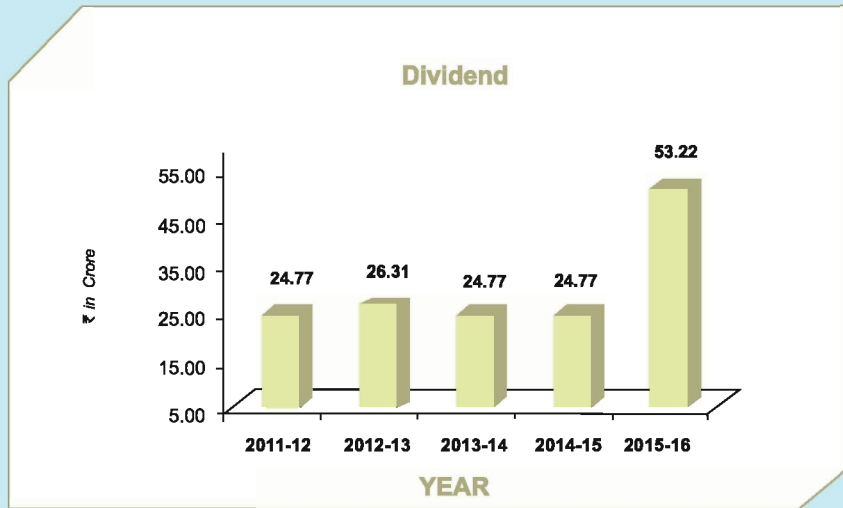
- Value of Production (VoP) / Turnover registered an all-time high of ₹1706.60 crore in 2015-16 against ₹1612.66 crore in 2014-15.
- The highest ever Profit Before Tax of ₹247.11 crore in 2015-16 against ₹76.02 crore in 2014-15. The PBT increased by 225%.
- Profit After Tax rose by 269% from ₹43.45 crore in 2014-15 to ₹160.72 crore in 2015-16.
- Value of Production per employee has increased from ₹56.90 lakh in 2014-15 to ₹65.84 lakh in 2015-16.
- Net Worth has grown from ₹967.75 crore in 2014-15 to ₹1064.41 crore in 2015-16.
- Highest ever dividend of 42.975% on paid-up capital of the Company paid for the Financial Year 2015-16 against 20% for the Financial Year 2014-15.

Ten years at a Glance

(in ₹ lakh)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
FINANCIAL POSITION										
Equity Share Capital	12384	12384	12384	12384	12384	12384	12384	12384	12384	12384
Reserve & Surplus	31862	36425	38692	47255	55947	63872	73948	83196	84391	94057
Net Worth	43816	48412	50685	59239	67932	75619	86094	95373	96775	106441
Capital Employed	41670	46017	45284	47610	55911	60062	75907	91667	90810	102214
Gross Block	24128	24406	25812	26224	29612	30829	42732	53387	56381	56640
Net Fixed Assets	14883	14488	15144	14897	17402	17481	27979	36548	36574	34370
Working Capital	26787	31529	30140	32713	38509	42582	47928	55119	54236	67844
OPERATING RESULTS										
Sales	71374	55665	74062	42427	54622	54506	46434	30819	230805	191043
Cost of Production	53567	47723	64325	80153	96405	110752	138105	146585	154452	160738
Value of Production	64166	57347	67269	87074	105330	129253	152915	161167	161266	170660
Value Added	26021	28075	23353	30771	37868	49613	49609	50463	47702	47117
Profit/(Loss) Before Tax	17504	11040	8898	13075	16276	16935	19315	18723	7602	24711
Provision for Tax	5490	3593	3733	1633	4705	6132	6161	6577	3257	8639
Profit/(Loss) after Tax	12014	7447	5165	11441	11571	10803	13154	12146	4345	16072
APPROPRIATION										
CSR Reserve					228	10			2	0
General Reserve	1201	745	517	1144	1134	1079	1315	1215	435	1607
Proposed Dividend on Equity	2477	2477	2477	2477	2477	2477	2631	2477	2477	5322
Tax on Proposed Dividend	391	421	421	411	402	402	447	421	504	1083
RATIOS										
Gross Profit/ Capital Employed	0.42	0.24	0.20	0.27	0.29	0.28	0.26	0.21	0.08	0.24
PBT/ Production (VOP)	0.27	0.19	0.13	0.15	0.15	0.13	0.13	0.12	0.05	0.14
Production (VOP)/ Capital Employed	1.54	1.25	1.49	1.83	1.88	2.15	2.01	1.76	1.78	1.67
Value Added/ Production (VOP)	0.41	0.49	0.36	0.35	0.36	0.38	0.32	0.31	0.30	0.28
No. of Employees	5126	4971	4768	4345	4117	3792	3491	3133	2834	2592







CHAIRMAN'S STATEMENT

"Indeed, we have come a long way and glories are many that crossed our path. However, our journey towards excellence continues. I believe that the Company's path to success lies in the synergy derived from the commitment of our people to attain the vision of the organization and the constant endeavor to embrace change in terms of technology, work culture and mindset."



Dear Shareholders,

It gives me great pleasure in welcoming all of you to this 100th Annual General Meeting of the Company. This year, as we celebrate the Company's 100th AGM, it gives me great pride to reflect back upon the chequered history of the Company and recognise the enormous progress made by it over the years. From a humble beginning as a Workshop to repair river crafts in 1884, your Company has truly grown to become a trusted name in the defence shipbuilding industry today. However, this did not stop us from exploring other business avenues and today I can proudly say that we have become a Company with diverse product lines, not only in the shipbuilding sector, but also in other businesses.

During the year 2015-16, the Company has indeed scaled new heights and achieved its highest ever Value of Production and Net Profit. I am truly delighted that this year, we have achieved significant milestones in all business units.

Industry Scenario

Delving for a while into the present state of defence shipbuilding scenario, we need to understand that warship building is a very complex activity that has long gestation periods coupled with the need to incorporate the latest technologies and systems that evolve during the

construction period by making necessary changes in existing design. This makes the process even more challenging. Further, with stiff competition emerging from private players in terms of pricing, procurement policies and manpower flexibilities, the advantages available to the defence PSUs have considerably reduced.

However, the Government's thrust on 'Make in India' has infused new life into the shipbuilding landscape. The present Government has announced a plan to grow the country's shipping fleet fourfold—from 10.3 million tonnes (mt) to 43 mt by 2019 and is looking to achieve a target of 5% share of the global shipbuilding market by 2020. Though these are very ambitious targets, pursuit of such targets certainly augurs well for the shipbuilding industry in the country.

Towards this end, the Government has introduced a number of policies aimed at reviving the shipbuilding sector, which has been dominated by high cost structures making it less competitive in the international market place. In January this year, the shipbuilding industry has been granted 'infrastructure status' which is poised to create the right environment for growth of industry to enable it to become globally competitive by reducing the high borrowing costs. Further, as a clear intention to boost the 'Make in India' initiative in the defence sector, and to speed up the procurement process, the Government has revamped the Defence Procurement



Procedure (DDP), applicable from April 2016, which introduces a slew of changes. The DPP-2016, among other things, envisages the imperatives of self-reliance in defence production and accordingly, has introduced a new procurement category called "Buy Indian- IDDM" where IDDM stands for "Indigenously Designed, Developed and Manufactured" and comprehensively revamped 'the Make' procedure. In another move, the Government has exempted the customs and central excise duties on inputs used in ship manufacturing and repair, bringing down the cost disadvantages faced by the Indian Shipyards while building vessels for the domestic market.

In light of these developments and the Government's keen interest in developing and strengthening India's Maritime Sector, a positive atmosphere has been created, the effects of which will be seen in the years to come.

Financial Performance

Now, I would like to take this opportunity to reflect upon the momentous year that it had been for the Company. It has been a year of record performance and growth combined with significant progress of various projects in hand.

It gives me immense pleasure to inform you that during the Financial Year 2015-16, your Company has scaled a new heights in terms of profitability and VoP. For the first time ever, the Company has achieved its highest turnover of ₹1,706.60 crore. The Company's Profit Before Tax (PBT) was recorded as ₹247.11 crore representing a 225% leap over the previous year. The Net Profit (PAT) increased to ₹160.72 crore, which has surpassed the figures of all previous years to establish a new record high. The Company's Net Worth increased from ₹967.75 crore last year to ₹1064.41 crore this year.

The Directors are pleased to recommend highest ever Record dividend @ 42.975% on the Company's paid-up equity capital amounting to ₹53.22 crore (approx.). During the year, the Company has made a contribution of ₹226.08 crore to the National Exchequer by way of payment of dividend, taxes and duties to various Government Agencies.

MoU Rating

In terms of parameters contained in the Memorandum of Understanding signed by your Company with the Government of India for the year 2015 -16, your Company is expected to be rated as "Very Good" in its performance.

Significance Milestones: 2015-16

During the year 2015-16, the Company delivered another major warship to the Indian Navy. The **2nd of the four Indigenous Anti-Submarine Warfare Corvette (ASWC), 'INS Kadmatt' was delivered on 26 Nov 15.** As a conscious endeavor towards the 'Make in India' initiative of the Government of India, the ship has been built with over 90% indigenous content, which is the highest ever achieved in the country. The ship joined the Eastern Fleet of the Indian Navy and also took part in the International Fleet Review (IFR) held at Visakhapatnam on 07 Feb 2016.

In fact, IFR-2016 conducted by the Indian Navy was a major international event where warships from many Navies of the world participated. The Hon'ble President of India Shri Pranab Mukherjee reviewed the International Fleet of Warships that had assembled in a formation at Visakhapatnam. It was also a very proud moment for GRSE because, 16 of the 40 Indian built warships that participated in the IFR were built by your Company. In addition to that, 03 of the foreign Navy / Coast Guard ships that had participated in the event including CGS Barracuda, were also built by your Company. So, all of you can be proud of the significant contribution made by your Company towards indigenous warship design and construction.

Contract for construction of five Fast Patrol Vessels:

Your Company has also bagged the order for construction of 05 nos. of Fast Patrol Vessels (FPVs) for the Indian Coast Guard, worth over ₹370 crore during the financial year 2015-16.

Shipbuilding and Production Performance

The Company's Shipbuilding and Engineering activities have registered a growth due to greater thrust on enhanced productivity, improved quality control and dedicated human resources. The Company is currently executing multiple projects concurrently, including the construction of 02 ASW Corvette, 08 LCU Frigates and 02 FO-WJFAC.

The major targets achieved this year are:

(a) **Delivery of Ships:** During the year, your Company has delivered the 2nd Anti-Submarine Warfare Corvette, 'INS Kadmatt' to the Indian Navy.

The 1st and 3rd Follow-On Water Jet Fast Attack Craft, 'Tarmugli' and 'Tihayu' were also delivered to the Indian



Navy on 16 Apr 16 and 30 Aug 16 respectively. The total ships delivered so far by GRSE are 97. Your Company is sure to cross the delivery mark of 100 ships during FY 2016-17.

(b) **Ships ready for Delivery:** The delivery of the 3rd ASW Corvette, 'INS Kiltan', is in advance stages of fitting out. Further, the first two ships of the Landing Craft Utility (LCU) MK-IV class and the second and fourth Follow-On WJFAC are also progressing well towards their delivery.

(c) **Portable Steel Bridges:** The Bailey Bridge Division of your Company has supplied 70 Bridges during the year, which signifies a growth of more than 53% in monetary terms. Your Company bagged two orders from Border Roads Organisation for supply of a total of 41 bridges. Further, the Company has entered in to an MOU & Rate Contract with Dte Gen of Border Roads for supply of Galvanized Bridges and expecting an order for supply of 17 Bridges. Under the export initiatives of the Company, we have received orders worth ₹4 crore from Bhutan and had fruitful discussions with Myanmar & Peru and expect to supply a good number of bridges during 2016-17. The present order book position of this division is at about ₹110 crore and the future outlook is in favour of the Company.

(d) **Deck Machinery:** It has been an eventful year for the Deck Machinery Unit of the Company. It has successfully supplied 45 different equipment / systems to various projects in different shipyards and to Material Organisations of Indian Navy and Coast Guard. Initiating steps towards Make in India, the Unit has been able to convert 72% of import content into indigenously built. Being the only proven indigenous supplier of such systems, this Unit has also bagged orders for 08 nos. of RLHTS from Private Shipyards.

(e) **Engine Division (Ranchi):** Moving in the direction of expansion, the assembly & test facilities for Marine Engines were modernized with an investment of about ₹10 crore. Consequent to this, a Service Partner Agreement (SPA) was signed with M/s. MTU (India) for undertaking W6 routines of MTU4000, MTU538, MTU396 & MTU183 series engines. The signing of SPA will facilitate more business toward overhauling of engines for DEP Unit in the coming years. Further, the Company is creating an additional production capacity for "Production & Supply of GRSE Portable Steel Bridges" at DEP, Ranchi Unit, which is expected to enhance business activity for the Unit from FY 2016-17 onwards.

Order Book Position

The year under review saw your Company bagging an order for construction of 05 nos. of Fast Patrol Vessel (FPVs) for the Indian Coast Guard worth over ₹370 crore. Further, with the construction of the Project P-17A in the pipeline, the present order book position of the Company is around ₹30,112 crore. Out of these, sales of approximately ₹7,714 crore has been completed and the Balance Order Book is approximately ₹22,398 crore. Though the over-all Order Book position is healthy, since construction of Frigates under P-17A Project with contract value of ₹19,290 crore is presently at design / preparatory stage and actual construction can commence only in Feb 2018, the effective Balance Order Book, executable over the next three years is only ₹3,280 crore. This skewed balance order position, would impose limits on the Value of Production that could be achieved in the next three years, unless new orders which can be executed in the short term are received.

Awards & Accolades

The numerous awards received by the Company during the year speak of its exemplary performance and its persistent efforts to be at the helm of everything we do. The accolades bestowed upon the Company during the year include:

- The Hon'ble Raksha Mantri's "Best Performing Defence Shipyard Award" for the years 2012-13 and 2013-14. Your Company now has the distinction of receiving the Best Performing Defence Shipyard Award for four consecutive years in a row.
- In the Official Language category, your Company received the Rajbhasha Kirti Puraskar - 2nd Prize in 'C' Region for Excellence in Implementation of Official Language Policy for the year 2014-15 under PSU category. Further, GRSE has been awarded the prestigious Rajbhasha Kirti Puraskar – 1st Prize for the year 2015-16 for Excellence in Implementation of Official Language in the Company and the Rajbhasha Kirti Puraskar - 2nd prize for Company's Hindi Magazine Rajbhasha Jagriti under Grih Patrika Puraskar for the year 2015-16.
- Your Company was also conferred the Quality Leadership Award-2015 by Quality Circle Forum of India during the Annual Convention held on 22 Sep 15.
- Adding another feather to the cap, your Company received the National Talent Management Leadership



Award 2015 in the **Category - Best Onboarding Program** on 24 Jul 15 from World HRD Congress.

Future Outlook – Vision 2025

Major Initiatives: GRSE is actively pursuing its goal to become a “World Class Shipbuilding and Engineering Company”. Following are some of the specific initiatives that have been taken in the recent past to progress towards above objective:

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

Vendor Development: The key to successful shipbuilding is having a robust Vendor Base. Your Company has adopted this as a thrust area and has carried out 22 vendor development initiatives across the country over the last two years. Presently, around 2400 contractors’ workmen are deployed in GRSE by various contractors. As a result of this Vendor Development drive, the service contractor base - who primarily undertakes shipbuilding related work in your Company, has grown significantly. Further, Vendor Development initiatives of recent years have resulted in significant increase in shipbuilding capacity.

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

- (a) Establishing strategic alliances with other small shipyards to make Pre-outfitted Mega-Hull Blocks for P-17A, at their premises.

- (b) Further widening the vendor base and improving the quality of vendors by conducting Vendor Mela periodically.
- (c) Engaging reputed sub-contractors to undertake fabrication and consolidation of Mega-Blocks inside your Company premises.
- (d) Revamp processes in the Shipyard to make them more amenable for Integrated Construction.

The growth initiatives taken by your Company are aimed to improve quality and reduce build period thereby meeting the stiff timelines as being achieved by leading global players in shipbuilding industry.

Export Initiatives

Buoyed by the response for the first export warship, your Company is seriously exploring the overseas market for its products. Your Company has participated in a global tender for construction of two frigates for the Philippines Navy and is the only Indian Shipyard to have qualified for this international tender with competition from leading global players like Navantia, STX, Daewoo and Hyundai among others. During the final bid process in Mar 2016, your Company had bid aggressively and emerged as LCB-1 (Lowest Calculated Bidder) against competition with Korean Shipyards like Hyundai. A high level Philippine Delegation visited GRSE in Apr 2016-May 2016 for Post Qualification assessment and they were fully satisfied with the infrastructure and shipbuilding capabilities demonstrated by GRSE. However, a minor issue pertaining to computation of NFCC (Net Financial Contracting Capacity) as per the formula specified in the Procurement Regulations of Govt. of Philippines has become an impediment in bagging of the contract. Your Company is still pursuing the matter through Ministry of Defence, Govt. of India and the Indian Ambassador at Manila, in addition to directly pursuing the Philippine Authorities. Further, your Company is also exploring the possibility of exporting Pre-fabricated Steel Bridges to Peru, in addition to Bhutan and Myanmar.

During the year, the Company has also participated in the "Make in India Week", at Mumbai and was able to generate many business leads which are being actively pursued by the Company to convert them into viable Business Partners / Business Opportunities.

Industrial Relations

Industrial Relations situation during the period across all the Units of your Company including DEP, Ranchi,



was generally peaceful and harmonious. Further, the Company has undertaken various HR initiatives during the year for sustaining and developing human resources. A 360 Degree feedback leadership development programme was conducted for senior officers. Further, a Management-Union Interface programme was conducted in the Company for discussion on increase in overall performance of the Company.

Health, Safety, Security & Environment

Upholding the "Safety First Safety Must" Mantra, your Company continues to take Workplace Health, Safety, Security & Environment (HSSE) including Sustainable Development as an integral component of its business policies and strategic plans. To ensure smooth and safe operations across locations, each of the critical processes, system and their implementation methodology were reviewed and their monitoring and governance practice were strengthened along with bringing clarity, responsibility and accountability. Renewable Energy and Sustainability are the thrust areas for the Company. During the year, your Company has installed 200kWp grid interactive solar power plant and generating about 2.7 lakh kWh annually.

Corporate Governance

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

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an integral part of the Company's corporate philosophy. Our CSR initiatives reaffirm our belief that addressing societal

needs and business growth go hand-in-hand. The Flagship CSR activities aim to benefit the marginalized sections of the local community through different income generating projects such as to provide employment readiness vocational skills to under privileged women, differently-abled children and local unemployed youth.

Supporting the Nationwide 'Swachh Bharat Abhiyan' which aims at improving cleanliness, your Company has constructed toilets in Local Government Schools. Your Company is also participating in the 'Clean Ganga' drive of the Government of India. Further, the Company has undertaken a cleanliness drive under its 'Swachata Abhiyaan' initiative to implement best practices for cleanliness, housekeeping and hygiene inside the Shipyard.

ACKNOWLEDGEMENTS

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

Thanking you all,

Sd/-

A.K. Verma
Rear Admiral (Retd.)
Kolkata
28th September, 2016 Chairman & Managing Director

100th Annual General Meeting





Notice of 100th Annual General Meeting

NOTICE is hereby given that the 100th Annual General Meeting of the Shareholders of Garden Reach Shipbuilders & Engineers Ltd. will be held on Wednesday, the 28th September, 2016 at 1300 hours at the Registered Office of the Company at 43/46, Garden Reach Road, Kolkata - 700 024 to transact the following businesses :

ORDINARY BUSINESS:

- (a) To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 Mar 2016 and the Reports of the Directors and Auditors thereon.
- (b) To declare Dividend for the financial year 2015-16.
- (c) To fix the remuneration of Auditors to be appointed by the Comptroller & Auditor General of India for the financial year 2016-17.

SPECIAL BUSINESS:

- (d) To ratify the remuneration payable to the Cost Auditors for the financial year ending 31 Mar 17 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) therein or re-enactment thereof, for the time being in force), the remuneration payable, as set out in the Statement annexed to the Notice convening this Meeting, to the Cost Auditors appointed by the Board of Directors of the Company to conduct audit of the cost records of the Company for the financial year ending 31 Mar 2017, be and is hereby ratified.”

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

By Order of the Board
Garden Reach Shipbuilders & Engineers Limited

Sd/-
(Sandeep Mahapatra)
Company Secretary

Date: 27th August, 2016
Place: Kolkata

Notes:

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

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

Item No. (d)

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s. Chatterjee & Co., Cost Accountants as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31 Mar 17 at an audit fees of ₹75,000/- plus taxes and out of pocket expenses.

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

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. (d) of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 Mar 2017.

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

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

By Order of the Board
Garden Reach Shipbuilders & Engineers Limited

Sd/-
(Sandeep Mahapatra)
Company Secretary

Date: 27th August, 2016
Place: Kolkata



Directors' Report

To
The Members,
Garden Reach Shipbuilders & Engineers Limited

1. Your Directors have great pleasure in presenting before you the Annual Report of your Company for the financial year 2015-16.
2. The audited Financial Statements for the financial year 2015-16, together with the Report of the Auditors of your Company, are appended to this Report.

PERFORMANCE HIGHLIGHTS

3. **Turnover / Value of Production:** During the financial year 2015-16, your Company registered an **all-time high** Value of Production ('VOP') of ₹1706.60 crore as against ₹1612.66 crore in the previous year.
4. **Profit Before Tax:** The Company recorded its **highest ever** Profit Before Tax of ₹247.11 crore for FY 2015-16 as against ₹76.02 crore in the previous Year.

GRADING UNDER MEMORANDUM OF UNDERSTANDING WITH DPE

5. Your Company has been rated "Good" in the MoU 2014-15 by the Department of Public Enterprises. The composite score for the year 2014-15 was 3.45.
6. The assessment for the year 2015-16 will be done by DPE on the basis of the Annual Report to be submitted after the Annual General Meeting. As per internal assessment, it is expected that your Company will be rated "**Very Good**" during this year.

AWARDS & RECOGNITIONS

7. Your Company has received the following awards/ recognitions during the year:
 - (a) **Rajbhasha Kirti Puraskar:** Your Company received the **Rajbhasha Kirti Puraskar - 2nd Prize in 'C' Region for Excellence in Implementation of Official Language Policy for the year 2014-15** under PSU category. The



award was presented by **Hon'ble President of India, Shri Pranab Mukherjee to Rear Admiral A.K.Verma, VSM, IN (Retd.), Chairman & Managing Director, GRSE**, during the Hindi Day Ceremony held on 14 Sep 15 at Vigyan Bhawan, New Delhi. Home Minister, Shri Rajnath Singh, Minister of State for Home, Shri Kiren Rijiju, Minister of State for Home, Shri Haribhai Parthibhai Chaudhary and Secretary (OL) Shri Girish Shankar, IAS, were also present on the occasion.

- (b) **“Best Performing Defence Shipyard” Award:** Your Company has once again been **adjudged as the Best Performing Defence Shipyard for the years 2012-13 and 2013-14**. The trophies for the Best Performing Defence Shipyard for the two years was handed over by **Shri Manohar Parrikar, Hon'ble Raksha Mantri to Rear Admiral A.K. Verma, VSM, IN (Retd.), Chairman & Managing Director, GRSE**, at a glittering ceremony held on 27 Jan 16 at DRDO Bhawan, New Delhi. The Chiefs of all three Services, Secretary (Defence Production), Secretary (R&D) and senior officials

from OFB and Defence PSUs graced the occasion. Cmde R Ghosh (Retd.), Director (Shipbuilding), GRSE, Shri R.C. Nautiyal, Director (Personnel), GRSE and Shri S.S. Dogra, Director (Finance), GRSE, were also present to receive the Trophy.

Your Company had previously won the Best Performing Defence Shipyard Trophy for the years 2010-11 and 2011-12 as well. **The Company now has the distinction of having received the Trophy for four years in a row.**

- (c) **Quality Leadership Award 2015:** The Quality Leadership Award-2015 was conferred on your Company by **Quality Circle Forum of India** during the Annual Convention held on 22 Sep 15. The award was conferred in recognition of the **excellent leadership provided by Rear Admiral A. K. Verma, Chairman & Managing Director, in improving Quality of Shipbuilding by revamping Quality Circle movement at grass root level, by involving employees through regular encouragement and motivation.**





(d) **National Talent Management Leadership Award 2015:** Your Company received the National Talent Management Leadership Award 2015 in the **Category - Best Onboarding Program** on 24 July 15 from World HRD Congress.

DELIVERY

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

Ship Division

SI. No.	Type	Remarks
(i)	2 nd Anti-Submarine Warfare Corvette, "INS Kadmatt"	Delivered on 26 Nov 15

Engineering Division

SI. No.	Product	Nos.
(i)	Bailey Bridge	70
(ii)	Deck Machinery & Pump	45

Engine Division

SI. No.	Product	Nos.
(i)	Engines & Machinery Items	2

SIGNIFICANT ACHIEVEMENTS DURING THE FINANCIAL YEAR 2015-16

Deliveries of Ships:

9. During the year under review, your Company has delivered the Second Ship of the Anti-Submarine Warfare Corvette (ASWC) class, 'INS Kadmatt' to Indian Navy on 26 Nov 15. The ship was commissioned by Admiral RK Dhowan, PVSM, AVSM, YSM, ADC, Chief of the Naval Staff, on 07 Jan 16 at Visakhapatnam. Vice Admiral Satish Soni, AVSM, NM, ADC, Vice Admiral GS Pabby, AVSM, VSM, CWP&A IHQ (Navy) and other dignitaries of the Central & State Govt. were present on the occasion. With the commissioning of INS Kadmatt, your Company has delivered another frontline warship to the Indian Navy having over 90% indigenous content. The ship has joined the Eastern Fleet of the Indian Navy and took part in the International Fleet Review held at Visakhapatnam during 04-08 Feb 16.



New Order:

10. Your Company has bagged an order for the construction of 05 nos. of Fast Patrol Vessel (FPVs) for the Indian Coast Guard. The contract for same was signed on 07 Mar 16. This order is worth over ₹370 crore and are being planned to be built at the Rajabagan Dockyard (RBD) Unit of the Company.

Major Project in Progress:

11. The third ship of the ASWC class, INS 'Kiltan' (GRSE Yard 3019) is in advanced stage of fitting out and presently the DG and Auxiliary trials are being carried out. The Sea trials of the ship are scheduled in Sep 16. GRSE is confident to hand over this ship to Indian Navy during FY 2016-17.
12. The First ship of Landing Craft Utility (LCU) MK-IV class, 'L-51' (GRSE Yard 2092) is in her advanced stage of readiness and GRSE is confident to hand over this ship to Indian Navy during financial year 2016-17.
13. Second ship of LCU MK-IV class, 'L-52' (GRSE Yard 2093) is also in her advanced stage of fitting out and presently setting to work and trials of DGs, AC plants and Steering Gear are being carried out. The ship is planned to be delivered during financial year 2016-17

Launching:

14. Yard 3020, the fourth and last ship of the ASWC class was launched with a grand ceremony by Smt. Manita Singh, wife of Hon'ble Raksha Rajya Mantri, Rao Inderjit Singh on 19 May 2015 in the august presence of Admiral RK Dhowan, PVSM, AVSM, YSM, ADC, Chief of the Naval Staff, Vice Admiral Satish Soni, AVSM, NM, ADC and other dignitaries of the Central & State Governments.



15. The first three Follow-On Water Jet Fast Attack Crafts (FO-WJFAC) (GRSE Yards 2109, 2110 & 2111) were launched at RBD Unit by Smt. Medha Murugesan, wife of VAdm P Murugesan, AVSM, VSM, Vice Chief of Naval Staff on 30 June 15.
16. The Fifth & Sixth ship of LCU MK-IV class of ships, GRSE Yards 2096 & 2097 were launched by Smt. Rohini Subhedar, wife of Vice Admiral AV Subhedar, AVSM, VSM, Chief of Materiel and Mrs. Seema Verma, wife of Vice Admiral Bimal Verma, Commander-in Chief, Andaman and Nicobar Command on 07 Dec 15 & 12 Mar 16 respectively.



Keel Laying:

17. Keel of the eighth and last LCU, GRSE Yard 2099 for Indian Navy was laid on 31 Aug 15 at the Main Unit and the Keel for the fourth and last FO-WJFAC, GRSE Yard 2112 was laid on 24 Sep 15 in the Raja Bagan Dockyard Unit of the Company.





OPERATING RESULTS

18. The summarized operating results for the financial years 2015-16 and 2014-15 are given below:

(₹ in crore)

Particulars	2015-16	2014-15
Value of Production	1706.60	1612.66
Sales	1910.43	2308.05
Profit Before Depreciation, Interest and Tax	275.71	104.45
Interest	0.80	1.32
Depreciation	27.80	27.11
Profit Before Tax	247.11	76.02
Provision for Tax	86.39	32.57
Profit After Tax	160.72	43.45

19. The financial position of your Company as on 31 March 2016 and 31 March 2015 is shown below:

(₹ in crore)

Particulars	As on 31 Mar 16	As on 31 Mar 15
Capital Employed	1022.14	908.10
Gross Block	566.40	563.81
Net Block	343.70	365.74
Working Capital	678.44	542.35
Net Worth	1064.41	967.75
Value Added	471.17	477.02
Ratios: (%)		
Profit before interest and tax:	24.25	8.52
Capital Employed (%)		
Profit after tax: Net Worth(%)	15.09	4.50

VALUE OF PRODUCTION & SALES

20. During the financial year under review, your Company achieved the highest ever VOP of ₹1706.60 crore as against ₹1612.66 crore during the previous year. The Sales for the year amounted to ₹1910.43 crore as against ₹2308.05 crore during the previous year.

21. The comparative VOP for the three Main Divisions are as follows:

(₹ in crore)

Year	Ship Division	Engineering Division	Engine Division	Total
2015-16	1577.98	109.79	18.83	1706.60
2014-15	1531.54	71.62	9.50	1612.66
2013-14	1560.44	47.40	3.83	1611.67

22. The comparative Sales for three Main Divisions are as follows:

(₹ in crore)

Year	Ship Division	Engineering Division	Engine Division	Total
2015-16	1741.63	102.96	65.84	1910.43
2014-15	2190.92	54.51	62.62	2308.05
2013-14	263.69	41.94	2.56	308.19

PROFIT BEFORE TAX

23. Your Company earned its highest ever Profit Before Tax of ₹247.11 crore as against ₹76.02 crore in the previous year and Net Profit of ₹160.72 crore as compared to ₹43.45 crore in the previous year.

NET WORTH

24. During the year under review, the Net Worth of your Company increased to ₹1064.41 crore from ₹967.75 crore in the previous year, representing an increase of almost 10%.

VALUE ADDITION

25. The Value Added during the financial year under review was ₹471.17 crore as against ₹477.02 crore during the previous year. The Value Added per Employee was ₹18.17 lakh as compared to ₹16.83 lakh during the previous year.

APPROPRIATIONS & DIVIDEND

26. Considering the financial performance of your Company in the year 2015-16, the Directors are pleased to recommend the following appropriations from the disposable surplus:

(₹ in crore)

Net Profit After Tax	160.72
Less :	
Transfer to General Reserve	16.07
Dividend of 42.975% on the Paid-up Capital	53.22
Dividend Tax	10.83
Balance retained in Statement of Profit & Loss	80.60

CONTRIBUTION TO EXCHEQUER

27. Your Company has made a contribution of ₹201.36 crore to the National Exchequer during the financial year 2015-16 as detailed below:

		(₹ in crore)
(a)	Income Tax, Wealth Tax & Dividend Tax	68.43
(b)	Customs Duty	0.03
(c)	Excise Duty	4.16
(d)	Sales Tax (Including Entry Tax)	125.09
(e)	Service Tax	3.65
TOTAL		201.36

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

28. The Authorized Equity Share Capital of your Company as on 31 Mar 16 was ₹125 crore. During the year under review, the Government of India did not make any fresh investments in the Share Capital of your Company. Consequently, the Paid-up Equity Share Capital as on 31 Mar 16 remained the same at ₹123.84 crore.

LOANS FROM THE GOVERNMENT

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

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

EXPENDITURE ON ENTERTAINMENT AND FOREIGN TRAVEL

31. Expenditure on business promotion abroad during the year was ₹1.08 crore (approx.). An amount of ₹0.22 crore (approx.) was spent on foreign travel by your Company's Executives for export promotion and for business visits.

FOREIGN EXCHANGE EARNINGS & OUTGO

32. The information in respect of Foreign Exchange Earnings and Outgo is contained in Note 29.17 (a) & (b) of the Financial Statements.

ICD TO HINDUSTAN CABLES LTD.

33. An amount of ₹4.58 crore (₹2 crore as Principal and ₹2.58 crore as Interest) was outstanding as on 31 Mar 02 from Hindustan Cables Ltd. (HCL), which is a sick PSU. As the case was registered by BIFR, full provision was made in the Accounts of 2003-04. As per directive of BRPSE, the revival scheme as prepared by HCL's consultants was put up before Department of Heavy Industry (DHI), BRPSE & BIFR.

MICRO, SMALL AND MEDIUM ENTERPRISES

34. Your Company has been providing increased thrust on enhancing procurement from Micro, Small and Medium Enterprises (MSMEs) and has implemented the Public Procurement Policy for MSMEs issued by the Ministry of MSMEs. Your Company extends technical guidance and requisite support to these industries wherever required. Your Company is regularly conducting MSME Vendor Development programmes in association with CII and MSME Ministry, Govt. of West Bengal. Our quality control personnel visits these industries to assist and ensure that the quality of the products meet the requisite standards.



35. During 2015-16, your Company procured items worth ₹63.52 crore from the MSMEs, which is approx. 4.44% of the total annual procurement value. List of items reserved for MSMEs procurement is available on your Company's website at http://www.grse.nic.in/mse_notice_website.pdf.



AUDITORS

36. The Comptroller & Auditor General of India have, under Section 139(5) of the Companies Act, 2013, appointed M/s. G P Agrawal & Co., Chartered Accountants, Kolkata, as the Statutory Auditors for your Company and M/s. Sinha & Ghelani, Chartered Accountants, as Branch Auditors for the Diesel Engine Plant, Ranchi, for the year 2015-16.
37. The Comments of the C&AG u/s. 143(6) of the Companies Act, 2013, on the Financial Statements of the Company for financial year 2015-16 will be appended on receipt.

COST AUDITORS

38. Pursuant to Section 148 of the Companies Act, 2013 and the Companies (Cost Record and Audit) Rules, 2014, the Board of Directors of your Company has appointed M/s. Chatterjee & Co., Cost Accountants, Kolkata, as the Cost Auditors of your Company for the financial year 2015-16 to conduct audit of cost records maintained by your Company.

MANPOWER

39. The total Manpower strength under permanent roll of the Company as on 31 Mar 16 was 2592 including 496 Officers. A total of 3 employees (Supervisors) are working in the Company under contractual service. During the previous quarter ended 31 Dec 15, a total of 2625 employees were borne in the roll of the Company including 3 employees on contractual service. Statements showing the representation of SC/ST/Women etc. as on 31 Dec 15 as well as the total recruitment made during the period from Jan 15 to Dec 15 are given at **Appendix - "A" and "B"** respectively.
40. Your Company has no employee covered under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CORPORATE GOVERNANCE

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

Governance along with Compliance Certificate from M/s. Maheshwari R & Associates, Practicing Company Secretaries, as required under the said Guidelines has been placed at **Appendix - "C"** hereto.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

BOARD OF DIRECTORS

43. The following Directors ceased to be Members of the Board of your Company during the period under review:

(a) VAdm A V Subhedar, AVSM, VSM, IN
Controller of Warship Production & Acquisition
Part-Time Government Director

(b) Shri Bharat Khara, IAS
Part-Time Government Director

44. The Board placed on record its deep appreciation for the valuable contributions made by the outgoing Directors during the tenure of their association with your Company.
45. No new Directors were appointed to the Board of your Company during the financial year 2015-16.
46. Your Company has received declarations from all the Independent Directors of your Company confirming that they meet the criteria of independence as prescribed under both, the Companies Act, 2013 and the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises.

MEETINGS OF THE BOARD

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

DISCLOSURES

CSR & Sustainability Committee

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

Audit Committee

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

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

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

Vigil Mechanism

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

EXTRACT OF ANNUAL RETURN

51. The extract of Annual Return of your Company for the financial year 2015-16 in **Form MGT 9**, as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Appendix - "E"** to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts for the year ended 31 March, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013, had been followed and there are no material departures from the same;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31 March, 2016 and of the profit of your Company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a 'going concern' basis; and
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all the applicable laws and that such systems are adequate and operating effectively.

RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROLS

53. Your Company has in place a Risk Management Policy in line with the DPE Guidelines on Corporate Governance for CPSEs to ensure the integration and alignment of the risk management system with the corporate and operational objectives. A Risk Management Steering Committee (RMSC) constituted under the Policy has been entrusted with the responsibility to identify and monitor the risks associated with the business of your Company and take mitigating actions for addressing those risks. The RMSC is assisted by various Risk Management Committees formed under the respective functional CGMs / GMs / In-charges, which evaluates the risks identified in their respective areas of operation.

54. Internal Control Systems in your Company are commensurate with the nature of its business and the size & complexity of its operations. These



systems are routinely tested and certified by Statutory as well as Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of your Company's internal control environment and monitors the implementation of audit recommendations.

PERFORMANCE OF SHIP DIVISION

55. It is a great honour for GRSE to deliver two consecutive Anti-Submarine Warfare Corvettes in consecutive Financial Years 2014-15 & 2015-16. These two ships of this prestigious indigenous order were built in old Inclined Berth at Main Works and fitted out at FOJ unit with the continuous dedication and expertise of GRSE personnel.
56. With the commissioning of modernisation facilities at Main Yard, shipbuilding capacity of the Company has been doubled. The utilization of newly commissioned facilities was started from the construction of OPV for Govt. of Mauritius (CGS Barracuda) by launching the ship from the new Inclined Berth and fitting her out in the new Dry Dock as well as at the new Fitting Out Jetty. Presently, the new facilities are being used for pre-launch construction activities of last two LCUs (GRSE Yards 2098 & 2099) and post launch activities of 04 nos. LCUs (GRSE Yards 2092, 2093, 2096 & 2097). The Module Hall created is being used for Integrated Construction work of mega hull blocks of LCU project.
57. Last year, your Company has taken an initiative to implement Integrated Construction Technology in Mega Hull Block B1 + B2 + B3 on LCU Yard 2098 using modernised facility at Module Hall & Paint Cell. GRSE has achieved 39% out-fitting against a target of 33% out-fitting. This achievement resulted in reduction of approximately 02 months in build period against conventional out-fitting at construction site due to climate constraint. Pre-outfitting work at block stage, analysis of detail work package, unremitting monitoring on material status & project activities, continuous interaction with sub-contractors, yard representatives and constant dedication of all employees are the key factors behind this achievement.

58. Following major cardinal events were achieved during the financial year 2015-16:

Delivered Ships

Sl. No.	Ship	Yard	Delivery
1.	2 nd Anti-Submarine Warfare Corvette, 'INS Kadmatt'	3018	26 Nov 15

Ships Launched

Sl. No.	Ship	Yard	Date
1	4 th ASWC, 'INS Kavaratti'	3020	19 May 15
2	5 th LCU, 'L-55'	2096	07 Dec 15
3	6 th LCU, 'L-56'	2097	12 Mar 16
4	1 st FO-WJFAC, 'INS Tarmugli'	2109	30 Jun 15
5	2 nd FO-WJFAC, 'INS Tillanchang'	2110	30 Jun 15
6	3 rd FO-WJFAC, 'INS Tihayu'	2111	30 Jun 15

Keel Laying of Ships

Sl. No.	Ship	Yard	Date
1	8 th LCU	2099	31 Aug 15
2	4 th FO-WJFAC	2112	24 Sep 15

FUTURE OUTLOOK

59. Your Company is confident to enhance its performance by producing ships at regular intervals. In order to ensure continuous improvement in performance, your Company has delivered the 1st Ship of FO-WJFAC Class, 'INS Tarmugli' to Indian Navy at the beginning of FY 2016-17. The ship was handed over to Indian Navy on 16 Apr 16. Your Company is confident about handing over the next ship of this series by first quarter of financial year 2016-17.
60. Modernisation facilities at Main Yard have enhanced facilities for Integrated Construction which will result in considerable reduction in build period of ships. Integrated Construction Technology has now been adopted for construction of Yard 2098 using in-house know how. This will pave the way for adopting this technology for all future warship



construction in the Shipyard. In order to adopt Integrated Construction Technology for the construction of P-17A ships, a contract for Know How Provider for Technology Upgradation and Capacity Enhancement has been concluded between MDL and M/s. Fincantieri, Italy, of which your Company is a beneficiary. This will enable your Company to improve quality and reduce build period, thereby meeting the stiff timelines as being achieved by leading global players in shipbuilding industry. The training for Integrated Construction is presently underway in phases in Fincantieri, Italy. Also, the detailed Build Strategy for Integrated Construction is under preparation by the KHP.

61. Your Company is fully committed to build quality ships for Indian Navy, Indian Coast Guard & export orders. With takeover of Rajabagan Dockyard (RBD), the Company has become the biggest Defence Shipyard in India. RBD has been refurbished and converted into a full-fledged shipyard from where a number of ships have already been delivered to Indian Navy & Indian Coast Guard and more ships will roll out in future. In RBD, the production line for construction of IPV / WJFAC class of ships has been streamlined with an aim of delivering one ship at every two months interval. With this, your Company is the only DPSU Shipyard established with two independent production lines for big ships as well as small ships. The RBD unit will be the most important unit for executing construction of the 05 new FPVs for which contract was awarded in financial year 2015-16.
62. At the same time, the Shipyard is also developing the RBD unit as a major hub for undertaking fabrication and outfitting work such as plumbing, cabling, hull outfit etc. by sub-contractors. Towards this, demolition of old buildings and development of area is underway. Further, your Company has planned to set up an additional Pipe manufacturing facility in this Unit.
63. Your Company is also developing the outsourcing base with adequate quality assurance coverage for hull fabrication, plumbing, cabling, hull outfit, machinery etc. to further strengthen the efforts being made by the Company for meeting delivery schedules and to achieve higher customer satisfaction.
64. In order to have a quantum increase in the capacity of the sub-contractors, the Company has planned a new strategy for bringing in private shipyards and

other major players. Towards this effort, your Company has ventured upon outsourcing the complete outfitting work as a composite turn-key job on Yards 2098 & 2099 (last two LCU ships) and Yard 3020 (ASWC). The successful implementation of this strategy will pave way for implementation of the Company's plan for sourcing mega block for P-17A project.

65. In order to meet the demand of Project P-17A ships, steel throughput needs to be increased considerably. Accordingly, new sub-contractors for fabrication and erection of hull blocks are also being developed to meet the demand. Latest technology for in-house fabrication and erection of blocks is planned to be adopted to increase productivity.
66. To facilitate construction of future projects, including Project P-17A, by Integrated Construction Technology and also to cater for the significant increase in demand of steel throughput, your Company is working towards creation of a new mega Hull Block fabrication facility with suitable EOT cranes and other infrastructure facilities at RBD. This facility would be capable of fabricating at least four mega blocks concurrently. The facility will also cater to all needs pertaining to outfitting jobs in these mega blocks. The fabricated & outfitted blocks will be transported through river to the Main Yard.
67. As on 31 Mar 2016, your Company has orders for construction of 22 ships, namely 02 ASWCs, 08 LCUs, 04 WJFACs, 03 P-17A Stealth Frigates and 05 FPVs. Out of them, 14 ships (08 LCUs, 04 WJFACs & 02 ASWCs) are presently under construction and are likely to be delivered by 2017-18.
68. Your Company is seriously exploring the overseas market for its products. Your Company has participated in a global tender for construction of two frigates for the Philippines Navy and is the only Indian Shipyard to not only have qualified for this international tender with competition from leading global players like Navantia, STX, Daewoo and Hyundai among others, but also emerged as LCB-1 (Lowest Calculated Bidder) in the Bid Process overcoming tough competition from Hyundai Heavy Industries. Subsequently, a delegation from the Department of National Defense/Philippine Navy visited your Company during the period from 30 Apr 16 to 08 May 16, for post qualification assessment.



69. The Philippine delegation was fully satisfied with the infrastructure facilities and shipbuilding capabilities / processes of the Company. However, they have communicated that the Company was not fully compliant with the working capital norms as specified in the Philippines Procurement Rules. The Company is making all further efforts to convince them of its capabilities to bag the prestigious order.
70. Further, your Company is also exploring the possibility of exporting Pre-fabricated Steel Bridges to Peru and Myanmar apart from Bhutan.
71. Considering the increase in requirements of our customers viz. Indian Navy, with respect to more definitive validations of new designs at tender stage, and as well as to cope up with the requirement of various specialized design analysis for the on-going projects viz. LCU, P-17A and future projects including ASW-SWC, Fleet Support Ship etc., your Company had made an MoU on 14 Dec 12 with IIT Kharagpur, being a premier institute in the country and prolific centre for developmental research in Naval Architecture, for undertaking such specialized analysis / validation. This will enable your Company to avail necessary expertise / assistance / specialized technical services in hydrodynamic, aerodynamic, structural design & analysis, short courses / workshops on manpower development etc. from the Institute.
72. In order to retain the core competence in specific areas of shipbuilding, your Company has inducted quite a few officers at different levels in the recent past and deployed them on various shipbuilding assignments. Your Company is also planning to induct Operatives in selected Trades for revamping the human resource.
73. After creating world class modern infrastructure facilities, your Company has now embarked upon new measures for modernisation to upgrade the machines / tools in various workshops, up-gradation in planning software, design tools, networking & e-mailing software etc. to achieve higher productivity in the years to come.
74. In accordance with the Government Guidelines, the security of 03 Production Units namely RBD, Main-Works and FOJ Units have been handed over to CISF with effect from 26 May 16.
75. Consistent with the acquisition of additional facilities, your Company is endeavoring to obtain further

orders from the Indian Navy and Indian Coast Guard as well as Export Orders for optimization of capacity utilization.

ENGINEERING DIVISION

76. The Value of Production achieved by the Engineering Division during the financial year 2015-16 amounted to ₹118 crore, which is 65% more than the previous year.

PORTABLE STEEL BRIDGE UNIT

77. The Bailey Bridge Division of your Company has supplied 70 Bridges during the year under review amounting to ₹81 crore as against 44 bridges supplied in the previous year amounting to ₹53 crore, which signifies a growth of about 53%.
78. The sustained efforts initiated during previous years to increase business potential resulted in entering in to an MOU & Rate Contract with Dte Gen of Border Roads for supply of Galvanized Bridges. Against this, an order for supply of 17 Bridges to Project Himank is under process.



79. During this year, the Bailey Bridge Unit had supplied 34 Bridges to the Government of Odisha & Chhattisgarh under the prevailing MOU agreement and further 30 Bridges are in the process of supply.
80. It is pertinent to mention that during the year under review, against stiff competition, we have received two orders from BRO for supply of 38 nos. & 3 nos. of bridges amounting to ₹25 crore and are slated for supply completion during 2016-17.
81. In export business, we have received orders worth ₹4 crore from Bhutan and had fruitful discussions with Myanmar & Peru and expect to supply a good number of bridges during 2016-17.

- 82. To enable compete in Global Market, the R&D team of the Unit had validated the bridge design (i.e. using of both 5 ft & 7 ft Panel) to AASHTO standard. To confirm to the latest version of IRC-6, the Double Lane Bridge design for 7.5 m width (i.e. from the earlier 7 m width) is under validation & live load test.
- 83. At present, our order book is about ₹110 crore, and the unit is poised to cross a VOP figure of ₹100 crore during 2016-17.

DECK MACHINERY AND NAVAL PUMP UNIT

- 84. Deck Machinery Unit is entrusted with manufacturing and supply of Anchor Capstans, Mooring Capstans, Anchor Windlass, Tank Hauling Capstans, Electro-mechanical & Hydraulic Boat Davits, GP Davits, Ammunition Davits, IRL Davits, Hydrographic Davits, SMB Davits, Oceanographic winches, and Rail Less Helo Traversing systems (RLHTS) for Indian Navy & Coast Guard Ships.
- 85. During the FY 2015-16, the Deck Machinery Department has attained remarkable achievements by the way of successful supply of 45 different equipment / systems to various projects in different shipyards and to Material Organisations of Indian Navy and Coast Guard. This includes supply of state of the art 05 sets of Rail Less Helo Traversing System on-board Coast Guard OPVs being built at GSL and for the third ASW Corvette of Project 28 being built in the Company and commissioning / HATs on-board 03 Ships to handle helicopters. Moreover, in the process of developing these products indigenously, this Unit has converted 72% of import content into indigenous and thus saved considerable amount of foreign currency. Being the only proven indigenous supplier of such systems, this Unit has bagged orders for 8 nos. of similar RLHTS from Pipavav & ABG Shipyards. Good numbers of further orders are in the anvil during the financial year 2016-17.
- 86. As a result of this remarkable achievement, this Unit has registered a Value of Production worth ₹42.8 crore in FY 2015-16. This is an all-time high VOP achieved by the Unit and is around 225% higher than last year's VOP of ₹19 crore. The present order book position as on May 16 for various Deck Machinery items and Naval Pumps stands at ₹57 crore.

ENGINE DIVISION (RANCHI)

- 87. The VOP achieved by the Engine Division stood at ₹18.83 crore during 2015-16 which an increase of ₹9.33 crore from last financial year.



- 88. During the year under review, the assembly & test facilities of the under were modernized to the latest over an investment of about ₹10 crore. Consequent to this, a Service Partner Agreement was signed with M/s. MTU (India) for undertaking W6 routines of MTU4000, MTU538, MTU396 & MTU183 series engines. The agreement is valid till 31 Dec 17. The signing of SPA will facilitate more business toward overhauling of engines for DEP Unit in coming years.
- 89. The creation of additional production capacity for "Production & Supply of GRSE Portable Steel Bridges" at DEP, Ranchi Unit is also underway. This is another opportunity for DEP unit to enhance business activity from financial year 2016-17 onwards.

CONSERVATION OF ENERGY

- 90. (a) **Steps taken or impact on Conservation of Energy**

As a part of commitment of your Company towards energy conservation for reducing the impact of atmospheric climate change, continuation of various measures as carried out by the company in FY 2015-16 are listed in the succeeding paragraphs. All these actions have facilitated in reducing consumption of electrical energy (i.e. conventional energy) as well as reduction in emission of greenhouse gases:



- (i) Replacement of conventional T8 (36 Watt) lamp with energy efficient T5 (18 watt) LED light (total 180 nos.) and also 18 watt CFL light has been replaced by 9 watt LED light (total 90 nos.) without changing luminous intensity. This has effectively reduced the electricity consumption from CESC grid, which works out to 17,858 kWh annually and thereby saving of about ₹1.6 lakh annually.
- (ii) Replacement of 250 watt High Bay light and Flood Light with 100 watt LED High Bay and Flood Light (total 25 nos. each) without changing luminous intensity. This has effectively reduced the electricity consumption from CESC grid which works out to 28,080 kWh annually and thereby saving of about ₹2.5 lakh annually.
- (iii) Your Company is continuing its endeavour towards optimum utilization of energy by using of star rated air-conditioners accredited by Bureau of Energy Efficiency. Using battery operated material handling equipment is also a part of the energy conservation initiative.
- (iv) The Shipyard is maintaining the accreditation on Integrated Management System harmonizing ISO 14001:2004 (Environment Management System), BS OHSAS 18001:2007 (Occupational Health & Safety Assessment Standard), and EN ISO 50001:2011 (Energy Management System) by certification body TUV NORD, Germany.
- (v) Efforts are continuing to minimize distribution loss in compressed air and water supply system.

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

Being committed to promote green energy under sustainable development on long term basis, your Company has further installed 200 kWp grid interactive solar power plant on the roof top of Modern Hull Shop at the end Mar 16 to cater to the load of the shop. The above-mentioned solar plant is operating with generation of capacity of about 2.7 lakh kWh annually which will enable your Company to reduce consumption of conventional electrical energy and thus saving in electricity bill amounting to ₹24 lakh per annum along with reduction in emission of greenhouse gas by about 220 ton per annum.

(c) Capital investment on energy conservation equipment

Capital investment made by the company for 200 kWp solar power plant in the last year is ₹1,21,65,985/-

91. TECHNOLOGY ABSORPTION

Sl. No	Particulars	Remarks
Technology absorption actions taken for enhancing Computer Aided Design facility (Software & Hardware) for the next generation warship:		
(i)	Hyperworks (Design Software)	Finite Element Method structural analysis package. Used for high end structural design.
(ii)	Aveva Marine	Integrated detailed ship design.
(iii)	AutoCad 2016	Latest Generation of an established drafting package
(iv)	34 Computers (workstations)	For handling new generation software
(v)	The expenditure incurred on Research and Development	

ERP & IT

- 92. The highlights of the year under review in the area of ERP & IT are as follows:
 - (a) **Wage Revision** of 01 Unionized employee (Office Assistant & Operatives) implemented in SAP.
 - (b) **Provident Fund** of all employees is maintained in SAP.
 - (c) To maintain business continuity in case of any unforeseen natural or man-made disaster in the main Data Centre, Company has established a **DR System** through 'Co-located Managed Solution' methods at Mumbai.
 - (d) To track movement of physical files, a **file tracking system** has been implemented.
 - (e) **Document Management System** has been implemented for online facilities like Leave application, Appraisal Reports, Note sheet Approval, Movement Order any many more.
 - (f) **Structured Training on ERP** in batches being provided to all departments of your Company.

- (g) **Basic level computer training** organized for unskilled employee (Peon, Service Man IV etc.).
- (h) **Enterprise Level Project Monitoring System (PMS):** The PMS project for LCU installed, implemented and has gone live on 30 May 2015. This enterprise level software facility provides monitoring of project progress and PERT chart at any point of time during execution.
93. A drive has been taken to leverage IT for maximum benefit in the production area at docks & berths. Following initiatives are in process to make Production area more IT enabled:
- (a) **View Drawing in Production area:** The final drawings released by Design Department are being viewed by the production team through shop floor computers. This facility is enabling production team to view the drawings in 2-D and 3-D mode and getting real time updates of the drawings. They do not have to wait for paper copy of the drawings.
- (b) **Network Availability at the dock and berth area:** Wired Network connectivity has been provided to the nearest point of the docks and berths. This is facilitating production team to view different status report and updates in SAP, project progress, labour booking and many such other advantages.
- (c) **Handheld Tab for Production personnel:** Production personnel will be given 10.5" Tab Handheld to access their email, documents, MIS dashboard and many more on the go. This mobile facility will provide better communication and updates on their day to day activities and control.
- (d) **Biometric Attendance System:** The attendance system for all GRSE employees has been transformed to Biometric (Smart Card + Finger Print) in place of existing Smart Card System for more secure and personalized attendance system. Biometric for Contract Labours are in Progress.
- (e) **Amplification of SAP Production Modules** has been restructured and capturing information at different stages of production process to obtain real-time monitoring of project progress, cost involved, alert, tracking and cost estimation for new projects.

- (f) Development of **MIS Dashboard** with analytical reports for Senior Management is in progress.
- (g) **Visitor Gate Pass Management System** development is in process to computerized total visitor management from any Gate with minimum waiting time for visitors.
- (h) **Video Conferencing System** is in progress to facilitate communication within as well as outside of the Company premises.

e-PROCUREMENT & REVERSE AUCTION

94. e-Procurement is the key component of "Mission Mode Project" under National e-Governance Plan. It has several advantages such as cost saving, saving in time, safety, security, speed and above all, transparency in achieving efficiency in procurement. The following milestones were achieved during the year under review:
- (a) Value of materials procured through e-mode has been ₹1264.82 crore. The Materials Department of the Company achieved 98.13% of its total procurement through e-procurement mode.
- (b) Wider participation of vendors in e-procurement has been achieved. Number of Vendors registered with your Company's e-procurement system rose from 1790 to 1870 during 2015-16, an increase of nearly 4.48%.
- (c) 565 nos. of tenders have been floated through e-procurement mode during the financial year 2015-16.
- (d) Approximately 500 nos. of vendors obtained on-line training on e-procurement procedure during the year.

QUALITY ASSURANCE

95. Quality performance of your Company during the financial year 2015-16 has been outstanding. Sea trial of 2nd ASWC, INS Kadmatt proved successful in its maiden attempt. 90% of the ship has been indigenized.
96. Sea trial of INS Tarmugli, Yard 2109, first of its class of FO-WJFAC also proved successful in its maiden attempt.
97. The RBD Unit of your Company has achieved ISO 9001:2008 certification within RFD target date.



98. Quality Assurance Team of the Company has ensured that the quality of ships are maintained at all the three Shipbuilding Units viz. for ASWC at the FOJ Unit, for LCUs at the Main Unit and for FO-WJFAC at the RBD Unit, which are being built concurrently. The requirements of Naval inspection and trial agencies and Classification Surveying agencies like ABS, IRS are being met at every stages of ship construction.

VENDOR DEVELOPMENT

99. Your Company has analysed complete production activities, identified core and strategic operations, done comprehensive mapping of activities to be outsourced and accordingly vendor development initiatives like organizing Vendor Meet, participation in Vendor Fairs / Melas, programs / seminars organized by CII, FICCI, BCCI, NSIC, other Defence Shipyards, State / Central Governments, DEFEXPO etc. has been undertaken to induct technically competent and financially capable vendors from across the country for outsourced jobs. Long term association, joint ventures, strategic partnership etc. with interested business associates is being explored. The net outsourcing content of your Company has been recorded as 60.45% confirming achievement of fairly high indigenization levels in warship construction projects executed by the Company in FY 2015-16.

100. Your Company participated in the “Make in India Week” organized together by the Maharashtra Government and CII under the aegis of Government of India at MMRDA Grounds, Bandra Kurla Complex, Mumbai from 13 – 18 Feb 16. In the said event three Business Collaboration Agreements were signed with the private business houses towards indigenization and fulfillment of the “Make in India” initiative of the Government of India.

101. Your Company has indigenously developed certain major components pertaining to Rail Less Hello Traversing System amounting to 73% by value of the original imported equipment in FY 2015-16. Further, Trawhella Grab for Bailey Suspension Bridges earlier used to be imported from UK as an import substitution initiative indigenized product pertaining to the above said item has been developed in-house by the Shipyard in FY 2015-16. The list of imported equipment / materials proposed for indigenous development has been hosted on the Company’s official website.

102. During the year, your Company has registered 126 new permanent vendors and as on 31 Mar 16, the Company has 1,872 available vendors. The manufacturing vendor base, as directed by Ministry of Defence and as a part of the MoU criteria has been increased by more than 12% in 2015-16. In FY 2015-16 your Company has

inducted 44 interested new competent solvent vendors, registered with other Defence Shipyards.

103. Your Company has been actively promoting development and participation of SMEs in outsourcing programs for goods and services which are low in cost, generic in nature and less technology intensive as a part of its outsourcing policy. The contribution by SMEs vendors is measured in terms of financial values and it is approximately 22.32% of total value of non-core products procured by the Shipyard in FY 2015-16.

QUALITY CIRCLE ACTIVITIES



Quality Circle:

104. The concept of Quality Circle is being implemented in various departments of the Company by the IE&P Department. This year 6 (six) Quality Circle Teams from your Company have participated in Chapter Convention on Quality Circles 2015 organized by QCFI, Kolkata Chapter. All the six teams were Ranked GOLD Category.

Level of No. of QC Performance	No. of QC teams participated	Performance Grade achieved by QC teams		
		Gold	Silver	Bronze
CCQC – 2015 (Chapter Convention)	06	06	-	-

105. National Convention on Quality Concepts 2015 organized by QCFI Head Quarter was held at SRM University, Chennai - 603203 where 5 (Five) Quality Circle teams from your Company participated. Performances of three teams were judged in PAR EXCELLENCE Category, two teams were judged in EXCELLENT Category.

Level of No. of QC Performance	No. of QC teams participated	Performance Grade achieved by QC teams	
		Par Excellence	Excellent
NCQC – 2015 (National Convention)	5	3	2

106. ICQC-15 was held at South Korea where one QC team from your Company had participated and was judged in the Silver Category.

Level of No. of QC Performance	No. of QC teams participated	Performance Grade achieved by QC teams		
		Gold	Silver	Bronze
ICQC-15	01	-	01	-

“5-S” Activities of your Company

107. The drive for improving housekeeping at your Company has been undertaken by the IE&P Department under the initiative of Workplace Management applying “5-S” technique. The three best Shops / Departments in each area of Production, Production Support and Service group considering all the units including DEP, Ranchi is awarded the Prizes based on their performance. For financial year 2015-16, audit has been completed in two stages with suggestions recommended for further improvement and follow up Audit. The 5-S Audit through an external agency is being planned.

TPM Activities

108. As far as maintenance of machines and other facilities are concerned, the calculation and monitoring of machine availability vis-à-vis the quality of work performed by them is very important. TPM initiative has been implemented by IE&P Department in large three shops - Ship Building Shop, Plate Preparation Shop and Modern Hull Shop of Main unit of the organization. Calculation of Overall Equipment Effectiveness (OEE) of Plate Cutting Machines has been undertaken which serves as the main purpose of m/c utilization and quality index of the organization.

SAFETY AT WORK

109. Like preceding years, National Safety Week has been celebrated in all Units of the Company from 04 to 11 Mar 16. On this occasion, Safety & Health Pledge (promulgated by National Safety Council) has been taken at different units / shops including display of safety banners. Various safety competitions like Safety Slogan writing, Safety Laghu Natika, Self-Composed Safety Poem, Safety Speech and Safety Quiz have been conducted for the Company employees.
110. The Shipyard has achieved a safety frequency rate of 4.77 during 2015-16 and achieved "Excellent" as per MOU grading.
111. Your Company continues its endeavour to maintain high standard of safety all around the yards. Fire and safety training programmes are conducted regularly in the Yard for all categories of employees including business associates to invoke safety awareness.

HUMAN RESOURCE & ADMINISTRATION

Industrial Relations

112. (a) Industrial Relations during the period under review across all the units were more or less peaceful barring few incidents as enumerated in succeeding paragraphs:
- (i) GRSE Ltd. Workmen's Union, Sole Bargaining Agent and other operating unions held Gate Meetings on diverse dates during the year on outsourcing issue and for not recruiting operative category of employees by the Management since long against vacancies arising out of natural wastages.
- (ii) Five members of GRSE Ltd. Workmen's Union sat for hunger strike from 0830 hours of 08 Mar 16 to 1900 hours of 10 Mar 16 demanding immediate recruitment of manpower.
- (iii) Election of Employees' Representatives to the Board of Trustee of Provident Fund, Garden Shipbuilders & Engineers Ltd. was held on 26 Nov 15. Two representatives of operative category were elected through secret ballot. One Representative of the office assistant category was declared as 'elected uncontested'. The newly elected Trustees will be in office for a period of five years effective from 27 Nov 15.

Welfare Activities

113. (a) Celebration of GRSE Day:

- (i) **Morning Function:** The 57th GRSE Day was celebrated on 19 Apr 16. The function was held in front of Administrative Building of GRSE Main Unit from 1000 hrs. The function started with Vandana, Lighting of ceremonial lamp by CMD, Directors, CVO and Presidents of Associations and Unions, followed by dance recital by an employee's daughter and musical soiree and a short skit by the Company employees. The retired employees of the Company who had served the Company for 40 years or more were felicitated on this occasion. GRSE Shri was conferred on 6 employees and CMD's Commendation to 99 employees for their excellent performance during 2015.



- (ii) **Evening Function:** GRSE Day evening function was held on 23 Apr 16. The event was graced by Shri Keshari Nath Tripathi, Hon'ble Governor of West Bengal. Shri Keshari Nath Tripathi praised your Company's achievement in bagging the prestigious 'Best Performing Shipyard' Trophy for four years in a row from 2010-11 to 2013-14, awarded by Raksha Mantri. He conferred GRSE Shri Award to 03 Officers and encouraged the officers to continue their endeavour in pursuit of excellence in shipbuilding, strengthen indigenization and defence preparedness of the country.
- (b) **Merit Awards:** GRSE Merit Awards were conferred on 19 Apr 16 by the C&MD and Directors to 36 employees' children for their outstanding academic performance in 2015-16.

(c) **Sports:**

(i) **Annual Sports Meet:** Participation in sports was actively encouraged to ensure healthy work-life balance as well as relieve stress and monotony of everyday life. Annual Sports Meet was conducted for the employees of our Company in following four events:

- (aa) Football
- (bb) Volleyball
- (cc) Chess
- (dd) Musical Chair (Exclusively for lady employees)



(ii) **Football:** The GRSE Football Team participated in the All India Public Sector Football Tournament – 2016 conducted by Central Coalfields Ltd. The tournament was held from 12 to 18 Apr 16 at Barka Sayal area of CCL near Ranchi.

HR Initiatives

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

- (a) 360 degree feedback leadership development programme was conducted for senior officers during 2015-16. Under the multi-rater feedback system, each participant was assessed through specially designed questionnaire by a number of respondents including his / her superior, subordinates, colleagues and internal / external customers.
- (b) A Management Union Interface programme was conducted in the Company in which

senior level officers and representatives of GRSE Ltd. Workmen's Union had participated. During the programme, certain short term as well as long term action areas were identified by the participants jointly for improvement of the overall performance of the Company and action plans were finalized for implementation of the same in a time bound manner.



(c) **Swachata Abhiyaan:** A cleanliness drive was initiated to implement best practices for cleanliness, housekeeping and hygiene inside the Shipyard. As a part of this drive 'Hygiene and Upkeep Week' was observed from 15 to 22 May 15. SOPs for ensuring personal hygiene & safety, cleanliness and infrastructure were designed for various departments and awareness training of employees was conducted. Under CSR initiative, toilets have been constructed in local schools.

(d) **Skill Acquisition Training** to unskilled operatives was imparted at Technical Training Centre of the Company. Basic technical training on different trades viz. Fitter, Electrician, Welder & Pipe Fitter and Safety measures were included in the Training Module. In addition, different skill upgradation training programmes were conducted for employees keeping in view the requirement of skill sets for future projects.

- (e) In order to create bonding amongst all sections of employees and to add to Company's image, "common uniform" has been implemented across all sections of employees from the FY 2015-16.
- (f) Over the years there has been a persistent demand from the contractors' workmen engaged in different units of your Company to provide them with canteen facility. Towards this end, your Company has started providing canteen facility at subsidized rates for contractors' workmen in five units w.e.f. 01 Sep 15. The canteens are run by an outsourced agency.

Persons with Disabilities

- 115. The Company extends all the relaxation / concessions to the employees with disabilities as per the Govt. directives. In addition to the normal Transport Allowance of ₹18 per day of physical attendance separate, Transport Allowance is presently being paid for blind, orthopedically handicapped with disability of lower extremities, deaf and dumb employees @ ₹1000 per month.
- 116. During the year 2015, your Company has recruited three employees with disabilities out of total recruitment of 71 employees.

CORPORATE SOCIAL RESPONSIBILITY

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

are identified keeping in mind the needs and requirements of the community beneficiaries for whom these interventions are intended to be implemented.

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

OFFICIAL LANGUAGE

Official Language Implementation Committee

- 119. Official Language work has increased considerably during the period under review. Quarterly meetings of Official Language Implementation Committee were held on 30 Jun 15, 29 Sep 15, 29 Dec 15 and 22 Mar 16 under the chairmanship of the Chairman & Managing Director, to review the progress made by various departments.

Rajbhasha Awards / Appreciations



- 120. (a) Your Company was awarded the prestigious Rajbhasha Kirti Puraskar for the year 2014-15 for Excellence in Implementation of Official Language in the Company. (This is the 3rd time when your Company has been awarded at National level by the Honorable President of India for excellence in Implementation of OL during last three years). The Award presented by Honorable President of India, Shri Pranab Mukherjee, was received by the Chairman & Managing Director of your Company at a ceremony held at Vigyan Bhawan, New Delhi on 14 Sep 15.

- (b) 1st prize was awarded to the Company's Hindi Magazine 'Rajbhasha Jagriti' by Town Official Language Implementation Committee. The Award presented by Honorable Governor of West Bengal, Shri Keshri Nath Tripathi, was received by the Chairman & Managing Director of your Company at a ceremony held at Coal Bhawan, Kolkata, on 29 Aug 15.
- (c) Rajbhasha Shield was awarded to your Company for the year 2014-15 for Excellence in Implementation of Official Language in the Company by Town Official Language Implementation Committee. The Award presented by Honorable Governor of West Bengal, Shri Keshri Nath Tripathi, was received by the Chairman & Managing Director of your Company at a ceremony held at Coal Bhawan, Kolkata, on 29 Aug 15.

Hindi Day / Fortnight Celebrations

- 121. Period from 01-14 Sep 15 was observed as Hindi Fortnight and 21 Sep 15 as Hindi Day. During the period various competitions i.e., Hindi Essay, Hindi Noting-Drafting, Hindi Quiz, Hindi Translation, Self composed Hindi poem, Hindi Speech and Picture Composition were organized. Cash Awards and certificates were distributed to winners by C&MD on Hindi Day function.

Hindi Publication

- 122. (a) 11th Edition of Hindi Magazine "**Rajbhasha Jagriti**" was released by the C&MD on the occasion of Hindi Day Ceremony held on 21 Sep 15.
- (b) Hindi Magazine "**Rajbhasha Jagriti**" has been made Bi-annual from annual, from the financial year 2014-15. The 12th edition of the Hindi Magazine was released by the C&MD in OLIC Meeting held on 22 Mar 16, enabling us to compete at National Level. OL implementation activities have further been expanded by involving family members of employees through their articles in 'Rajbhasha Jagriti'.

Nodal Officers Annual Meet

- 123. An annual Meet / Sangoshthi of all Nodal Officers was organized on 26 Feb 16, which was also

attended by Deputy Director (Implementation), MHA (OL).

Hindi Computer Workshops

- 124. In order to acquaint the employees with Official Language Policies and to train them to work on Computers in Hindi, in-house workshops were conducted in various departments on regular basis.

Induction Programme

- 125. During Induction Programme, Rajbhasha Session was conducted on 25 Mar 16 for newly joined Officers, wherein officers were apprised of OL Policy of Govt. of India and its implementation in GRSE.

In-House arrangement for Hindi Training

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

Incentive Schemes

- 127. To enhance the use of Hindi and to motivate the employees towards its use, following incentive schemes are in vogue and employees as well as departments were given cash prizes on Hindi Day ceremony on 21 Sep 15 by the C&MD:
 - (a) **Incentive for doing original work in Hindi** - 17 Employees were given cash awards.
 - (b) **Inter Unit Rajbhasha Shield** - Inter Unit Rajbhasha Shield for the year was awarded to FOJ unit for doing maximum work in Hindi during the year. 1st Runner up Shield was given to Taratala Unit and 2nd Runner up Shield to TTC Baranagar Unit.
 - (c) **Inter Departmental Annual Incentive Scheme to encourage Hindi correspondence / Hindi Noting / Drafting** - Cash awards were given to Security, Medical and CC&P Departments.



- (d) **Incentive Scheme to encourage Hindi writing:**
- (i) For Employees - 16 Cash prizes for best entries in Rajbhasha Jagriti were given to employees.
- (ii) For family members of employees - Cash Prizes to 08 family members of employees for their articles in Hindi Magazine were given.
- (e) **Annual Incentive Scheme for Nodal Officers** – Cash award of Best Nodal Officer for the year was given to Nodal officer (Official Language) of FOJ Unit.
- (f) **Inter departmental incentive to encourage Hindi correspondence / Hindi Noting / Drafting** – Under Inter departmental quarterly incentive scheme to encourage Hindi correspondence / Hindi Noting / Drafting, cash awards were distributed by the C&MD to winner departments from Service Group, Production Group and Production support Group in the Official Language Implementation Committee meetings held during the year under review.
- (g) **Inter Departmental Annual Incentive Scheme for DEP, Ranchi Unit** – This new Incentive Schemes has been introduced to encourage and to enhance Official Language Implementation in DEP, Ranchi Unit.

Hindi Competitions in Schools to encourage the use of Hindi

128. Use of Official Language is not restricted within the four walls of your Company, but is also publicized outside the Company, by regularly conducting Hindi competitions in Schools. During the financial year 2015-16, Hindi Essay competitions were conducted on 23 Jul 15, 17 Dec 15 and 16 Mar 16 in schools and prizes were distributed to best three participants.

PUBLICITY & PUBLIC RELATIONS

129. Your Company has gained immense public visibility and brand promotion through important events like Commissioning of INS Kadmat, the Second Anti-Submarine Warfare Corvette on 07 Jan 16 at Visakhapatnam and the participation of many ships built by the Company in the International Fleet Review 2016 (IFR 16) from 04-08 Feb 16 held at Visakhapatnam.

130. Further, your Company received Hon'ble Raksha Mantri's Trophies for "Best Performing Shipyard" for the years 2012-13 and 2013-14 on 27 Jan 16. Your Company has also received the Rajbhasha Kirti Puraskar – 2nd Prize in 'C' Region for Excellence in Implementation of Official Language for the year 2014-15 on 14 Sep 15 from the Hon'ble President of India. The image of your Company received a big boost because of these honours and awards.

IMPLEMENTATION OF RTI ACT

131. Implementation of RTI matters is being complied in line with the Right to Information Act, 2005. During the year 2015-16 a total of 91 RTI requests were received and 74 requests were replied to. A total of 05 RTI appeals were decided and replied to by FAA/ CMD, GRSE, out of a total of 06 appeals received. The remaining RTI Applications are carried forward to the next financial year. The Quarterly Returns have been uploaded on the CIC's website within due date by the CPIO and Assistant CPIO.

PUBLIC GRIEVANCES

132. Prompt acknowledgement is issued upon receipt of Public Grievances and the matter is resolved by thorough examination of facts of the case with due diligence. During the year under review, a total of 13 public grievances were received and resolved thereon. Details of the Grievance Committee have been uploaded on your Company's website along with the provision of a link to the PG Portal to enable the public to file grievances online as well.

VIGILANCE ACTIVITIES

133. Vigilance activities have been redefined in the recent year and the insistence is now on predictive vigilance and preventive vigilance rather than on punitive vigilance. Hence, there is a need to understand the entire structure of the organization very carefully and in depth so as to predict the likely occurrence of a vigilance related offence and to ensure that the same does not happen. This is a proactive measure and the aim is not to detect the offence after it has happened. In the same way, preventive vigilance is aimed at constantly monitoring and evaluating the control systems of the organization and to identify the grey areas and loopholes which may results in activities leading to vigilance inquiries.



134. The other activities of Vigilance Department are to ensure the existence of a corruption-free environment and also to ascertain that the various guidelines of the CVC, MOD, and DPE etc. are complied with. The role of the CVO is to guide the management to achieve the various objectives laid down in the above mentioned lines.
135. In order to promote predictive vigilance and preventive vigilance, a number of system improvements were recommended for implementation during the period:-
 - (a) Recommended that ID and digital signatures to be provided to all officers of e-procurement cell so that that they can independently access the portal.
 - (b) Recommended that security of your Company be entrusted to CISF Personnel at the earliest as the Company is into manufacturing highly sophisticated Indian Defence Warships.
 - (c) Recommended the Task of procurement / offloading of contracts of the ES Department be given to the departments which are professionally qualified (i.e. Contract Cell & Procurement Cell).
 - (d) Recommended for further identification of Sensitive post in addition to the existing upto Senior Manager level.
 - (e) Implementation and Updating of Works Manual and Purchase Manual from 2016.
136. Structured Meeting with the C&MD, GRSE and CVO, GRSE were held regularly in line to the recommendation of MOD and CVC.
137. CVO, GRSE also made presentation to the Board during the quarterly meeting of the Board. Agreed List and Officers on Doubtful Integrity list were also finalized after due consultation with the C&MD, GRSE.
138. Training was imparted to newly joined officers in Vigilance Department at various Institutes.
139. Your Company took active part in the Vigilance Study Circle, Kolkata Chapter held in the month of Oct 15. The overall objective of vigilance activities had been to encourage transparency in the organization.
140. Several activities were organized during the 'Vigilance Awareness Week' (26 Oct 15 to 31 Oct 15) at different units of your Company, Schools, Colleges and Management Institutes in and around Kolkata and Howrah. A debate was conducted in Management College at "International Management Institute", Kolkata, on the topic of "Corruption is confined to Govt. Organization". An elocution competition was held in a school at Meghmala Roy Education Centre, Behala. Essay competitions were held at Shibpur Dinbandhu Institution, Howrah, Garden Reach Nut Behari Girls School, Metiabruz and APJ English Medium School, Metiabruz during the eve of Vigilance Awareness Week 2015. Prizes were distributed



to winners and participants. During the period of Vigilance Awareness Week – 2015, two vigilance facilitation programs were also held on 27 Oct 15 and 29 Oct 15 at the Main Unit and the FOJ Unit of the Shipyard, respectively. Mr. Rakesh Kumar, CVO, Hindustan Copper Ltd. was the Guest Speaker and had presented his valuable comments in the seminar organized on 27 Oct 15 for senior officers & Directors of your Company to create awareness. Certain vigilance cases and articles were discussed with the employees by CVO, GRSE.

GENERAL

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

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

142. In pursuance of Section 4 of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the Internal Complaints Committee operating in the Company has been reconstituted on 06 Aug 14 with an outside NGO representative.
143. The following is the summary of sexual harassment complaints received and disposed off during the calendar year 2015:
- No. of complaints received: Nil
 - No. of complaints disposed of: One

ACKNOWLEDGEMENTS

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

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

Sd/-
(A K Verma)

Kolkata,
Dated: 27th August, 2016

Rear Admiral (Retd.)
Chairman & Managing Director

APPENDIX - "A"

**STATEMENT SHOWING REPRESENTATION OF SC / ST / OBC /
EX-SERVICEMEN / PHYSICALLY CHALLENGED AND WOMEN EMPLOYEES
AS ON 31 DEC 15 UNDER PERMANENT & CONTRACT CATEGORIES**

Group/ Category	Total Strength	SCs	STs	OBCs	Ex-Servicemen	Physically Challenged	Women Employees
Group-A	454	86	24	85	56	10	34
Group-B	7	1	-	3	3	-	-
Group-C	1726	354	75	111	62	21	33
Group-D (Excluding Safaiwalas)	389	89	23	46	42	19	54
Group-D (Safaiwalas)	49	44	-	-	-	-	-
Total	2625	574	122	245	163	50	121

APPENDIX - "B"

**DETAILS OF RECRUITMENT MADE DURING 2015
UNDER PERMANENT CATEGORY**

Group/ Category	Total Recruitment	SCs	STs	OBCs	Ex-Servicemen	Physically Challenged	Women Employees
Group - A	69	14	4	18	5	3	8
Group - B	2	-	-	2	2	-	-
Group - C	-	-	-	-	-	-	-
Group - D (Excluding Safaiwalas)	-	-	-	-	-	-	-
Group - D (Safaiwalas)	-	-	-	-	-	-	-
Total	71	14	4	20	7	3	8



APPENDIX – “C”

Corporate Governance Report

(For the Financial Year 2015-16)

Philosophy on Corporate Governance

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

- Whistle Blower Policy
- Corporate Social Responsibility Policy
- Conduct, Discipline and Appeal Rules for Employees

Board of Directors

3. The Board of Directors, headed by Chairman & Managing Director, is the apex body which oversees the overall functioning of your Company. The Board of your Company gives strategic directions and seeks accountability of their fulfillment. The Board has set goals in terms of Long Term Perspective Plan in order to achieve its "Vision" statement. It is vested with the ultimate responsibility of the management and performance of your Company as a trustee to enhance the shareholder's value. The decisions of the Board are aligned to serve in the best interest of your Company.

Size and Composition of the Board

4. The Board of your Company consists of an optimum combination of Executive and Non-Executive Directors, which is in line with the Guidelines on Corporate Governance issued by the Department of Public Enterprises, Govt. of India. As on 31 Mar 16, the Board of Directors consists of 7 Directors comprising 4 Whole-Time Directors, including the Chairman & Managing Director and 3 Part-Time Non-Official / Independent Directors.
5. The details of the Members of the Board of Directors of your Company during the period from 01 April 15 to 31 March 16 are given below:

Name of the Directors	Period of Association during the year	No. of other Directorship	No. of Committee position held in other Companies	
			Chairman	Member
Whole-Time Directors				
RAAdm Anil Kumar Verma, IN (Retd.) <i>Chairman & Managing Director</i>	01.04.15 to 31.03.16	1	-	-
Cmdr Ratnakar Ghosh, IN (Retd.) <i>Director (Shipbuilding)</i>	01.04.15 to 31.03.16	-	-	-
Shri Ramesh Chandra Nautiyal <i>Director (Personnel)</i>	01.04.15 to 31.03.16	-	-	-
Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	01.04.15 to 31.03.16	-	-	-

Name of the Directors	Period of Association during the year	No. of other Directorship	No. of Committee position held in other Companies	
			Chairman	Member
Part-Time Official Directors (Government Nominees)				
VAdm Ashok Vishwanath Subhedar, AVSM, VSM	01.04.15 to 03.03.16	1	-	-
Shri Bharat Khera, IAS	01.04.15 to 03.03.16	2	-	-
Part-Time Non-Official Directors (Independent Directors)				
Shri Swapan Kumar Mukherjee	01.04.15 to 31.03.16	2	-	-
Cmde M. Jitendran, IN (Retd.)	01.04.15 to 31.03.16	-	-	-
Shri Ajay Bhattacharya	01.04.15 to 31.03.16	-	-	-

6. No new Director had been inducted to the Board of Directors during the year under review. However, as on the date of this Corporate Governance Report, two new Directors have been appointed to the Board of the Company. Brief Resumes of the two newly appointed Directors are provided below:

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

Shri Ashwani Kumar Mahajan joined the Board of Directors of your Company on 02 Apr 2016 as a Part-Time Official Director.

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

Other Directorships:

Name of your Company	Position
Bharat Dynamics Limited	Part-Time Official Director

Committee Membership of other Companies: Nil

Shri Asit Kumar Nanda

Shri A K Nanda assumed charge as Director (Personnel) of the Company from 03 May 2016 after the superannuation of Shri R C Nautiyal on 30 Apr 2016.

Shri Nanda holds a Bachelor's Degree in Law and a Masters' Degree in Social Work (Specialisation in Personnel Management &

Industrial Relations). He is also credited with holding a Post Graduate Diploma in Human Resource Management.

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

Other Directorships: Nil

Committee Membership of other Companies: Nil

Board Procedure

7. Board meetings are normally held at least once in every quarter, and more often, if considered necessary, focusing on reviewing of policies and procedures for ease of doing business, formulation of strategies for business development, exercising control, delegation of powers, reviewing performance of your Company, approving contracts for high value items, half yearly / periodical results, annual accounts, annual operating plan and budgets besides considering matters that are statutorily required to be placed before the Board.
8. Your Company believes that a carefully planned agenda note is pivotal for effective Board Meetings.



The agenda notes are backed by comprehensive background information to enable the Board to take decisions. Agenda Notes are generally circulated well in advance to the members of the Board. The Board Members, in consultation with the Chairman, may bring up any important issue for the consideration of the Board. As and when required, Senior Executives of your Company are also invited to attend Board Meetings and provide clarifications. The Part-Time Directors play an important role in the deliberations at the Board Meetings and bring to your Company their wide experience in the fields of technology, finance, marketing, public policy and operations.

Sl. No.	Date	Board Strength	No. of Directors Present
1.	25 May 15	9	9
2.	17 Jul 15	9	8
3.	25 Aug 15	9	7
4.	24 Sep 15	9	7
5.	17 Nov 15	9	7
6.	21 Dec 15	9	8
7.	19 Jan 16	9	8
8.	21 Mar 16	7	6

Meetings and Attendance

9. During the year 2015-16, eight (08) Board Meetings were held, as follows:

10. The maximum interval between any two Board Meetings held during the year was 61 days. Details of Directors' attendance at the Board Meetings and Annual General Meetings held during the FY 2015-16 are given below:

Name of the Director	Board Meetings held and attended during respective tenure of Directors								% of attendance	Attendance at the last AGM held on 24 Sep 15	
	25 May 15	17 Jul 15	25 Aug 15	24 Sep 15	17 Nov 15	21 Dec 15	19 Jan 16	21 Mar 16			
Whole-Time Directors											
RAdm Anil Kumar Verma										100	
Cmde Ratnakar Ghosh					x			x		75	
Shri Ramesh Chandra Nautiyal										100	
Shri Sarvjit Singh Dogra										100	
Part-Time Official Directors (Government Nominees)											
VAdm A V Subhedar [1]		x	x	x	x	x	x	NA		14	x
Shri Bharat Khara [2]			x	x				NA		71	x
Part-Time Non-Official Directors (Independent Directors)											
Shri Swapan Kumar Mukherjee										100	
Cmde M Jitendran										100	
Shri Ajay Bhattacharya										100	

Present x - Absent

[1] & [2] Ceased to be Director w.e.f. 04 Mar 16

Committees of the Board

11. Currently, the Board has constituted eight (08) Sub-Committees to assist it in the management of the day-to-day affairs of your Company and to facilitate a smooth and efficient flow of decision-making process. The Board Sub-Committees consists of the Audit Committee, the HR & Remuneration Committee, the CSR & Sustainability Committee, the Project Review Sub-Committee, Procurement Committee, Business Strategy & Capacity Augmentation Committee, the MoU Committee and the Legal Committee. Details about the above-mentioned Sub-Committees of the Board of Directors are provided below.

Audit Committee

12. The composition of the Audit Committee is in line with Section 177 of the Companies Act, 2013 and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises (DPE Guidelines).

13. The composition of the Audit Committee as on 31 Mar 16 is as under :

(a)	Shri Swapan Kumar Mukherjee <i>Independent Director</i>	Chairman
(b)	Shri Ajay Bhattacharya <i>Independent Director</i>	Member
(c)	Cmde M Jitendran <i>Independent Director</i>	Member
(d)	Cmde Ratnakar Ghosh <i>Director (Shipbuilding)</i>	Member

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

15. General Manager (Finance) and Addl. General Manager (Internal Audit) also attends the Meetings of the Audit Committee regularly.

16. The terms of reference of the Audit Committee are as specified in Section 177 of the Companies Act, 2013 and the rules framed thereunder and the Guidelines on Corporate Governance issued by the Department of Public Enterprises. The primary function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports, your Company's systems of internal controls regarding finance, accounting and legal compliance that management and the Board have established and your Company's auditing, accounting and financial reporting process generally.

17. The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors and discusses their findings, suggestions and other related matters and reviews the major accounting policies followed by your Company. The Audit Committee reviews the half yearly and annual financial statements before their submission to the Board.

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 of Directors at their subsequent meetings for information.

19. During the financial year 2015-16, seven (07) Meetings of the Audit Committee were held on 23 May 15, 15 Jul 15, 24 Aug 15, 24 Sep 15, 27 Nov 15, 11 Dec 15 and 18 Mar 16. The attendance of the members at the Audit Committee meetings during the financial year 2015-16 is given below:

Name of the Director	Audit Committee Meetings held and attended during respective tenure of Directors							% of attendance
	23 May 15	15 Jul 15	24 Aug 15	24 Sep 15	27 Nov 15	11 Dec 15	18 Mar 16	
Shri Swapan Kumar Mukherjee								100
Shri Ajay Bhattacharya								100
Cmde M Jitendran								100
Cmde Ratnakar Ghosh								100

Present



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

HR & Remuneration Committee

21. The composition of the HR & Remuneration Committee is in line with the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises.
22. The HR & Remuneration Committee consists of three Independent Directors. The composition of the HR & Remuneration Committee as on 31 Mar 16 is as under:

(a)	Shri Ajay Bhattacharya <i>Independent Director</i>	Chairman
(b)	Shri Swapan Kumar Mukherjee <i>Independent Director</i>	Member
(c)	Cmde M Jitendran <i>Independent Director</i>	Member

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

Name of the Director	HR & Remuneration Committee Meetings held and attended during respective tenure of Directors						% of attendance
	23 May 15	15 Jul 15	24 Aug 15	24 Sep 15	17 Nov 15	19 Mar 16	
Shri Ajay Bhattacharya							100
Shri Swapan Kumar Mukherjee							100
Cmde M Jitendran							100

Present

Procurement Committee

26. The composition of the Procurement Committee of the Board of Directors as on 31 Mar 16 is as follows :-

(a)	RAdm Anil Kumar Verma <i>Chairman & Managing Director</i>	Chairman
(b)	Shri Swapan Kumar Mukherjee <i>Independent Director</i>	Member
(c)	Cmde Ratnakar Ghosh <i>Director (Shipbuilding)</i>	Member
(d)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member

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

- 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.
- To examine all the proposals related to HR issue and give its recommendations.
- The recommendations of the "HR & Remuneration Committee" are placed before the Board of Directors for approval.

25. During the financial year 2015-16, six (06) Meetings of the HR & Remuneration Committee were held on 23 May 15, 15 Jul 15, 24 Aug 15, 24 Sep 15, 17 Nov 15 and 19 Mar 16. The attendance of the Members at the HR & Remuneration Committee meetings during the financial year 2015-16 is given below:

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

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

- Approval of proposals in excess of ₹30 crore for placement of orders for procurement of materials, equipment, tools, stores and spares, imports including from Russian Sources, approval of works, sub-contracts and facility hire etc. for sanctioned projects.
- Approval of proposals for capital expenditure in excess of ₹ 5 crore in respect of the items provided for in the Capital Budget approved by the Board / Government.

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

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

29. The Chairman of the Procurement Committee apprises the Board about the observations of the Procurement Committee during the Board Meeting.
30. During the financial year 2015-16, three (03) Meetings of the Procurement Committee were held on 23 May 15, 17 Jul 15 and 21 Mar 16. The attendance of the Members at the Procurement Committee Meetings during the financial year 2015-16 is given below:

Name of the Director	Procurement Committee Meetings held and attended during respective tenure of Directors			% of attendance
	23 May 15	17 Jul 15	21 Mar 16	
RAdm Anil Kumar Verma				100
Shri Swapan Kumar Mukherjee				100
Cmde Ratnakar Ghosh			x	66.67
Shri Sarvjit Singh Dogra				100

Present x - Absent

Business Strategy and Capacity Augmentation Committee

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

32. The composition of the Business Strategy and Capacity Augmentation Committee of the Board of Directors as on 31 Mar 16 is as follows :-

(a)	RAdm Anil Kumar Verma <i>Chairman & Managing Director</i>	Chairman
(b)	Cmde M Jitendran <i>Independent Director</i>	Member
(c)	Cmde Ratnakar Ghosh <i>Director (Shipbuilding)</i>	Member
(d)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member

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

34. The Committee has been tasked with :
- (a) Business Strategy formulation for future growth
 - (b) Infusion of new technologies
 - (c) Identify Schemes for Productivity Improvement



- (d) Finalise the Infrastructure Augmentation/ Capacity Enhancement to meet future business strategy and to improve shipbuilding efficiency.
- 35. The recommendations of the Committee are placed to the Board for consideration and approval.
- 36. During the financial year 2015-16, one (01) Meeting of the Business Strategy and Capacity Augmentation Committee was held on 01 Aug 15. All members of the Committee were in attendance at the meeting.

Project Review Sub-Committee

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

- 38. The Committee submits its report to C&MD and the Board from time to time.
- 39. The composition of the Project Review Sub-Committee of the Board of Directors as on 31 Mar 16 is as follows:-

(a)	Cmde M Jitendran <i>Independent Director</i>	Chairman
(b)	Cmde Ratnakar Ghosh <i>Director (Shipbuilding)</i>	Member
(c)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member

- 40. Chief General Manager (PP&C) is the Secretary to the Committee.
- 41. During the year 2015-16, three (03) Meetings of the Project Review Sub-Committee were held on 21 Apr 15, 01 Aug 15 and 28 Nov 15. The attendance of the Members at the Project Review Sub-Committee during the financial year 2015-16 is given below:

Name of the Director	Project Review Sub-Committee Meetings held and attended during respective tenure of Directors			% of attendance
	21 Apr 15	01 Aug 15	28 Nov 15	
Cmde M Jitendran				100
Cmde Ratnakar Ghosh				100
Shri Sarvjit Singh Dogra				100

Present

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

- 42. The Board of Directors of your Company has approved the Corporate Social Responsibility and Sustainability Policy formulated as per the Companies Act, 2013 and the rules framed thereunder and the Corporate Social Responsibility & Sustainability Guidelines issued by the Department of Public Enterprises. A CSR & SD Committee under the Chairmanship of an Independent Director has been constituted in terms of the said Policy for planning, implementation and monitoring the CSR & SD activities of your Company.

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

44. The composition of the CSR & SD Committee of the Board of Directors as on 31 Mar 16 is as follows :-

(a)	Shri Ajay Bhattacharya <i>Independent Director</i>	Chairman
(b)	Cmde Ratnakar Ghosh <i>Director (Shipbuilding)</i>	Member
(c)	Shri Ramesh Chandra Nautiyal <i>Director (Personnel)</i>	Member

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

46. During the financial year 2015-16, four (04) Meetings of the CSR & SD Committee were held on 27 Apr 15, 15 May 15, 02 Dec 15 and 21 Jan 16. The attendance of the Members at the CSR & SD Committee Meetings during the year 2015-16 is given below:

Name of the Director	CSR & SD Committee Meetings held and attended during respective tenure of Directors				% of attendance
	27 Apr 15	15 May 15	02 Dec 15	21 Jan 16	
Shri Ajay Bhattacharya					100
Cmde Ratnakar Ghosh				x	75
Shri Ramesh Chandra Nautiyal					100

Present x - Absent

MoU Committee

47. The MoU Committee of the Board of Directors was formed to review the MoU signed by and between your Company and the Department of Defence Production, Ministry of Defence, including reviewing the draft MoU terms and the Annual MoU Performance Evaluation Report, as required by the Department of Public Enterprises.

48. The composition of the MoU Committee of the Board of Directors as on 31 Mar 16 is as follows:-

(a)	Shri Swapan Kumar Mukherjee <i>Independent Director</i>	Chairman
(b)	Cmde M Jitendran <i>Independent Director</i>	Member
(c)	Cmde Ratnakar Ghosh <i>Director (Shipbuilding)</i>	Member
(d)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member

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

50. During the year 2015-16, three (03) Meetings of the Committee were held on 28 Aug 15, 12 Dec 15 and 19 Jan 16. The attendance of the Members at the MoU Committee Meetings during the financial year 2015-16 is given below :

Name of the Director	MoU Committee Meetings held and attended during respective tenure of Directors			% of attendance
	28 Aug 15	12 Dec 15	19 Jan 16	
Shri Swapan Kumar Mukherjee				100
Cmde M Jitendran				100
Cmde Ratnakar Ghosh				100
Shri Sarvjit Singh Dogra				100

Present



Legal Committee

51. The Legal Committee of the Board of Directors was formed at the 326 Board Meeting held on 17 Jul 15 to review, monitor and suggest an appropriate course of action for the legal cases of the Company, other than taxation matters.
52. The composition of the Legal Committee of the Board of Directors as on 31 Mar 16 is as follows:-

(a)	Shri Swapan Kumar Mukherjee <i>Independent Director</i>	Chairman
(b)	Shri Ajay Bhattacharya <i>Independent Director</i>	Member
(c)	Shri Ramesh Chandra Nautiyal <i>Director (Personnel)</i>	Member

53. The Company Secretary is the Secretary to the Committee.
54. During the year 2015-16, one (01) Meeting of the Committee was held on 02 Dec 15. All members of the Committee were in attendance at the meeting.

Annual General Meetings

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

Year	Date & Time	Venue	SR Passed
2012-13	24 Aug 13 1330 hrs.	Palladian Lounge, BCCI,6, Netaji Subhas Road, Kolkata - 700 001	Nil
2013-14	25 Aug 14 1330 hrs.	Registered Office at 43/46, Garden Reach Road, Kolkata - 700 024	Nil
2014-15	24 Sep 15 1300 hrs.	Registered Office at 43/46, Garden Reach Road, Kolkata - 700 024	Nil

Annual General Meeting for the Financial Year 2015-16

Date	28 th September, 2016
Venue	Registered Office of the Company at 43/46, Garden Reach Road, Kolkata 700 024
Time	1300 Hrs.

Remuneration of Whole -Time Directors

56. Being a Central Public Sector Enterprise, the appointment of Chairman & Managing Director and Whole- Time Directors is made by the Government of India indicating the tenure, remuneration package and other terms and conditions of appointment.
57. The details of remuneration of Whole-Time Directors during the year 2015-16 are given below:-

(in ₹ lakh)

Name of Director	Salary*	Company Contribution to PF & Gratuity	Commis-sion	Total
RAdm (Retd.) A K Verma, C&MD	38.23	2.62	-	40.85
Cmde (Retd.) R Ghosh, D(S)	30.78	2.18	-	32.96
Shri R C Nautiyal, D(P)	29.87	2.03	-	31.90
Shri S S Dogra, D(F)	26.09	2.35	-	28.44

*Salary includes Perquisites, arrears

Remuneration of Part-Time Directors

58. The Independent Directors are not paid any remuneration except the sitting fee for attending Board and Committee Meetings. Part-Time Government Directors are neither paid any remuneration nor sitting fees.
59. The sitting fee paid to the Independent Directors during the year 2015-16 is as follows:-

(in ₹ lakh)

Sl. No.	Name of Independent Director	Board Meetings	Committee Meetings	Total Remuneration
1	Shri Swapan Kumar Mukherjee	1.60	3.00	4.60
2	Cmde M Jitendran	1.60	3.00	4.60
3	Shri Ajay Bhattacharya	1.60	2.70	4.30

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

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

concerned and posted on your Company's website. The Board members and senior management personnel to whom the said Code is applicable have affirmed compliance of the same for the year ended 31 Mar 16. A declaration to this effect signed by the Chairman & Managing Director of your Company is appended at the end of this Report.

Disclosures

61. **(a) Conflict of Interest:** During the year 2015-16, your Company has not entered into any transactions with the Directors that may have potential conflict with the interests of your Company at large. The members of the Board, apart from receiving Directors' remuneration (wherever applicable), do not have any material pecuniary relationship or transaction with your Company which, in the judgment of the Board, may affect independence of judgment of the Directors.

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

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

(d) Integrity Pact: The Central Vigilance Commission (CVC) issued a circular on 04 Dec 07 recommending adoption and implementation of the Integrity Pact (IP) in respect of all major procurements of the Government Organisations. Accordingly, your Company adopted Integrity Pact in procurement of material and / or service for a value above ₹100 crore initially. Subsequently, the value has been reduced to ₹20 crore and further reduced to ₹2 crore from 01 Jan 14. The Pact essentially envisages an agreement between the prospective vendors / bidders and the Principal (GRSE), committing the Persons / officials of both

sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors / bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

As recommended by the CVC, your Company has appointed Shri Samar Ray, IA & AS (Retd.) Ex-Deputy Comptroller and Auditor General of India, and Ms. Bulbul Sen, Ex-Chief Commissioner of Income Tax as the Independent External Monitor (IEM) for monitoring implementation of Integrity Pact in your Company. The IEMs independently and objectively reviews whether and to what extent parties have complied with their obligations under the Pact. IEMs takes stock of the on-going tendering process on quarterly basis and conducts review once in every quarter. In case of complaint arising out of tendering process, the matter is examined by the IEMs, who looks into the records, conducts an investigation, and submits recommendations to the management. During their visit to the Corporate Office every quarter, the IEMs hold structured meetings with Chairman & Managing Director. So far, 61 Orders / Contracts are covered under Integrity Pact.

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

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

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

(in ₹ crore)

Sl.	Particulars	2015-16	2014-15
(a)	Total Expenditure (Other than materials)	586.85	630.10
(b)	Administrative & Office Expenses	13.06	12.37
(c)	Percentage of (b) on (a)	2.26	1.96



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

(g) Compliance of Accounting Principles: Your Company continuously strives to maintain accounts in transparent, true and fair manner in conformity with the accounting principles generally accepted in India. During the last fifteen years (1999-2000 to 2014-15) there have been no audit

qualifications. Your Company has also received "Nil" comments from the CAG during these years.

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

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

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

DECLARATION

Pursuant to the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE OM No. 18(8)/2005-GM dated 14 May 2010, it is hereby declared that all Board Members and Senior Management Personnel of your Company have affirmed compliance with the Code of Conduct & Ethics for Board Members and Senior Management Personnel of Garden Reach Shipbuilders & Engineers Limited for the year ended 31st March, 2016.

For Garden Reach Shipbuilders & Engineers Limited

Sd/-

A K Verma

Rear Admiral (Retd.)

Chairman & Managing Director

Kolkata
27th August, 2016



**Maheshwari R & Associates
Company Secretaries**

16 British Indian Street
2nd Floor Room No. 2 (D)
Kolkata-700 001
Ph.: 26389129(R)
Mobile: 9432232757
Email: rashmi3309@rediffmail.com

CORPORATE GOVERNANCE

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

We have examined the Compliance of the guidelines issued by the Department of Public Enterprises, Government of India on Corporate Governance by Garden Reach Shipbuilders & Engineers Limited, Kolkata, a Government Company within the meaning of Sec 2(45) of the Companies Act, 2013 for the year ended 31st March 2016.

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

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

Place: Kolkata
Date: 16 July, 2016



APPENDIX – “D”

Management Discussion and Analysis Report

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

Industry Structure & Development

1. Shipbuilding is highly capital, labour and technology intensive industry which requires a large percentage of its value addition from other industries. Your Company predominantly caters to the defence shipbuilding needs of the nation which is primarily driven by the maritime security requirements. The long gestation or build periods involved in the construction of frontline warships owing to their complexities, makes the sector vulnerable to dynamic up-gradation of technology taking place during the ship's build period.
2. A survey of the global shipbuilding industry revealed that the main advantages enjoyed by some of the top European shipyards building warships for the Navy of various countries, such as DCNS (France), Fincantieri (Italy), Kockums AB (Sweden), Navantia (Spain), TKMS (Germany) etc., are that these shipyards offer latest technology, top quality in construction and quick delivery due to shorter build periods. This is primarily due to the modern shipbuilding infrastructure available and modern shipbuilding processes followed in these yards, besides the vast ship design expertise and better work culture prevalent there. Further, the fact that ship design is frozen prior to commencement of construction is one of the most important factors that contribute to reduced build periods in foreign shipyards, whereas in Indian context, evolution of ship design (along with development of critical equipment) and ship construction happen as parallel process, resulting in extended build periods.
3. For your Company to compete in the global arena, quality & cost of construction and build period of ships would be the key drivers. The new defence Procurement Procedure promulgated by the Ministry of Defence and 'Make in India' initiative

of the Government of India envision more private participation in the defence shipbuilding, which is set to have a direct bearing on the market environment and performance imperatives thereby impacting your Company's order book position and bottom line. The need of the hour is for your Company to step-up performance in terms of design, productivity, cost competitiveness, quality, timely delivery etc. Your Company would also be required to upgrade its processes and products in line with latest technology to keep up with the ever changing demands of modern shipbuilding.

4. The overall shipbuilding capacity of your Company has doubled with the acquisition of Raja Bagan Dockyard and completion of major modernization at the Main Works of the Company, wherein a new Integrated Shipbuilding Facility for modular construction of warships has been created. Your Company can now build 04 large ships and 03 small ships concurrently, with Fitting Out of 04 more large ships and 03 more small ships. The newly created facilities at the Main Yard of your Company will enable the shipyard to introduce Modular Shipbuilding Technology which will result in significant reduction in build period of ships. This approach will help your Company to improve quality and reduce build period thereby meeting the stiff timelines as being achieved by leading global players in shipbuilding industry.

SWOT Analysis

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

Strengths

6. (a) Good infrastructure for shipbuilding enabling simultaneous construction and fitting out of many large ships.
(b) Dedicated stand-alone facility (Raja Bagan Dockyard) for construction and fitting out of small ships

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

Weaknesses

7. (a) Shortage of space in the Main Works of the Company, Shortage of manpower in some Units / Departments / Categories.
- (b) Location of the Company in thickly populated residential areas having narrow roads.
- (c) Constraints of a riverine shipyard due to limitations in the depth and width of navigable channel with effects of silting in river.

Opportunities

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

Threats, Challenges, Risks and Concerns

9. (a) Increased competition from other players in the field.
- (b) Non-availability of qualified and reliable vendors for outsourced services /works.
- (c) Geographical location and political environment.

- (d) Competition for Engineering Products
- (e) Serious efforts by private shipyards to enter Naval Shipbuilding and Ship repair market.
- (f) Low profit margins in construction of small ships and boats
- (g) Prospects of commercial shipbuilding industry is yet to pick-up after global recession.

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

Major initiatives undertaken and planned to ensure sustained performance and growth

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

Research & Development and Technology Absorption, Adaptation & Innovation

12. Your Company continues its efforts in the field of development of design of warships as also development of its engineering products. The core strength of the Company lies in its own in-house design capability. Recently, the Company has given an impetus to Research and Development (R&D) activities in indigenous shipbuilding by successfully inducting Water Jet Fast Attack Crafts in the service of Indian Navy. In the area of Ship Design, the Company has made major contribution to the design of ASW Corvettes being built for the Indian Navy.
13. In furtherance of the research and development initiative of the Company, the R&D team of the Company had live load tested an upgraded version of Portable Steel Bridge 220 ft span & 70R Load Class, with the use of improved "Panel



10'x7' size". Design verification and live load testing of this upgraded version of bridges was done by CSIR-Structural Engineering Research Centre, Chennai, and R&D Unit of Government of India. This is the patented design of the Company and first of its kind in India. This development will enable the Company to compete extensively in international markets.

IT Initiatives – ERP System

14. The Company, in its modernisation drive, has fully made operational the state-of-the-art Information and Communication System in the Company. The hardware and software are in place and the Company has already started deriving rich benefit out of this drive.
15. **View Drawing in Production area:** The final drawings released by Design Department are being viewed by the production team through shop floor computers. This facility is enabling production team to view the drawings in 2-D and 3-D mode and getting real time updates of the drawings. They do not have to wait for paper copy of the drawings.
16. **Network Availability at the dock and berth area:** Wired Network connectivity has been provided to the nearest point of the docks and berths. This is facilitating production team to view different status report and updates in SAP, project progress, labour booking and many such other advantages.
17. **Handheld Tab for Production personnel:** Production personnel will be given 10.5" Tab Handheld to access their email, documents, MIS dashboard and many more on the go. This mobile facility will provide better communication and updates on their day to day activities and control.
18. With a view to consolidate the progress made on the IT front, users are being given training on continuous basis.

Marketing & Business Development

19. Your Company for the past few years has been expanding both internally and externally. Both these developments have been possible because of increased productivity. It has resulted in a

healthy Order Book position when seen in the long term, primarily due to Project 17A Contract.

20. The Central Design Office of your Company has been the core area of all round shipbuilding activities and the Company has, over the years, been in a constant process of upgrading the technology. This up-gradation of technology through design efforts has brought laurels as well as capturing of order from Navy with in-house design efforts.
21. During the present year, your Company has delivered the second Indigenous Anti-Submarine Warfare Corvette (ASWC), 'INS Kadmatt' to Indian Navy and completed the Guarantee Refit of CGS Barracuda of National Coast Guard, Mauritius, the first Indian built export warship.
22. The Company is happy to report that it has bagged the order for 05 nos. Follow-On Fast Patrol Vessels from Indian Coast Guard. This order worth ₹373 crore would keep Raja Bagan Dockyard engaged for two more years, on completion of on-going project of WJFACs for Indian Navy.
23. Buoyed by the response for the first warship export, your Company is seriously exploring the overseas market for its products. Your Company has participated in a global tender for construction of two frigates for the Philippines Navy and is the only Indian Shipyard to have qualified for this international tender with competition from leading global players like Navantia, STX, Daewoo and Hyundai among others. During the final bid process in Mar 2016, your Company had bid aggressively and emerged as LCB-1 (Lowest Calculated Bidder) against competition with Korean Shipyards like Hyundai. A high level Philippine Delegation visited your Company in Apr-May 2016 for Post Qualification assessment and they were fully satisfied with the infrastructure and shipbuilding capabilities demonstrated by your Company. However, a minor issue pertaining to computation of NFCC (Net Financial Contracting Capacity) as per the formula specified in the Procurement Regulations of Govt. of Philippines has become an impediment in bagging of the contract. Your Company is still pursuing the matter through

Ministry of Defence, Govt. of India and the Indian Ambassador at Manila, in addition to directly pursuing with the Philippine Authorities. Further, your Company is also exploring the possibility of exporting Pre-fabricated Steel Bridges to Bhutan and Peru.

24. Your Company has also established a separate department for looking after business development and marketing activities and the main thrust area of the department is as follows:

(a) Development of business opportunities in India and abroad, including Market Survey for assessing business prospect in India and abroad.

(b) Interaction with customers, including broadening of customer base and Customer Relationship management.

(c) Selection and Appointment of Marketing Representatives in India and abroad to explore new market for launching the products of your Company.

(d) Publicity and advertisement for projecting entity profile and product profile of the Company.

Customer Satisfaction

25. Your Company has received Excellent Grading on Customer Satisfaction in Design Segment of Ship and Very Good in Delivery Segment of Ship conducted by an external agency for the financial year 2015-16.

Quality Assurance

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

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

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

Risk Management

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

Cost Reduction

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

Import Substitution / Indigenisation

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

Internal Control System and their adequacy

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



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

Financial / Operational Performance Strategy & Objectives

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

Performance Highlights

38. The Performance Highlights of the Company during the year ended 31 Mar 16 are as follows:

(₹ in crore)

	As on 31 Mar 16	As on 31 Mar 15
Capital Employed	1022.14	908.10
Gross Block	566.40	563.81
Net Block	343.70	365.74
Working Capital	678.44	542.35
Net Worth	1064.41	967.75
Value Added	471.17	477.02
Value of Production	1706.60	1612.66
Profit Before Tax	247.11	76.02
Sales	1910.43	2308.05
Ratios	%	%
Gross Profit : Capital Employed	24.18	8.52
Profit Before Tax: Value of Production	14.48	4.71
Value of Production: Capital Employed	1.67	1.78
Sundry Debtors: Sales	7.93	6.86

Development in Human Resources

Industrial Relations

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

Environmental aspects and abatement of Pollution

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

approach making continuous improvements in the management of the environmental impact of our operations.

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

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

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

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

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

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

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

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

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

(i) Translucent sheets in workshops are extensively used as a routine activity to utilize

natural lighting to the maximum extent possible to reduce energy consumption and in turn CO₂ emission indirectly.

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

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

(l) Other energy conservation measures like installation of electronic ballasts, compact fluorescent lamps, TL₅ luminaires, LED luminaires, Solar powered street lighting system, VVVF type control systems, Bureau of Energy Efficiency accredited star rated window AC machines, solid state control system and energy efficient compressors, solar water heating systems etc. have been taken in the Yard to reduce CO₂ emission indirectly.

42. Your Company has obtained consent to emit gaseous effluent and to discharge liquid effluent under the provisions of the Air (Prevention and Control of Pollution) Act, 1981, Environmental (Protection) Act, 1986 and Water (Prevention and Control of Pollution) Act, 1974 respectively from West Bengal Pollution Control Board.

43. The Company has also obtained authorization from West Bengal Pollution Control Board for storage, transport and disposal of hazardous waste under the purview of Hazardous Wastes (Management, Handling & Tran Boundary Movement) Rules, 2008 and in accordance with Environment (Protection) Act, 1986.

Conservation of Energy

44. As a part of commitment of the Shipyard towards green energy for reducing the impact of atmospheric climate change, GRSE has already embarked upon solar power project. Accordingly, your Company has implemented 100 kWp grid interactive solar power plant, which has effectively



reduced the energy consumption from CESC grid by about 108MWh (annually) and thereby resulting in reduction of energy bill by about ₹6.13 lakh/annum. Also the surplus solar power is being exported to CESC grid which would facilitate your Company to earn revenue of approx. ₹3.05 lakh/annum. In addition, greenhouse gas (GHG) emission has been reduced to the extent of 88 T/annum.

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

Corporate Social Responsibility

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





APPENDIX - "E"

Form No. MGT-9 Extract of Annual Return

As on the financial year ended on March 31, 2016

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SI. No.	Name and Description of main products / services	*NIC Code of the Product / service	% to total turnover of the Company
1.	Ship Construction	301/3011 – Building of ships and floating structures	92.50%

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Not Applicable

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

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

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & DRs (C)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	12,384,000	12,384,000	100%	-	12,384,000	12,384,000	100%	Nil

ii) Shareholding of Promoters

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

iii) Change in Promoters' Shareholding

❖ There were no changes in the Promoter's shareholding during the Financial Year 2015-16.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31 Mar 16

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

v) Shareholding of Directors and Key Managerial Personnel

Sl. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	RAdm A K Verma				
	At the beginning of the year	1	0.00	1	0.00
	Brought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	1	0.00	1	0.00



V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the financial year 2015-16.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(in ₹ lakh)

Sl. No.	Particulars of Remuneration	Name of MD / WTD				Total Amount
		RAdm A K Verma	Cmde R Ghosh	Shri R C Nautiyal	Shri S S Dogra	
1	Gross salary					
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	37.46	30.46	26.43	23.82	118.17
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.77	0.32	3.44	2.27	6.80
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
5.	Others (Contribution to PF & Gratuity)	2.62	2.18	2.03	2.35	9.18
	Total (A)	40.85	32.96	31.90	28.44	134.15
	Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.				

B. Remuneration to other Directors*:

(in ₹ lakh)

Sl. No.	Particulars of Remuneration	Name of Independent Director			Total Amount
		Shri Swapan Kumar Mukherjee	Cmde M Jitendran	Shri Ajay Bhattacharya	Total Amount
1.	Fee for attending Board / Committee Meetings	4.60	4.60	4.30	13.50
2.	Commission	-	-	-	-
3.	Others	-	-	-	-
	Total (B)	4.60	4.60	4.30	13.50
	Overall Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.			
	Total Managerial Remuneration (A + B)	₹147.65 lakh			
	Overall Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.			

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Company Secretary
1.	Gross salary	
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	13.45
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
5.	Others (Contribution to PF & Gratuity)	0.97
	Total	14.42

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

APPENDIX – “F”**Annual Report on CSR Activities for Financial Year 2015 – 16****1. A brief outline of your Company's CSR Policy**

Corporate Social Responsibility (CSR) is an integral part of Garden Reach Shipbuilders & Engineers Ltd. (GRSE)'s corporate philosophy. Your Company's Policy on Corporate Social Responsibility and Sustainability was promulgated on 14 Jan 15 in line with the requirements of Section 135 of Companies Act, 2013. CSR projects are undertaken as envisaged under Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company's Policy on Corporate Social Responsibility can be accessed on its website link at http://www.grse.nic.in/pdf/GRSE-CSR-Policy_14-Jan-15.pdf.

Baseline Surveys are conducted in the vicinity of our factories to identify the needs and areas of concern of the local community and other stakeholders primarily in the surrounding areas of the factories for selection of CSR Projects. The Board Level Committee on CSR & Sustainability headed by an Independent Director recommends various CSR and Sustainability projects for implementation by your Company. The Committee is also responsible for monitoring the progress of various CSR & Sustainability projects undertaken by your Company.

Overview of Major CSR Projects / Programs Undertaken**(I) Skill Development / Vocational training – An initiative for harnessing human resource and empowering youth in Garden Reach Areas**

Metiabruz is one of the most densely populated regions of Kolkata with high concentration of unemployed and under employed youth mostly belonging to minority community. Baseline surveys revealed that large family size, low formal educational level and insufficient infrastructure facility lead to chronic poverty in this locality. Low educational qualification coupled with lack of formal training, limit the scope of employment and force the local youth to be engaged in unorganized activities like kite making, vending etc. Whereas increasing level of activities in industrial and service sector has increased demand for skilled workforce among the high growth and emerging sectors such as construction, manufacturing etc. In order to deal with the skill gaps and also to fulfill the aspirations of the youth to gainful employment as also entrepreneurship ventures, 'Skill Development / Vocational Training' to local unemployed youth was



undertaken by the Company in partnership with Bengal Engineering and Science University (BESU), as a Flagship CSR Project since 2010 – 11.

In order to make this project more effective, a tripartite MoU was signed between GRSE, IEST (formerly known as BESU) and Kolkata Police on 09 Jan 14. Presently skill trainings are being imparted in 5 trades in line with SDIS Guidelines of Govt. of India. In terms of govt. directives a substantial portion of CSR budget is allocated for Skill Development / Vocational Training.

Under this Flagship project, 195 nos. of local unemployed youth have been provided vocational training during the year 2015-16. In addition training is in progress for about 80 more students. During the training period, the trainees were given an amount of ₹80/- for each day of attendance to defray their travelling and tiffin expenses. Placement assistance is provided to all trainees on completion of vocational training.

and behavioural skills, understand commands and instructions and express themselves through speech, gestures etc. The children aged between 14 - 18 years are imparted pre-vocational skill training like block printing, paper bag making etc.



On 28 Apr 15, an enthusiastic team of 20 students from IICP along with 10 staff members visited the Company. The children were very excited to see the big ships under construction, the 250 Ton Goliath Crane, the Modern machineries etc. The children expressed their heartfelt gratitude and wished their class mates be allowed to enjoy the same experience.



(iii) Women Empowerment

GRSE has partnered with the Ramakrishna Sarada Mission which works for the upliftment of the women and children from economically backward families. Your Company has facilitated the following projects:

(ii) Empowering Differently Abled Children

GRSE supports 3 classes of Indian Institute of Cerebral Palsy (IICP), viz. EDU – IV, EDU – V and Life Skills Training Unit. Education Development Units comprise of those children who have severe multiple impairments. This class emphasizes learning basic concepts, enhancing communication, learning language and pre-reading, writing number skills. The children are given objectives such as to learn about themselves and family members and about family environments, develop social



- (a) Construction of Vocational Training Centre at Thakumagar, Purba Midnapur, for providing various vocational training such as weaving, tailoring and knitting training to the village women to enable them to earn their livelihood.
- (b) Construction of additional class rooms for primary school students from Pre - I to Class – IV at Gangarampur, D.H. Road, Alipore (South).
- (iv) **Cataract Surgery for the Poor and Needy People of Metiabruz Area, Kolkata**



500 nos. of cataract surgeries were conducted through National Eye Care, conforming to the All India Ophthalmology Society (AIOS) Guidelines. In addition to cataract surgery, pre-operative check-ups with investigations, 4 stages of post-operative check-up, medicines and consumables were provided upto 6 weeks from the date of surgery. Goggles were provided after surgery and spectacles provided after proper binocular refractive correction.

(v) Support to 20 Anganwadi Centres of Metiabruz Area

GRSE has signed a MoU with CII Foundation to improve 20 anganwadi centres of Metiabruz into model centres. This is a unique CSR project which is being facilitated by CII-UNICEF CSR Hub. Under this project, water purifiers, nutrition supplement, child friendly

toilets, utensils, medical kits, toys, educational kits, mats, etc. have been provided. This project is serving the following objectives:



- (a) Provide support in terms of infrastructure, equipment and capacity building to the anganwadi centres.
- (b) To reduce under-nutrition in prenatal and postnatal period upto 6 years of age.
- (c) Provide early childhood education
- (d) Monitor nutritional growth and development of the beneficiaries.
- (e) Ensure adequate training in early childhood education & nutrition.
- (vi) **Swachh Bharat Initiatives**

The National CSR Hub (TISS) was engaged to conduct a study and submit road map for implementing Swachh Bharat Mission initiatives in Metiabruz. 30 toilets have been constructed in Garden Reach Maulana Azad Memorial Girls' High School and Garden Reach Mudiali Girls' High School (H.S) and 20 dysfunctional toilets were renovated in



Fatepur Hindi Nagari Pracharak Vidyalaya & Garden Reach Madhyamik Vidyalaya.

(vii) Monthly Health Camp and Blood Donation Camp

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



- (b) Blood donation camp was conducted on 19 Feb 16 in which 124 employees donated blood for patients suffering from Thalassaemia, Haemophilia or the victims of road accident.

(viii) Cancer detection equipment provided to Saroj Gupta Cancer Centre and Research Institute

GRSE has supported SGCCRI for procuring and installing the following equipments which will be used to diagnose and treat malignancies:

- (a) Vitek 2 Compact 30
- (b) Automated Embedding Station
- (c) BD Surepath DTS LBC System

(ix) Providing School Benches

GRSE has extended support for providing 170 pairs of high and low benches to Garden Reach Maulana Azad Memorial Girls' High School.

2. Composition of the CSR Committee as on 31 Mar 16 was as follows:

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

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

2012-13	₹193.15 crore
2013-14	₹187.23 crore
2014-15	₹76.02 crore
Total Net Profit	₹456.40 crore
Average Net Profit	₹152.13 crore

4. Prescribed CSR Expenditure (i.e. 2% of Average Net Profit of previous 3 years as in Point 3 above): ₹3.04 crore.



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

- (a) Total amount to be spent for the financial year : ₹3.04 crore
 (b) Amount unspent, if any : Nil
 (c) Manner in which the amount spent during the financial year is detailed below :

Sl. No.	CSR project or activity identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise	Amount spent on the Projects or Programs Sub Heads : (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2015 – 2016	Amount Spent: Direct or through Implementing Agency
1.	Vocational training to local youth in different modules.	Clause – (ii) promoting employment enhancing vocational skills.	West Bengal - Kolkata Municipal Corporation, Ward no. 133-141 of Borough – XV (Metiabruz area) and Ward no. 76 – 80 (Garden Reach area). Maheshitala Municipal Corporation, Ward no. 1 – 10 of 24 Parganas (South), West Bengal.	₹55.00 lakh	₹42.83 lakh	₹42.83 lakh	IEST, Shibpur
2.	Adoption of 3 classes comprising 41 severely disabled children of Indian Institute of Cerebral Palsy (IICP)	Clause – (ii) promoting education, including special education and employment enhancing vocational skills among the differently abled children.	West Bengal - Kolkata and neighboring districts.	₹24.00 lakh	₹24.00 lakh	₹24.00 lakh	Indian Institute of Cerebral Palsy (IICP)
3.	Support to Ramakrishna Sarada Mission- Rasik Bhita for construction of vocational training room at Thakumagar, Purba Midnapur and Classroom for primary school at Gangarampur, DH Road, 24 Parganas (South).	Clause – (ii) promoting education and employment enhancing vocational skills for women.	Thakumagar, Purba Midnapur, West Bengal Gangarampur, DH Road, 24 Parganas (South).	₹26.80 lakh	₹24.12 lakh	₹24.12 lakh	Ramakrishna Sarada Mission at Thakumagar and Gangapur.

Sl. No.	CSR project or activity identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise	Amount spent on the Projects or Programs Sub Heads : (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2015 – 2016	Amount Spent: Direct or through Implementing Agency
4.	Cataract surgeries for old and poor people of the locality.	Clause – (i) Promoting health care.	West Bengal - Kolkata Municipal Corporation, Ward no. 133-141 of Borough – XV and Ward no. 76 – 80. Maheshala Municipal Corporation, Ward no. 1 – 10 of 24 Parganas(S), West Bengal.	₹25.00 lakh	₹23.66 lakh	₹23.66 lakh	National Eye Care, Kolkata
5.	Improvement of 20 Anganwadi centres of Metiabruz into model centres.	Clause – (i) eradicating hunger, poverty and malnutrition promoting sanitation and making available safe drinking water. Clause – (ii) promoting education among children	West Bengal - Metiabruz; Garden Reach and surrounding areas of Kolkata.	₹46.50 lakh	₹22.83 lakh	₹22.83 lakh	Confederation of Indian Industry (Eastern Region)
6.	Health checkup camp.	Clause – (i) Eradicating hunger, poverty and malnutrition promoting preventive health care.	Metiabruz, Kolkata, West Bengal.	₹3.00 lakh	₹3.63 lakh	₹3.63 lakh	GRSE Ltd.
7.	Blood donation camp for Thalaesemia and road traffic accident patients.	Clause – (i) Eradicating hunger, poverty and malnutrition promoting preventive health care.	West Bengal, Kolkata	₹1.00 lakh	₹1.00 lakh	₹1.00 lakh	GRSE Ltd.
8.	SWACHH BHARAT MISSION SCHOOL TOILETS Construction of 30 toilets in Metiabruz area including local schools.	Clause – (i) eradicating hunger, poverty and malnutrition promoting sanitation and making available safe drinking water.	Metiabruz, Kolkata, West Bengal.	₹30.00 lakh	₹24.44 lakh	₹24.44 lakh	GRSE Ltd.



Sl. No.	CSR project or activity identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise	Amount spent on the Projects or Programs Sub Heads : (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2015 – 2016	Amount Spent: Direct or through Implementing Agency
9.	Provide 150 pairs of high and low benches to local girls' high school.	Clause – (ii) promoting education among children	Mediabruz, Kolkata, West Bengal.	₹10.00 lakh	₹10.00 lakh	₹10.00 lakh	GRSE Ltd.
10.	Support to Saroj Gupta Cancer Centre and Research Institute	Clause – (i) Promoting health care.	West Bengal, Kolkata	₹25.51 lakh	₹25.51 lakh	₹25.51 lakh	GRSE Ltd.
11.	Installation of 200 Kwp grid interactive roof top solar power plant. Monitoring and evaluation of the project through external agency	Clause – (iv) ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of air, water and soil.	Mediabruz, Kolkata, West Bengal.	₹125.00 lakh	₹121.66 lakh	₹121.66 lakh	Sunshine Power Products Pvt. Ltd.
	TOTAL			₹371.81 lakh	₹323.68 lakh	₹323.68 lakh	

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

Not Applicable

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

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

Sd/-
Asit Kumar Nanda
Director (Personnel)

Sd/-
Ajay Bhattacharya
Chairman, CSR & Sustainability Committee

Date: 16th July, 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **Garden Reach Shipbuilders & Engineers Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended (in which are incorporated the returns for the year ended on that date audited by the Branch auditor of the Company's Branch at Ranchi).

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of 1 (One) branch included in the financial statements of the Company whose financial statements reflect total assets of ₹3,898.15 Lakhs as at 31st March, 2016 and total revenues of ₹1,878.72 Lakhs for the year ended on that date, as considered in the financial statements.

The financial statements of Ranchi branch have been audited by the branch auditor whose report has been



furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, is based solely on the report of such branch auditor.

Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - iii. The reports on the accounts of Ranchi Branch of the Company audited under Section 143 (8) of the Act by branch auditor has been sent to us and has been properly dealt with by us in preparing this report.
 - iv. The Balance Sheet, the Statement of Profit and Loss and the Cash flow Statement dealt with by this Report are in agreement with the books of account.
 - v. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - vi. On the basis of the written representations received from the directors as at 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as at 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - vii. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

viii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 29.15 to the financial statements.
 - b) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - c) No amount was required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by the sub-section (5) of section 143 of the Act, we give in Annexure C a statement on the matters contained in directions issued by Comptroller & Auditor General of India in terms of aforesaid section.

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

Sd/-

(CA. Sourav Choudhary)

Partner

Membership No. 300768

Place : Kolkata

Date: 27th August, 2016

“ANNEXURE A” TO THE AUDITOR’S REPORT

Statement referred to in paragraph ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of Garden Reach Shipbuilders & Engineers Limited on the financial statements for the year ended 31st March, 2016.

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets have been physically verified by the management during the year at periodical intervals as per the programme of physical verification of fixed assets. To the best of our knowledge, no material discrepancy was noticed on such verification and in our opinion the periodicity of such physical verification is reasonable having regard to the size of the Company and nature of its assets.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following cases where title deeds were not made available to us for our verification:

For Lands

(₹ In lakh)

Sl. No.	No. of Cases	Leasehold / Freehold	Gross Block as on 31st March, 2016	Net Block as on 31st March, 2016	Remarks
1	3	Leasehold Land at Belur Unit and FOJ unit	Nil	Nil	As explained to us, Lease agreement has expired and renewal is under process. Therefore, no value appearing in books.
2	1	Leasehold at Taratalla Unit	Nil	Nil	Lease agreement not presented for our verification. There is no gross / net block as the same is classified under Prepaid Expenses - Refer Note No. 29 (9) to financial statements.
3	1	Land at 61 Park	Nil	Nil	As explained, the said land was allotted to the Company by Govt. of India without any cost. Although mutation is in the name of the Company, documents of title were not made available to us for our verification.
4	1	Land at DEP, Ranchi	Nil	Nil	Refer Note No. 29 (6) (c) to financial statements.

- (ii) The inventories (other than those in transit and those lying with third parties), have been physically verified during the year by the management at reasonable intervals. In respect of goods lying with third parties, these have substantially been confirmed by them.
- (iii) The Company has not granted any loan, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, clauses (iii) (a), (b) and (c) of paragraph 3 of the said order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable.
- (v) The Company has not accepted any deposit within the meaning of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. The directives issued by the Reserve Bank of India are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company in respect of products



where pursuant to the Companies (Cost Records & Audit) Rules, 2014, prescribed by the Central Government, the maintenance of Cost records has been prescribed under section 148(1) of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We, however, as not required, have not made a detailed examination of such records.

- (vii) (a) According to the information and explanations given to us and based on the examination of the records of the Company as provided to us, the Company is regular in depositing undisputed statutory dues including provident

fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, to the extent applicable, with appropriate authorities and no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2016 for a period of more than six months from the date of becoming payable.

- (b) The disputed statutory dues aggregating to ₹4,112.37 lakhs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl. No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in lakh)	Forum where the dispute is pending
1	West Bengal Value Added Tax Act, 2003	Value Added Tax	2007-08	506.83	West Bengal Taxation Tribunal
2	West Bengal Value Added Tax Act, 2003	Value Added Tax	2011-12	123.46	Appeal not filed yet
3	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2004-05	8.80	Commercial Tax Tribunal, Jharkhand
4	Central Sales Tax Act, 1956	Central Sales Tax	2004-05	17.48	Commercial Tax Tribunal, Jharkhand
5	Central Sales Tax Act, 1956	Central Sales Tax	2007-08	79.11	Commercial Tax Tribunal, Jharkhand
6	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2009-10	366.08	Commissioner of Commercial Taxes
7	Central Sales Tax Act, 1956	Central Sales Tax	2009-10	58.81	Commissioner of Commercial Taxes
8	Central Sales Tax Act, 1956 (Jharkhand)	Central Sales Tax	2012-13	283.71	Revision petition and stay petition to be filed before the Commissioner of Commercial Taxes, Ranchi.
9	Central Excise Act, 1944	Central Excise	2001-02 to 2005-06	17.90	Commissioner of Central Excise (Appeals)
10	Central Sales Tax Act, 1956	Central Sales Tax	2010-11	1,201.93	Commissioner of Commercial Taxes
11	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2010-11	768.01	Commissioner of Commercial Taxes

Sl. No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in lakh)	Forum where the dispute is pending
12	Central Excise Act, 1944	Central Excise	2011-12	75.54	CESTAT
13	Finance Act, 1994	Service Tax	2003-04 to 2007-08	121.30	CESTAT
14	Income Tax Act, 1961	Income Tax	2009-10	18.56	Deputy Commissioner of Income Tax (Rectification)
15	Income Tax Act, 1961	Income Tax	2008-09	352.85	Commissioner of Income Tax (Appeal)
16	Income Tax Act, 1961	Income Tax	2011-12	111.33	Commissioner of Income Tax (Appeal)
17	Income Tax Act, 1961	Income Tax	2013-14	0.67	Commissioner of Income Tax (Appeal)
Total				4,112.37	

(viii) The Company has not defaulted in repayment of loans or borrowings to financial institutions or banks or Government. The Company has not issued any debentures.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. On the basis of our examination and according to the information and explanations given to us, money raised by way of term loans have been applied for the purpose for which the loans were obtained.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, clause (xii) of paragraph 3 of the said order are not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections

177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause (xv) of paragraph 3 of the said order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Sd/-

(CA. Sourav Choudhary)
Partner

Place : Kolkata
Date: 27th August, 2016

Membership No. 300768



“Annexure B” to the Independent Auditor’s Report of Even Date on the Financial Statements of Garden Reach Shipbuilders & Engineers Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Garden Reach Shipbuilders & Engineers Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial

reporting were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Sd/-

(CA. Sourav Choudhary)

Partner

Place : Kolkata
Date: 27th August, 2016

Membership No. 300768



“Annexure C” to the Auditors’ Report

Sl. No.	Directions	Auditor’s Comments
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	Details have been given in clause (i)(c) of “Annexure A” to the Auditor’s Report.
2	Whether there are any cases of waiver/ write off of debts/loans/interest etc.,if yes, the reasons there for and the amount involved.	No such case of waiver of debts/loans/ interest etc. have come to our notice nor have we been informed of any such case by the management.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	Records are maintained for inventories lying with third parties. According to information and explanation given to us, no asset was received as gift from Govt. or other authorities.

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

Sd/-
(CA. Sourav Choudhary)

Place : Kolkata
Date: 27th August, 2016

Partner
Membership No. 300768

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED, KOLKATA FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of **Garden Reach Shipbuilders & Engineers Limited, Kolkata** for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on these financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their **Audit Report dated 27 Aug 2016**.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Garden Reach Shipbuilders & Engineers Limited, Kolkata for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report.

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

Sd/-

(E. P. Nivedita, IA & AS)

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

Place: Bengaluru

Dated : 06 September 2016.



BALANCE SHEET AS AT 31ST MARCH, 2016

(₹ in lakh)

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	12,384.00	12,384.00
(b) Reserves and surplus	3	94,057.05	84,390.67
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	2,195.07	2,150.08
(b) Deferred tax liabilities (Net)	5	917.99	1,396.58
(c) Long term provisions	6	812.36	807.17
(3) Current Liabilities			
(a) Trade payables :			
Dues of micro and small enterprises	7	347.17	168.69
Dues of other than micro and small enterprises	7	61,894.31	55,660.72
(b) Other current liabilities	8	5,63,114.51	5,61,501.85
(c) Short-term provisions	9	11,465.03	18,436.33
Total		7,47,187.49	7,36,896.09
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		34,069.15	36,006.11
(ii) Intangible assets		301.15	567.78
(iii) Capital work-in-progress		2,227.59	1,120.66
		36,597.89	37,694.55
(b) Non-current investments	11	0.44	0.44
(c) Long term loans and advances	12	3,526.45	6,378.53
(d) Other non-current assets	13	2,397.92	2,819.29
(2) Current assets			
(a) Inventories	14	4,21,031.39	4,56,066.04
(b) Trade receivables	15	14,961.13	15,172.23
(c) Cash and bank balances	16	2,48,202.75	1,97,905.08
(d) Short-term loans and advances	17	13,889.63	18,220.31
(e) Other current assets	18	6,579.89	2,639.62
Total		7,47,187.49	7,36,896.09

Significant Accounting Policies 1
Other Notes to Financial Statements 29

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

As per our report of even date attached.

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

Sd/-
CA. Sourav Choudhary
Partner
Membership No. 300768

Sd/-
S. Mahapatra
Company Secretary

For and on behalf of the Board of Directors

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

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

Place: Kolkata
Date: 27th August, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in lakh)

Particulars	Note No.	Figures for the current reporting period	Figures for the previous reporting period
I. Revenue from Operations (Gross)	19	1,70,784.99	1,61,469.13
Less : Excise duty		650.42	573.77
		1,70,134.57	1,60,895.36
II. Other Income	20	18,042.14	6,927.15
III. Total Revenue (I +II)		1,88,176.71	1,67,822.51
IV. Expenditure :			
Cost of materials consumed	21	87,850.68	83,357.54
Purchase of Products for resale	22	18,644.03	15,181.63
Changes in inventories of work in progress	23	(56.19)	168.57
Sub-contracting charges		12,510.65	10,636.95
Other Expenses - project related	24	5,083.33	4,410.07
Employee benefits expense	25	29,604.88	31,002.78
Finance costs	26	102.43	170.16
Depreciation and amortization expense		2,779.80	2,710.63
Other expenses	27	8,604.40	14,079.64
Total Expenses		1,65,124.01	1,61,717.97
V. Profit before exceptional and extraordinary items and tax (III-IV)		23,052.70	6,104.54
VI. Exceptional Items	28	1,658.51	1,497.52
VII. Profit before extraordinary items and tax (V+VI)		24,711.21	7,602.06
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII-VIII)		24,711.21	7,602.06
X. Tax expense:			
(1) Current tax		9,117.93	3,166.15
(2) Adjustment relating to prior years		-	8.31
(3) Deferred tax		(478.59)	82.33
XI. Profit/(Loss) for the year		16,071.87	4,345.27
XII. Earning per equity share (Nominal value per share ₹100/-):			
Basic and Diluted [Refer Note No. 29(14)]		129.78	35.09

Significant Accounting Policies 1

Other Notes to Financial Statements 29

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

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

Chartered Accountants

Firm's Registration No. - 302082E

Sd/-

CA. Sourav Choudhary

Partner

Membership No. 300768

Place: Kolkata

Date: 27th August, 2016

Sd/-

S. Mahapatra

Company Secretary

Sd/-

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

Chairman & Managing Director

DIN - 05177972

Sd/-

S.S.Dogra

Director (Finance)

DIN - 07052300



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(₹ in lakh)

		Figures for the current reporting period		Figures for the previous reporting period
A. Cash flow from operating activities:				
Profit before exceptional items, extra-ordinary items and taxation		24,711.21		7,602.06
Adjustments for -				
Interest income		(16,868.44)		(3,316.91)
Depreciation & amortisation expense		2,779.80		2,710.63
Retirement of Assets - (Profit) / Loss		11.20		0.13
Finance cost		102.43		170.16
Unrealized loss/ (gain) on foreign exchange fluctuation		(77.93)		(1,037.85)
Liability no longer required written back		(1,731.88)		(226.18)
Operating profit before working capital changes		8,926.39		5,902.04
Adjustments for changes in working capital :				
(Increase)/Decrease in Trade Receivables	677.46		(10,583.26)	
(Increase)/Decrease in Loans & Advances	(54,831.64)		(1,39,017.21)	
(Increase)/Decrease in Current & Non Current Assets	217.27		192.29	
(Increase)/Decrease in Inventories	35,034.65		68,033.22	
Increase/(Decrease) in Trade, Other Payables & Provisions	(618.19)		92,628.98	
		(19,520.45)		11,254.02
Cash generated from/ (used in) operations		(10,594.06)		17,156.06
Taxes paid (net of refunds)		(6,381.51)		(6,411.12)
Net cash from operating activities		(16,975.57)		10,744.94
B. Cash flow from investing activities				
Purchase of fixed assets (including intangibles)		(1,698.30)		(2,346.31)
Interest received		12,651.60		3,352.75
Net cash used in investing activities		10,953.30		1,006.44
C. Cash flow from financing activities:				
Repayment of Long term Borrowings		44.99		(252.78)
Interest received				
Interest and other borrowing cost paid		(22.03)		(140.16)
Dividend paid		(2,476.80)		(1,238.40)
Dividend tax paid		(504.22)		(210.47)
Net cash used in financing activities		(2,958.06)		(1,841.81)
Net Increase/(Decrease) in cash & cash Equivalents		(8,980.33)		9,909.57
Opening cash and & cash equivalents		11,605.08		1,695.51
Closing cash & cash equivalents (Refer note 16)		2,624.75		11,605.08

Notes :

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

(₹ in lakh)

		Figures as at the end of current reporting period		Figures as at the end of previous reporting period
Balances with banks				
Current accounts		2,618.57		1,399.92
Fixed deposits (Original maturity upto 3 months)		-		10,200.00
Cash on hand		6.18		5.16
Cash & cash equivalents		2,624.75		11,605.08

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

Significant Accounting Policies -Refer Note 1

Other Notes to Financial Statements -Refer Note 29

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

As per our report of even date attached**For G. P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

Sd/-
CA. Sourav Choudhary
Partner
Membership No. 300768

Sd/-
S. Mahapatra
Company Secretary

For and on behalf of the Board of Directors

Sd/-

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

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

Place: Kolkata

Date: 27th August, 2016



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2016

NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF ACCOUNTING:

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

II. FIXED ASSETS:

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

Cost means cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction,

related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs, if any.

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

III. DEPRECIATION AND AMORTIZATION :

A. Depreciation on Tangible & Intangible Assets

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

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

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

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

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

B. Leasehold properties

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

IV. IMPAIRMENT OF ASSETS:

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

V. VALUE OF INVENTORIES:

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

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

Note:

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



1. Recognition of revenue – Valuation of Work in Progress

A. Construction Contract

a) Cost Plus Contracts:

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

b) Fixed Price Contracts:

(i) Where profit can be reliably measured:

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

(ii) Where loss is anticipated:

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

B. Ship Repair Contracts:

(i) Work done against contracts extending up to 12 months is valued at cost or realizable value, whichever is lower. Profit, if any, is recognized in the year in which the repair is completed.

(ii) For contracts extending beyond 12 months, the valuation is done as per policy for construction contracts as stated above.

C. Others:

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

VI. REVENUE RECOGNITION :

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

(A) Sales :

1. Sales other than Turnkey Projects :

a) Sales against contracts are reflected in the accounts of the year in which the deliveries are made to the customer.

b) Sale values are ascertained in accordance with contractual provisions.

c) Where the contract prices are not finalized, sales are accounted for on provisional basis.

d) Additional revenue, in respect of contracts completed in earlier years, is accounted for as sales in the year in which such revenue materializes.

e) Credit notes issued to customers and deductions accepted are reduced from sales in the year in which they are effected.

f) Sales include Excise duty and Service Tax, wherever applicable, and exclude 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 is accounted for on accrual basis in time proportion inclusive of related tax deducted at source.

VII. GRANTS/SUBSIDY :

(i) Capital Grants / Subsidies

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

(ii) Revenue Grants / Subsidies

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

VIII. BORROWING COST

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

IX. INSURANCE CLAIMS :

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

X. TAXES ON INCOME :

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

Deferred tax is recognized on timing difference between taxable income and accounting income subject to consideration of prudence and provided for as per the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets on unabsorbed depreciation and carrying-forward of losses are not recognized unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

XI. RETIREMENT BENEFITS:**(i) Provident Fund and Pension :**

- a) Retirement benefits in the form of Provident Fund and Family Pension Funds are defined contribution schemes and the contribution is charged to profit and loss of the year when the contributions to the respective funds are due in accordance with the relevant statute.
- b) Defined contribution to Superannuation Pension Scheme is made on Annual basis at the applicable rates as per approved Pension scheme.

(ii) Gratuity:

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

(iii) Leave Liability:

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

(iv) Voluntary Retirement Scheme:

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

(v) Post Retirement Medical Scheme

- a) The post retirement medical benefits scheme to the existing employees is a defined benefit scheme and are determined based on actuarial valuation as per Accounting Standard -15 on Employee Benefits using Projected Unit Credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.
- b) Post retirement medical benefits in the case of the super annuated employees are defined contribution schemes and premium paid to an Insurance company is charged to profit and loss of the year.

XII. VARIATION IN FOREIGN EXCHANGE RATES:**(1) Initial Recognition**

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

(2) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using exchange rate at the date of the transaction. Advances paid to foreign



suppliers for material / services are treated as non-monetary assets and consequently are reported using exchange rate on the date of transaction.

(3) Exchange Difference

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

XIII. LICENCE FEE:

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

XIV RESEARCH AND DEVELOPMENT :

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

XV. MISCELLANEOUS :

(i) Loose Tools and Tackles:

- a) Loose Tools and Tackles are charged to revenue, on issue from stores, if the cost of the individual items does not exceed ₹ 5,000/-.
- b) Cost of such tools & tackles individually costing over ₹ 5,000/- is written off evenly over a period of five years commencing from the year of purchase.

(ii) Materials with contractors:

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

(iii) Liquidated Damages :

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

(iv) Guarantee repair :

Provision for guarantee liability in respect of delivered ships is made on the basis of

actuarial estimates. Such provision for all other products is made, as applicable, on the basis of management estimates.

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

(v) Advance from customers :

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

XVI. CLAIMS :

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

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

XVII. SEGMENT REPORTING:

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

XVIII. PROPOSED DIVIDEND:

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

XIX. TRADE RECEIVABLES:

Debts from Government / Government departments / Government Companies are generally not treated as doubtful. However,

provisions are made in the Accounts on a case to case review basis excepting those which are not contractually due.

XX. CASH FLOW STATEMENT

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

XXI. CASH AND CASH EQUIVALENTS

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

XXII. PROVISIONS IN THE ACCOUNTS AGAINST CONTINGENT LIABILITY

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

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

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

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

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

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

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

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

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

Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

	Particulars	Figures as at the end of current reporting period		Figures as at the end of previous reporting period	
		No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
2. Share Capital					
(i)	Authorised Equity shares of ₹ 100/- each	1,25,00,000	12,500.00	1,25,00,000	12,500.00
(ii)	Issued, subscribed and fully paid up Equity shares of ₹100/- each	1,23,84,000	12,384.00	1,23,84,000	12,384.00
	Total		12,384.00		12,384.00

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

Shareholder	No. of Shares	Percentage	No. of Shares	Percentage
President of India including his nominees	1,23,84,000	100%	1,23,84,000	100%

- (iv) The Company has only one class of equity shares. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share. The dividend proposed by Board of Directors is subject to approval of the shareholders at the ensuing annual general meeting.
- (v) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

(₹ in lakh)

Particulars		Figures as at the end of current reporting period	Figures as at the end of previous reporting period
3. Reserves and Surplus			
Capital Reserve			
Balance at the beginning and end of the year	(a)	399.24	399.24
Corporate Social Responsibility (CSR) Reserve			
Balance at the beginning of the year		208.88	207.26
Add: Transferred from Surplus		—	1.62
Balance at the year end	(b)	208.88	208.88
General Reserve			
Balance at the beginning of the year		14,011.41	13,746.92
Add: Transferred from Surplus in the Statement of Profit and loss		1,607.19	434.53
Less: Transitional Depreciation of earlier years		—	(170.04)
Balance at the year end	(c)	15,618.60	14,011.41
Surplus in the Statement of Profit and Loss			
Balance at the beginning of the year		69,771.14	68,843.04
Add: Profit for the year		16,071.87	4,345.27
Amount available for appropriation		85,843.01	73,188.31
Less: Appropriations			
CSR Reserve		—	1.62
General Reserve		1,607.19	434.53
Proposed Dividend		5,322.05	2,476.80
Tax on Proposed Dividend		1,083.44	504.22
Balance at the year end	(d)	77,830.33	69,771.14
Total (a+b+c+d)		94,057.05	84,390.67

Notes:

1. CSR Reserve had been created for unspent amount in the CSR Budget to be utilised exclusively for CSR activities (Refer 3 (b) above).
2. General reserve is primarily created to comply with the requirements of section 123(1) of the Companies Act, 2013. This is a free reserve and can be utilised for any general purpose like issue of bonus shares, payment of dividend, buy back of shares etc. (Refer 3 (c) above).
3. During the year ended 31st March, 2016, the Board of Directors has proposed a final dividend of 5 % of Net worth ₹1,06,441 lakh. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The total dividend appropriation (including tax on dividend) for the year ended March 31, 2016 amounted to ₹ 6,405.49 lakh (Previous year ₹2,981.02 lakh) (Refer 3 (d) above).
4. Written down value of Fixed Assets whose useful lives expired as at 1st April, 2014 amounting to ₹ 260.03 lakh have been adjusted in General Reserve to the extent of ₹170.04 lakh after adjustment of Deferred Tax of ₹ 89.99 lakh.



Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

(₹ in lakh)

Particulars	Figures as at the end of current reporting period		Figures as at the end of previous reporting period
4. Long Term borrowings			
Deferred Credit -Unsecured			
Foreign Suppliers	2,195.07		2,150.08
Total	2,195.07		2,150.08

The outstanding amount is repayable by 01.04.2037 in 21 annual installments of ₹109.75 lakh. (Refer Note No. 29.4). A revaluation of the outstanding deferred credit as on 31.03.2016 has been done from an advice of Reserve Bank of India (RBI) received in March 2016 wherein the manner of future SDR indexation has been revised. The yearly installment amount has been determined on the basis of the SDR rate as advised by RBI being applicable w.e.f. 01.04.2016. Such revalued deferred credit has also been shown as recoverable from Indian Navy (Refer Note no. 13).

5. Deferred Tax Liabilities (Net)			
Deferred Tax Liability			
Depreciation on Fixed Assets	4,129.79		4,506.94
Deferred Tax Assets			
i) Provision for Bad & Doubtful Debts	277.91		277.91
ii) Provision for Leave encashment	1,991.13		1,858.10
iii) Provision for Guarantee period liability	666.62		698.21
iv) Provision for Gratuity liability	276.14		276.14
	3,211.80		3,110.36
Net Deferred Tax	917.99		1,396.58

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

6. Long-term provisions			
Provisions for employee benefits (Refer Note No. 29.11)			
Accrued leave	4,901.66	4,318.48	
Less : Leave fund with LIC	(4,901.66)	(4,318.48)	
Post retirement medical benefits		812.36	807.17
Total		812.36	807.17

Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

(₹ in lakh)

Particulars	Figures as at the end of current reporting period		Figures as at the end of previous reporting period
7. Trade payable			
Micro and small enterprises [Refer Note No.29.10]	347.17		168.69
Others	61,894.31		55,660.72
Total	62,241.48		55,829.41
8. Other current liabilities			
Current maturities of long -term deferred credit (Refer Note No. 4 & 29.4)	109.75		102.39
Other payables :			
Advance received from Customers	5,55,536.91		5,53,674.18
Security Deposit	485.12		471.58
Accrued salaries and benefits	389.41		213.16
Accrued expenses :			
Rent	15.52		361.51
Liquidated damages	5,109.12		4,190.70
Others	849.20		855.85
Statutory liabilities :			
Sales Tax	289.79		1,257.85
Service Tax, Provident Fund, TDS and Works Contract tax etc.	329.69		374.63
Total	5,63,114.51		5,61,501.85
9. Short-term provisions			
Provisions for employee benefits (Refer Note No. 29.11)			
Accrued leave	851.71		1,050.51
Less : Leave fund with LIC	(716.79)	134.92	(859.82)
Post retirement medical benefit		234.09	233.51
Other provisions			
Wealth Tax [Net of Advance tax ₹ 0.88 lakh Previous Year - ₹ 0.99 lakh]		-	0.41
Guarantee Repair		1,926.21	2,017.49
Proposed dividend		5,322.05	2,476.80
Tax on proposed dividend		1,083.44	504.22
Other provisions		2,764.32	13,013.21
Total		11,465.03	18,436.33



Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

10. Fixed Asset

(₹ in lakh)

Description	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	a	b	c	d=a+b+c	e	f	g	h=e+f-g	i=d-h	j=a-e
	Balance as on 01.04.2016	Addition	Deductions / Adjustments	As at 31st March 2016	Balance as on 01.04.2016	For the year	Deductions / Adjustments	Upto 31st March 2016	As at 31st March 2016	As at 31st March 2015
A. TANGIBLE ASSETS:										
Land - Freehold	5,125.72	-	-	5,125.72	-	-	-	-	5,125.72	5,125.72
Building	4,229.39	-	(0.11)	4,229.28	2,229.34	101.95	(0.11)	2,331.18	1,898.10	2,000.05
Plant & Equipment	23,583.59	322.44	(198.87)	23,707.16	8,654.37	1,039.93	(189.03)	9,505.27	14,201.89	14,929.22
Electrical Installations	512.99	45.09	-	558.08	361.14	28.69	-	389.83	168.25	151.85
Docks & Jetties	5,591.15	54.33	(61.96)	5,583.52	2,142.91	296.68	(58.86)	2,380.73	3,202.79	3,448.24
Furniture & Fixtures	1,435.22	26.86	(16.44)	1,445.64	1,202.39	33.41	(15.64)	1,220.16	225.48	232.83
Office Equipments	264.12	8.63	(23.12)	249.63	210.45	15.97	(22.31)	204.11	45.52	53.67
Computer	2,074.54	42.29	-	2,116.83	1,466.54	200.48	-	1,667.02	449.81	608.00
Launches, Barges & Boats	75.35	-	-	75.35	69.18	0.17	-	69.35	6.00	6.17
Motor Car	18.25	-	-	18.25	9.57	1.36	-	10.93	7.32	8.68
Motor Lorries, Trailers, Mobile Cranes etc	136.79	-	(12.40)	124.39	100.79	6.21	(11.78)	95.22	29.17	36.00
Sub Total (1)	43,047.11	499.64	(312.90)	43,233.85	16,446.68	1,724.85	(297.73)	17,873.80	25,360.05	26,600.43
Assets Jointly funded by GRSE & Indian Navy										
Building	4,968.74	-	-	4,968.74	-	-	-	-	-	-
Less: Funded by Navy	(3,224.69)	-	-	(3,224.69)	-	-	-	-	-	-
Funded by GRSE	1,744.05	-	-	1,744.05	452.25	54.32	-	506.57	1,237.48	1,291.80
Plant & Equipments	3,611.10	-	-	3,611.10	-	-	-	-	-	-
Less: Funded by Navy	(861.00)	-	-	(861.00)	-	-	-	-	-	-
Funded by GRSE	2,750.10	-	-	2,750.10	290.83	226.19	-	517.02	2,233.08	2,459.27
Dock & Jetties	34,540.72	-	-	34,540.72	-	-	-	-	-	-
Less: Funded by Navy	(28,240.08)	-	-	(28,240.08)	-	-	-	-	-	-
Funded by GRSE	6,300.64	-	-	6,300.64	646.03	416.06	-	1,062.09	5,238.55	5,654.61
Sub Total (2)	10,794.79	499.64	(312.90)	54,028.64	1,389.11	696.57	(297.73)	19,959.48	34,069.16	9,405.68
Total Tangible assets (a)	53,841.90	999.28	(625.80)	54,215.38	17,835.79	2,421.42	(595.46)	19,959.48	34,069.16	36,006.11
[Sub Total (1) + (2)]										
B. INTANGIBLE ASSETS:										
Software (Acquired) (b)	2,538.82	91.73	(19.27)	2,611.28	1,971.04	358.36	(19.27)	2,310.13	301.15	567.78
GRAND TOTAL (A+B)	56,380.72	591.37	(332.17)	56,639.92	19,806.83	2,779.78	(317.00)	22,269.61	34,370.31	36,573.89
Previous Year	53,386.91	2,996.57	2.76	56,386.24	17,098.82	2,710.63	2.62	19,806.83	36,573.89	

Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

10. Fixed Asset

Capital Work-in-Progress

(₹ in lakh)

Description	As at 31 st March 2016	As at 31 st March 2015
Plant & Equipment	1,290.35	744.50
Docks & Jetties	921.15	360.03
Furniture, Fixtures, Office Equipments	0.30	0.33
Consultancy Charges	15.79	15.79
TOTAL	2,227.59	1,120.66

- 10.1. Current year deductions include adjustment for Scrapping of assets valued ₹ 11.92 lakh (Acquisition value ₹ 267.43 lakh) and Retired Assets valued ₹ 3.23 lakh (Acquisition value ₹ 64.74 lakh) only. Scrapping of Assets and Retired Assets in 2014-15 were ₹ 2.67 lakh and Nil respectively.
- 10.2. 1) Pursuant to the enactment of Companies Act, 2013, the company has applied component accounting approach on depreciable assets having carrying amount more than estimated residual value of the asset(s) as on 01.04.2015.
- 2) Accordingly, threshold value of ₹ 1 crore had been assessed by the Company for identifying assets having components with different useful life valued more than 10% of the original asset for component accounting
- 3) Identified assets are splitted into separate components based on cost break up given by vendors and certified by internal capital project execution team.
- 4) Based on the useful life of the components as certified by the internal Capital Project execution team, depreciation provided during the year is higher to the extent of ₹ 49.38 lakh.
- 10.3 Jointly funded assets- Plant & Machinery of ₹2,750.10 lakh also includes Electrical installation of New Dry Dock valued ₹ 973.19 lakh.
- 10.4 Asset classes are re-grouped as on 01.04.2015 based on component approach as prescribed by Companies Act, 2013.
- 10.5 Depreciation includes amortisation in case of software.
- 10.6 The fixed assets include modern hull shop, a new dry dock, inclined berth, paint cell and other miscellaneous facilities which have been created under modernisation of infrastructure development. These assets have been jointly funded by the Indian Navy to the tune of ₹ 32,325.77 lakh.
- 10.7 Assets exclusively funded by Navy (original Cost) not included in Note -10, fixed assets is ₹801.23 lakh.
- 10.8 Building include ₹ 67.29 lakh (Original Cost) for Delhi Shipyard House being one third share in the property jointly held by the company, Mazagon Dock Shipyard Limited and Goa Shipyard Limited.



Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

(₹ in lakh)

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
11. Non-current investments (At cost)		
Long term (Other than trade)		
Woodlands Multispeciality Hospital Ltd. (unquoted, fully paid up): 6,145 (Previous year 6,145) Equity Shares of ₹10/-each (Following a scheme of re-arrangement and conversion)	0.44	0.44
Total	0.44	0.44

Particulars		Figures as at the end of current reporting period		Figures as at the end of previous reporting period
12. Long Term Loan and Advances				
(Unsecured, considered good unless stated otherwise)				
Capital Advances		307.70		868.70
Deposits with Electricity Board and others		786.78		329.31
Inter corporate deposits [Refer Note No.29.5]				
Unsecured, considered doubtful	200.00		200.00	
Less: Provision for doubtful deposits	(200.00)	-	(200.00)	-
Advance Income Tax and TDS [Net of Provisions ₹17,962.82 lakh (Previous Year - ₹14,440.36 lakh)]		2,385.60		5,122.02
Prepaid Expenses (Refer Note No. 29.9)		46.37		58.50
Total		3,526.45		6,378.53

13. Other Non-current assets				
Long term trade receivables				
Unsecured, considered good	202.85		669.21	
Doubtful	803.03		803.03	
	1,005.88		1,472.24	
Less : Provision for doubtful debts	803.03	202.85	803.03	669.21
Interest accrued and due on deposits (Refer Note No.29.5)				
Unsecured, considered doubtful	257.75		257.75	
Less: Provision for doubtful interest	257.75	-	257.75	-
Deferred credit recoverable				
Unsecured, considered good (Refer Note Nos. 4 and 29.4)		2,195.07		2,150.08
Total		2,397.92		2,819.29

Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

(₹ in lakh)

Particulars		Figures as at the end of current reporting period		Figures as at the end of previous reporting period
14. Inventories				
Raw materials	55,418.93		69,825.46	
Less: Provision for obsolescence	326.22		314.53	
Add: In transit	–	55,092.71	624.60	70,135.53
Work in progress		3,64,277.03		3,84,649.52
Stores and spares		786.00		711.62
Loose tools		625.27		364.33
Scrap		250.38		205.04
Total		4,21,031.39		4,56,066.04

15. Trade receivables			
(Unsecured, considered good)			
a) Outstanding for a period exceeding six months from due date		1,912.11	5,330.22
b) Others		13,049.02	9,842.01
Total		14,961.13	15,172.23

16. Cash and bank balances			
Cash and cash equivalents			
Balances with banks			
Current accounts		2,618.57	1,399.92
Fixed deposits (Original maturity upto 3 months)		–	10,200.00
Cash on hand		6.18	5.16
		2,624.75	11,605.08
Other Bank Balances			
Fixed deposits (With maturity more than 3 months to 12 months)		1,25,515.00	1,61,800.00
Fixed deposits (With maturity of more than 12 months)		1,20,063.00	24,500.00
Total		2,48,202.75	1,97,905.08



Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

(₹ in lakh)

Particulars		Figures as at the end of current reporting period		Figures as at the end of previous reporting period
17. Short term loans and advances				
(Unsecured, considered good unless stated otherwise)				
Deposit with Customs, Port Trust		4.47		3.29
Advances recoverable in cash or in kind or for value to be received				
Suppliers				
Unsecured, considered good	12,050.35		16,669.24	
Doubtful	0.31		0.31	
	12,050.66		16,669.55	
Less: Provision for doubtful advances	0.31	12,050.35	0.31	16,669.24
Employees		149.12		106.02
Excise		390.16		388.13
Sales Tax		535.67		293.51
Prepaid expenses (Refer Note No. 29.9)		759.86		760.12
Total		13,889.63		18,220.31

18. Other Current Assets				
(Unsecured, considered good)				
Interest accrued but not due on deposits		5,886.91		1,686.56
Current portion of long term deferred credit recoverables		109.75		102.39
Assets held for sale		37.90		35.72
Other receivables		545.33		814.95
Total		6,579.89		2,639.62

Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

(₹ in lakh)

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
19. Revenue from Operations		
Sale of Products :		
Ship construction	1,52,401.15	2,01,089.03
Ship repair	5.31	0.28
B & D spares	20,042.33	16,320.22
General engineering	7,714.34	5,070.96
Diesel engines	5,805.27	6,086.04
Sale of Services :		
Ship repair	1,714.06	1,682.21
General engineering	2,581.58	380.34
Diesel engines	779.15	176.16
	1,91,043.19	2,30,805.24
Add/Less :		
Accretion/(Decretion) to WIP - Ship construction & Repair	(20,383.35)	(69,539.57)
	1,70,659.84	1,61,265.67
Other Operating Revenue :		
Scrap sales	125.15	203.46
Total	1,70,784.99	1,61,469.13

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

20. Other Income		
Interest on deposits	16,868.44	3,316.91
Other non-operating income		
Rent	8.98	8.35
Liquidated damages	887.85	2,469.99
Gain from Exchange Rate Fluctuations	77.93	1,037.85
Insurance claims	55.07	0.89
Other miscellaneous income	143.87	93.16
Total	18,042.14	6,927.15



Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

(₹ in lakh)

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
21. Cost of materials consumed		
Raw materials	12,241.52	16,545.00
Components	75,609.16	66,812.54
Total	87,850.68	83,357.54

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

22. Purchase of Products for resale		
B & D spares	18,644.03	15,181.63
Total	18,644.03	15,181.63

23. Changes in inventories of work-in- progress		
Opening stock		
Bailey bridge unit	4,150.94	4,348.21
Engine unit	40.73	217.07
	4,191.67	4,565.28
Closing stock		
Bailey bridge unit	4,161.79	4,150.94
Engine unit	40.73	40.73
	4,202.52	4,191.67
(Increase) / decrease in Work-in-progress	(10.85)	373.61
(Increase) / decrease in stock of Scrap	(45.34)	(205.04)
Total	(56.19)	168.57

Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

(₹ in lakh)

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
24. Other expenses - Project related		
Facility Hire	496.02	211.52
Insurance	87.47	127.72
Travelling Expenses	150.81	111.47
Technicians' Fees	3,397.16	3,522.70
Launching & Commissioning Expenses	98.55	133.68
Miscellaneous Expenses	853.32	302.98
Total	5,083.33	4,410.07

25. Employee benefits expense (Refer Note No. 29.11)		
Salaries and wages	23,055.69	23,708.30
Contribution to provident fund and Other Funds	2,867.90	4,097.84
Staff welfare expenses	3,681.29	3,196.64
Total	29,604.88	31,002.78

26. Finance costs		
Interest expenses :		
Bank borrowings	—	102.08
Others	80.40	30.00
Other Borrowing cost :		
Bank charges & Commission	22.03	38.08
Total	102.43	170.16



Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

(₹ in lakh)

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
27. Other expenses		
Consumption of stores and spares parts	130.27	134.94
Power and fuel	1,078.57	1,023.51
Rent	128.70	343.78
Repair to buildings	556.73	487.37
Repair to plant & equipment	616.97	302.57
Other repairs	737.64	679.29
Insurance	85.47	99.88
Rates and taxes	234.63	167.83
Marketing expenses	89.91	119.59
Guarantee repair expenses	-	1,520.37
Stores clearing & despatch expenses	82.37	95.29
Liquidated damages	2,602.17	6,765.00
Transport hire charges	396.17	470.09
Travelling expenses	392.93	286.84
Advertisement & publicity	684.74	452.96
Printing & stationary	8.25	3.33
Postage & courier	10.19	7.42
Telephone & fax	58.72	74.94
Legal expenses	36.19	73.36
Corporate social responsibility	199.82	139.58
Auditors' remuneration :		
(a) Statutory audit	5.93	3.00
(b) Tax audit	1.15	0.80
Prior period adjustment*	-	47.48
Provision for bad debt	1.13	-
Service tax	100.29	102.31
Other miscellaneous expenses	365.46	678.11
Total	8,604.40	14,079.64

***Includes**

i) Sales reversal of earlier year	-	13.43
ii) Value of Material supplied/consumed in earlier years	-	34.05
Total	-	47.48

28. Exceptional Items		
Written down value of Inventories	(62.17)	71.47
Settlement of old dues #	-	1,200.00
Profit /(Loss) on Retired Assets (net)	0.72	-
Fixed Assets written off	(11.92)	(0.13)
Liability/Provision written back	1,731.88	226.18
Total	1,658.51	1,497.52

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

Notes Forming Part of Financial Statements for the year ending 31st March, 2016 (contd.)

29. Other Notes to the Financial Statements

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

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

(b) In case of other business activities, normal operating cycle is 12 months.

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

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

(₹ in lakh)

		For the year ended / As at 31 st March 2016	For the year ended / As at 31 st March 2015
(i)	Contract revenue recognized for the year ended 31st March, 2016	1,41,071.26	1,37,925.75
(ii)	Aggregate amount of costs incurred and recognized profit (less recognized losses) upto 31st March, 2016 for all contracts in progress as at that date.	3,60,115.25	3,80,498.59
(iii)	Amount of customer advances outstanding for contracts in progress as at 31st March, 2016	5,32,408.43	3,61,270.96
(iv)	Amounts retained by customers for contracts in progress as at 31st March, 2016	Nil	Nil

29.4 Russian (USSR) deferred State Credit

An inter-governmental agreement between Russian Federation and Government of India was reached for restructuring of Russian deferred state credit in Rouble in connection with procurement of weapon systems for cost-plus P25 ships built and delivered by the Company to Indian Navy. As per the said agreement, the outstanding debt in Rouble as on 01.04.1992 was converted to Indian Rupees at the difference in Rupee-Rouble exchange rate between 01.04.1990 and 01.04.1992 and such amount of exchange rate difference was rescheduled by Government of India under a deferred rupee payment arrangement payable over 45 years till 2037. These rescheduled payments are also reimbursable by Indian Navy. Such amount is accordingly held as Foreign Suppliers Deferred Credit as at 31.03.2016 and aggregated to ₹2,304.82 lakh (Previous year ₹ 2,252.47 lakh)

29.5 ICD to Hindustan Cables Ltd.: An amount of ₹ 457.75 lakh (₹ 200 lakh as Principal and ₹ 257.75 lakh as interest) was outstanding as on 31st March, 2002 from Hindustan Cables Ltd. (HCL), which is a sick PSU. As the case was registered by BIFR, full provision was made in the Accounts of 2003-04. In response to our communication regarding payment of outstanding dues, HCL informed that they have forwarded our letter to Deptt. of Heavy Industry, Govt. of India to take necessary action.

29.6 a) The Company follows a general practice of undertaking physical verification of fixed assets in every 3 years. Such physical verification is carried out in a phased manner following verification programme. In the current year, such physical verification has been done in the Main, FOJ, 61 Park & DEP Ranchi units. Discrepancies found have been dealt with in the Accounts.



- b) Out of three docks and two slipways taken over from CIWTC Ltd. on 1st July, 2006, Dry Dock No.2 has been capitalized. Dry dock No. 1 although technically operational cannot be exploited for production until the rectification of leaking valves gets completed, hence the expenditure incurred in Dry dock No. 1 have been carried in Capital Work-in-progress. Other facilities are still under repair and have remained non-operational, due to which cost of acquisition of these assets and subsequent capital expenditure have continued to be carried forward as capital work-in progress.
- c) The 62 acre of land for setting up the Diesel Engine Plant at Ranchi was obtained free of cost from Heavy Engineering Corporation Ltd., Ranchi (HEC) in 1966 as a part of industrialization drive at the behest of MoD, Govt. of India and Govt. of Bihar. GRSE is in uninterrupted possession of the land since then and has created permanent structures thereon. Various assets of the Diesel Engine Plant, Ranchi having book value of ₹413.50 lakh (original value ₹1,856.39 lakh) as on 31st March, 2016 have been installed / placed on the said premises. Ignoring the right of GRSE in the said land, the then Govt. of Bihar executed a Deed of Conveyance in favour of HEC in Feb., 1996. Later, HEC vide a letter of 07th August, 1999 raised a claim for a 30 year lease effective from 1st April, 1999 of ₹1,488 lakh as one-time premium and a sum of ₹148.80 lakh p.a. being 10% of the said premium as annual lease rent which GRSE repudiated. HEC in April 2013 unilaterally referred the disputes to PMA, DPE, Govt. of India for arbitration and subsequently inter alia prayed before PMA for directing GRSE to enter into lease agreement for totally baseless, frivolous and absurd lease rent and premium with interest for further period and to declare GRSE as "unauthorized occupant" etc. GRSE raised preliminary objection regarding maintainability and sustainability of the alleged reference of HEC and rejection of claim as the same are not sustainable on facts as well as in law. The matter was under adjudication before Smt. Zoya Hadke, Sole Arbitrator, PMA who after hearing both the parties at length, vide Order dated 30th June, 2015 held that in absence of any agreement between the parties the Arbitral Forum lacks jurisdiction to settle the dispute and rejected the reference of HEC. Accordingly, the arbitration- matter stands disposed of.

GRSE has also filed a Civil Suit (TS- 117 of 2014) in March, 2014 before a competent Civil Court at Ranchi, HEC and the Govt. of Jharkhand being the defendants, with prayer for declaration by the Court that GRSE has acquired irrevocable licence coupled with interest in the subject-land by setting up Diesel Engine Plant permanently thereon free of cost in accordance with the law of the land and for permanent injunction restraining HEC from interfering with the possession of land by GRSE and running industry thereon. Hearing of the case is in progress.

In view of above, an amount of ₹ 4,464.00 lakh without interest has been considered as contingent liability not acknowledged as debt.

- 29.7** Letters seeking confirmation of balances in the accounts of sundry creditors were sent to vendors. On the basis of replies received from certain vendors, adjustments wherever necessary have been made in the accounts.
- 29.8** a) The Company has sent letters seeking confirmations of balances in respect of its Debtors. Though no response has been received from the debtors, in the opinion of the Company, the balances have realizable values equal to the amount as stated in the books in the ordinary course of business, unless otherwise stated.
- b) The amounts received from customers are mainly received in respect of ship division, customers being Indian Navy and Coast Guard. In respect of other divisions, advance from customers are received mainly from Government departments.
- 29.9** Rent under Other expenses includes Amortisation of Leasehold Land (under operating Lease) ₹12.24 lakh (Previous year ₹13.34 lakh). Accordingly, Prepaid expenses under Note no. 12 represents unamortised amount of Leasehold Land. Also Prepaid expenses under Note no. 17 includes unamortised amount of Leasehold Land of ₹12.24 lakh (Previous year ₹13.34 lakh).

29.10 Based on the information/documents available with the Company, information as per the requirement of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows:

(₹ in lakh)

Sl. No.	Description	2015-16	2014-15
(a)	The principal amount remaining unpaid to suppliers as at the end of accounting year	347.17	168.69
(b)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	23.51	6.92
(c)	The amount of interest paid in terms of Section 16, along with the amount of payment made to the suppliers beyond the appointed day during the year	—	—
(d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	51.49	23.08
(e)	The amount of interest accrued during the year/period and remaining unpaid at the end of the accounting year	75.00	52.13
(f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid	—	—

29.11 As per Accounting Standard 15 “Employee Benefits”, the disclosure on employee benefits is given below:

Defined Contribution Plans

Employee benefits in the form of Provident Fund and Family Pension Funds are defined contribution schemes and the contribution is charged to profit and loss of the year when the contributions to the respective funds are due in accordance with the relevant statute. There are no obligations other than the contribution payable to the respective funds.

(₹ in lakh)

Defined Contribution Plan	Year ended 31 st March, 2016	Year ended 31 st March, 2015
Employers' Contribution to Provident Fund and Family Pension Fund	1,425.31	1,484.49

Apart from above, post retirement medical benefits to the super annuated employees are defined contribution schemes and premium of ₹ 550.41 lakh (Previous year ₹ 412.57 lakh) paid to an Insurance Company is charged to profit and loss of the year. There are no other obligations to employees other than the contribution payable to the Insurance Company.

Pension Scheme has been introduced for Officers and Non-unionized supervisors w.e.f 1st January 2007. As per the scheme, Life Insurance Corporation of India (LIC) is the Fund Manager and Annuity Service Provider.

The Scheme is administered by a Trust. The Company has transferred an amount of ₹ 256.13 lakh to LIC towards employer's contribution for F.Y 2014-15.

The pension scheme for unionised employees has been introduced w.e.f. 1st January, 2012. An amount of ₹ 415.13 lakh has been transferred to LIC for F.Y 2014-15 towards Employer's Contribution for Operatives and Office Assistants.

Defined Benefit Plans:

The present value of the obligations under defined benefit plan comprising of gratuity, leave encashment and post retirement medical benefits to existing employees are determined based on actuarial valuation using Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.



The amount recognised in the Accounts in respect of Employees Benefit Schemes based on actuarial reports are as follows: (₹ in lakh)

Particulars	2015-16				2014-15							
	Gratuity		Leave Encashment Benefits		Post Retirement Medical Benefits		Gratuity		Leave Encashment Benefits		Post Retirement Medical Benefits	
	Funded	Non Funded	Funded	Non Funded	Funded	Non Funded	Funded	Non Funded	Funded	Non Funded	Funded	Non Funded
I. Components of Employer Expense :												
1 Current Service Cost	392.52	348.68	7.71	429.47	304.57	513.72						
2 Past Service Cost	-	-	-	-	-	-						
3 Interest Cost	850.34	370.36	83.25	850.46	342.42	37.18						
4 Expected return on Plan Assets	(780.86)	-	-	(808.45)	-	-						
5 Actuarial (Gain)/Loss recognised in the year	486.86	1,144.27	(85.19)	1,153.70	1,044.98	25.05						
6 Expense recognised in the Statement of Profit and Loss	705.49#	1,425.31@	5.77	2,283.57#	1,257.88@	575.95						
# Expense recognized in the statement of Profit and Loss towards Gratuity Scheme is based on the actual contributions made by Company												
@ Expense recognized in the statement of Profit and Loss towards Leave Encashment is net of interest earned from the earmarked investment.												
II. Change in Present Value of Defined Benefit Obligation :												
1 Present value of Defined Benefit Obligation at the beginning of the year	10,629.18	5,368.99	1,040.68	10,630.71	4,883.53	464.73						
2 Acquisition Adjustment	850.33	370.36	83.25	850.46	342.42	37.18						
3 Interest Cost	-	-	-	-	-	-						
4 Past Service Cost	392.52	348.68	7.71	429.47	304.57	513.72						
5 Employees Contribution	-	-	-	-	-	-						
6 Benefits Paid	(2,288.47)	(1,478.94)	-	(2,436.11)	(1,206.51)	-						
7 Actuarial (Gain) / Loss	486.86	1,144.27	(85.19)	1,153.70	1,044.98	25.05						
8 Present value of Defined Benefit Obligation at the end of the year	10,070.42	5,753.37	1,046.45	10,628.23	5,368.99	1,040.68						
III. Change in Fair Value of Plan Assets during the year :												
1 Plan Assets at the beginning of the year	11,738.35	-	-	11,083.88	-	-						
2 Acquisition Adjustment	-	-	-	-	-	-						
3 Expected return on Plan Assets	780.86	-	-	808.45	-	-						
4 Contributions paid	705.10	-	-	2,282.13	-	-						
5 Benefits paid	(2,288.47)	-	-	(2,436.11)	-	-						
6 Actuarial Gain / (Loss)	Nil	-	-	Nil	-	-						
7 Plan Assets at the end of the year	10,935.84	-	-	11,738.35	-	-						
IV. Net Asset / (Liability) recognised in the Balance Sheet as at year end:												
1 Present value of Defined Benefit Obligation	10,070.42	5,753.37	1,046.45	10,628.23	5,368.99	1,040.68						
2 Fair value of Plan Assets	10,935.84	-	-	11,738.35	-	-						
3 Funded Status [Surplus/(Deficit)]	865.42	(5,753.37)	(1,046.45)	1,110.12	(5,368.99)	(1,040.68)						
4 Net Asset / (Liability) recognised in Balance Sheet	865.42	(5,753.37)	(1,046.45)	1,110.12	(5,368.99)	(1,040.68)						
- Current	(885.12)	(885.12)	(234.09)	-	(1,050.51)	(233.51)						
- Non Current	(4,868.25)	(4,868.25)	(812.36)	-	(4,318.48)	(807.17)						

Particulars	2015-16			2014-15		
	Gratuity	Leave Encashment Benefits	Post Retirement Medical Benefits	Gratuity	Leave Encashment Benefits	Post Retirement Medical Benefits
	Funded	Non Funded	Non Funded	Funded	Non Funded	Non Funded
V. Actuarial Assumptions :						
1 Discount Rate (per annum) %	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
2 Expected return on Plan Assets (per annum) %	8.50%	NA	NA	9.15%	NA	NA
3 Expected Rate of Salary increase %	8.00%	8.00%	NA	6.50%	6.00%	NA
4 Retirement/Superannuation Age (Year)	60	60	60	60	60	60
5 Mortality Rates	-	IALM (2006-2008) Ultimate	IALM (2006-2008) Ultimate	-	IALM (2006-2008) Ultimate	IALM (2006-2008) Ultimate
VI. Major Category of Plan Assets as a % of the Total Plan Assets as at year end :						
1 Administered by Insurance Companies	See Note	NA	NA	See Note	NA	NA
2 Public Financial Institutions / Public Sector Companies bonds	NA	NA	NA	NA	NA	NA
3 Central / State Government Securities	NA	NA	NA	NA	NA	NA
4 Private sector bonds	NA	NA	NA	NA	NA	NA
5 Others (Cash and Cash Equivalents)	NA	NA	NA	NA	NA	NA
	Note: In the absence of detailed information regarding plan assets which is funded with the Insurance Companies, the composition of each major category of plan assets, the percentage or amount of each category to the fair value of plan assets has not been disclosed for Gratuity.					
VII. Basis used to determine the expected Rate of return on Plan Assets:						
	In the absence of detailed information regarding plan assets which is funded with the Insurance Companies, the basis used by them to determine the expected return of Plan Assets has not been disclosed.					
VIII. Net Assets / (Liability) recognised in Balance Sheet (Including experience impact)						
Particulars	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	
Gratuity (Funded)						
Present value of defined benefit obligation	10,070.42	10,628.23	10,630.70	10,755.46	10,208.04	
Fair value of plan assets	10,935.84	11,738.35	11,083.88	11,193.04	10,609.35	
(Deficit)/Surplus	865.42	1,110.12	453.18	437.58	401.31	
Leave encashment (Non Funded)						
Present value of defined benefit obligation	5,753.37	5,368.99	4,883.53	4,537.01	4,313.37	
Fair value of plan assets	-	-	-	-	-	
(Deficit)/Surplus	(5,753.37)	(5,368.99)	(4,883.53)	(4,537.01)	(4,313.37)	
Post Retirement Medical Benefits (Non Funded)						
Present value of defined benefit obligation	1,046.45	1,040.68	464.73	519.25	572.32	
Fair value of plan assets	-	-	-	-	-	
(Deficit)/Surplus	(1,046.45)	(1,040.68)	(464.73)	(519.25)	(572.32)	



IX. Other disclosures :

- i) The estimates of rate of escalation in salary, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
- ii) The Gratuity liability is a defined benefit obligation and is being administered by a Trust. Such liability is determined on the basis of actuarial valuation done by the Life Insurance Corporation of India (LIC). Gratuity fund is maintained with India First Life with a contribution of 20 % and balance with LIC by the Trust.
- iii) Leave Liability fund is maintained with Life Insurance Corporation of India (LIC) based on the actuarial valuation done by a actuary.
- iv) The Gratuity and Provident Fund Expenses have been recognised under " Contribution to Provident and Other Funds" and Leave Encashment under "Salaries and Wages" under Note No. 25.
- v) The following disclosures as required by AS-15 could not be made as the relevant information is not available in the actuarial valuation report:-
 - (i) Expected Employer's contribution for next year
 - (ii) Experience adjustments of plan assets Gain/(Loss)
 - (iii) Experience adjustments of Obligation (Gain)/Loss

29.12 Information given in accordance with the requirements of Accounting Standard 17 on Segment Reporting:

The Company has identified four primary business segments viz. Ship, Base and Depot Spares (B & D Spares), Engineering and Engine. Segments have been identified and reported taking into account the nature of the products, the differing risks and returns, the organisational structure and internal business reporting system.

- a) Revenue and Expenses have been identified to a segment on the basis of direct relationship to operating activities of the segment. Expenditure which are not directly identifiable but has a relationship to the operating activities of the segment are allocated on a reasonable basis.
- b) Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- c) Segment assets and segment liabilities represent assets and liabilities of respective segment. Investments, tax related assets/liabilities and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".
- d) Inter segment transfer consists of material, labour and overhead which are recorded at cost.

e) Information about Primary Business Segments: (₹ in lakh)

Particulars	Ship		B & D Spares		Engineering		Engine		Unallocable		Total
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
Revenue											
Gross Turnover	1,37,755.69	1,36,833.93	20,042.33	16,320.22	10,978.63	7,162.07	1,883.20	949.46	125.15	203.46	1,70,784.99
Less : Inter segment turnover	(836.13)	(185.99)	-	-	836.13	185.99	-	-	-	-	-
External Turnover	1,36,919.56	1,36,647.94	20,042.33	16,320.22	11,814.76	7,348.06	1,883.20	949.46	125.15	203.46	1,70,784.99
Less : Excise duty & Service Tax	0.41	0.03	-	-	632.24	559.45	4.48	-	13.29	14.30	650.42
Net Turnover	1,36,919.15	1,36,647.92	20,042.33	16,320.22	11,182.52	6,788.62	1878.72	949.46	111.86	189.16	1,70,134.57
Segment result	3,831.30	9,239.35	1,396.43	1,138.59	2,436.96	(123.22)	(198.90)	(1,621.07)	125.15	203.46	7,590.94
Less: Unallocable expenditure net of unallocable / (Income)									(15,564.19)	2,562.41	(15,564.19)
Operating Profit / (Loss)											23,155.13
Interest and Financial Charges											102.43
Profit / (Loss) before Exceptional Items and Extraordinary Items											23,052.70
Exceptional Items											1,658.51
Profit / (Loss) before Extraordinary Items											24,711.21
Extraordinary Items											-
Profit / (Loss) before tax											24,711.21
Tax expenses											
Current tax											9,117.93
Deferred tax											(478.59)
Adjustment relating to prior years											-
Profit after tax											16,071.87
b) Other information											4,345.27

Particulars	Ship		B & D Spares		Engineering		Engine		Unallocable		Total
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
Segment assets	4,58,476.25	5,00,116.36	-	-	26,517.28	24,635.17	3,898.15	7,787.39	2,58,293.82	2,04,357.17	7,47,187.49
Segment liabilities	5,81,936.69	5,96,206.30	-	-	12,366.23	12,114.89	2,463.29	8,086.29	43,980.23	23,713.94	6,40,746.44
Capital expenditure	472.92	2,017.24	-	-	37.51	8.17	556.30	240.35	70.57	80.54	1,137.30
Depreciation and amortisation	2,155.55	2,075.62	-	-	47.03	48.15	48.47	55.93	528.75	530.94	2,779.80
											2,710.63

Notes:

Transactions between segments are primarily for materials which are transferred at cost.

Information about Secondary Segments - Geographical Segments

The Company considers Geographical segments- Sale within India and Sale Outside India as Secondary Segments. However information on Geographical segments have not reported since sale to external customers outside India is less than 10 per cent of the total revenue of the Company.



29.13 As per Accounting Standard 18 “Related Party Disclosures”, the disclosures are given below:

a) Name of the related party and description of relationship:

Key Managerial Personnel	RAdm. A.K.Verma, IN (Retd.)	Chairman and Managing Director
	Cmde. R. Ghosh, IN (Retd.)	Director (Shipbuilding)
	Shri R. C. Nautiyal	Director (Personnel)
	Shri S. S. Dogra (w.e.f. 31-12-2014)	Director(Finance)
	Shri K. K. Rai (upto 31-10-2014)	Director(Finance)

b) Transactions with Related party:

Nature of transaction	Key Managerial Personnel	
	2015-16	2014-15
Receiving of Services: Managerial remuneration		
RAdm. A.K.Verma, IN (Retd.)	40.85	35.91
Shri K. K. Rai (upto 31-10-2014)	-	41.45
Cmde. R. Ghosh, IN (Retd.)	32.96	30.95
Shri R. C. Nautiyal	31.90	26.82
Shri S. S. Dogra (from 31-12-2014)	28.44	6.54
Balance Outstanding	-	-

c) No amount has been written back/written off during the year in respect of dues to related party.

29.14 As per Accounting Standard 20 “Earnings per Share” - the numerators and denominators used to calculate Basic / Diluted Earnings per Share are computed as under:

Particulars		As at 31 st March 2016	As at 31 st March 2015
a) Profit after tax (₹ in Lakhs)	A	16,071.87	4,345.27
b) Weighted average number of Equity Shares outstanding used as the denominator for computing Basic and Diluted Earnings per Share - (In lakh)	B	123.84	123.84
c) Nominal value per Equity Shares (₹)		100.00	100.00
d) Basic & Diluted Earnings per Share (₹)	(A/B)	129.78	35.09

29.15 As per Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets, the disclosure are given here under:

(₹ in lakh)

a)	Contingent Liabilities	As at 31 st March 2016	As at 31 st March 2015
i)	Claims against the Company not acknowledged as debts	5,954.55	6,034.65
ii)	Guarantees		
	a) Guarantees given by Banks	5,308.00	3,052.42
	b) Indemnity Bonds for performance & Warranties	1,87,326.40	1,73,641.91
	c) Unexpired Letters of Credit	337.54	4,019.92
iii)	Liquidated damages	20,991.35	14,254.55
iv)	Other Money for which the company is contingently liable		
	a) Sales Tax	3,414.22	1,258.88
	b) Excise Duty	93.44	93.44
	c) Service Tax	121.30	121.30
	d) Income Tax	483.41	1,118.57

a) Contingent liability on account of Sales Tax amounts to ₹ 3,414.22 lakh (Previous Year ₹1,258.88 lakh) towards assessment dues and demand for the years 2004-05, 2007-08, 2009-10, 2010-11, 2011-12 and 2012-13. All these amounts have not been acknowledged as debts and accordingly not provided for in the accounts as all the demands are under different stages of appeal.

b) Central Excise Authorities have raised demands of ₹ 93.44 lakh (Previous Year ₹93.44 lakh) against clearance of goods to Naval Stores Dept of Indian Navy - ₹17.90 lakh and for alleged imposition of duty for wrong interpretation of Return filed by GRSE - ₹ 75.54 lakh. Since the company has made appeals before respective Appellate Authorities against the impugned demands, those demands have not been acknowledged as debts and accordingly not provided for in the accounts.

c) Service Tax Authorities have raised a demand of ₹121.30 lakh (Previous Year ₹121.30 lakh) against imposition of Service Tax on technical fees paid to foreign technicians prior to 18.04.2006. Since the company has made appeal before the CESTAT, EZB, Kolkata against the impugned demand with due approval of CoD, the same has not been acknowledged as debt and accordingly not provided for in the accounts.

d) Contingent liability on account of income tax demands amounts to ₹483.41 lakh (Previous year ₹1,118.57 lakh) towards arbitrary increase by the Income Tax Authority in taxable income based on Form 26Q for the A.Y. 2009-10 (₹352.85 lakh), excess dividend tax liability computed for AY 2010-11 (₹18.56 lakh), addition towards delayed deposit of employees P.F. and E.S.I. contribution for A.Y. 2012-13 (₹111.33 lakh) and addition towards delayed deposit of employees E.S.I Contribution for AY 2013-14 (₹0.67 lakh). Above disputes have not been acknowledged as debt and accordingly not provided for in the accounts as all the issues are under different stages of appeal.

e) Contingent Liability on account of Liquidated Damages (LD).

(1) ASWC Project:

The contractual delivery date of Yard 3018 (2nd in the series of 4 Ships) was July 2013. The Ship was delivered on 26 Nov 15 with a delay of 26 months. The case for delivery extension of Yard 3018 was taken up with the customer (Indian Navy), post-delivery of the Ship. Warship Overseeing Team (WOT), Kolkata, the onsite representatives of Indian Navy, have recommended a delay of 02 months attributable to GRSE. Considering a grace period of 01 month, Provision for LD in



case of this Yard has been made @1% of Ship Cost for delay of 01 month in FY 2015-16. The case is presently being reviewed by IHQ/MoD(N)/DND on the basis of recommendation of WOT, Kolkata before sending it to MoD for amendment to the contract for delivery date extension.

The contractual date of delivery of Yard 3019 was July 2014 i.e. a gap of 12 months from contractual delivery date of Yard 3018. Similarly contractual delivery date of Yard 3020 was April 2015 i.e. a gap of 09 months from contractual delivery date of Yard 3019.

Delay in case of any Ship of a series has a cascading effect on delivery schedule of the follow-on ships of the project. Moreover, the factors leading to delays vary on a case to case basis and the assessment of the delays is made independently by IHQ/MoD(N) post-delivery of each Ship depending on the facts and circumstances of each case.

As per the Company's internal assessment, the delays in case of above Ships are not attributable to GRSE and are likely to be waived off by the customer. However, there may be a situation where the Company may be held accountable for some delay during final assessment at IHQ/MoD(Navy) for which there is no measure to quantify such unforeseen delays, and hence, due to this uncertainty no provision of LD has been made in this regard.

In view of the above, Company has decided to include Rs.7442.10 lakhs being 5% of basic ship cost of Yard 3020 over and above Rs.7289.25 lakhs already considered for Yard 3019 in previous year as contingent liability.

(2) LCU & FO WJFAC Projects:

Yard 2109 (1st of 4 Ship Series) under FO-WJFAC Contract has been delivered in April 16, against contractual delivery of March 15 with total delay of 12.5 months. WOT, Kolkata, on the basis of case for delivery extension submitted by the Company, has held GRSE accountable for delay of 03 months. In view of this, after allowing 01 month as grace period, Provision for LD for

delay of 02 months @ 2% of Ship Cost has been retained in FY 2015-16.

The delays in respect of the other undelivered ships pertaining to LCU and FO-WJFAC Projects beyond contractual delivery periods have been assessed by the Company and the same are not attributable to GRSE. Moreover, the factors leading to delay vary on case to case basis and the assessment of the delays will be made independently by IHQ/MoD(N) depending on the facts and circumstances of each case, post-delivery of each Ship.

There may be a situation where the Company is held responsible for some delays on final assessment by IHQ after delivery of each Ship. Accordingly, on conservative basis Provision for LD @ 1% on each undelivered Ship, where contractual delivery dates has expired by March, 2016, has been made in the accounts. The balance amount of contractual LD of ₹6,260.00 lakh has been disclosed as contingent liability

- f) The amounts shown under contingent liabilities represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be estimated accurately. The Company does not expect any reimbursement in respect of above contingent liabilities.

In the opinion of the Management, no provision is considered necessary for the disputes mentioned above on the grounds that there are fair chances of successful outcome of appeals.

b) Commitments:

(₹ in lakh)

Particulars	As at 31 st March 2016	As at 31 st March 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,335.44	1,349.50
Advance paid against above	307.70	868.70

c) Movement of Provisions:

(₹ in lakh)

Particulars	Guarantee Repair	Others*	Total
Balance as at 1st April, 2015	2,017.49	13,013.21	15,030.70
Provided during the year	2.30	2,052.95	2,055.25
Amount used during the year	–	12,301.84	12,301.84
Reversed during the year	93.58	–	93.58
Balance as at 31st March, 2016	1,926.21	2,764.32	4,690.53
Balance as at 1st April, 2014	497.12	10,194.29	10,691.41
Provided during the year	1,724.33	2,818.92	4,543.25
Amount used during the year	–	–	–
Reversed during the year	203.96	–	203.96
Balance as at 31st March, 2015	2,017.49	13,013.21	15,030.70

* Other provisions as referred to above represent employee related provisions.

It is not possible to estimate the timing/uncertainties relating to the utilisation /reversal of the provisions. Future cash outflow in respect of the above is determinable only upon settlement/disposal of claims.

The Company does not expect any reimbursements in respect of the above provisions.

29.16 Value of imports on CIF basis

(₹ in lakh)

Particulars	As at 31 st March 2016	As at 31 st March 2015
1. Raw Materials	901.88	257.95
2. Components	7,172.47	25,395.08
3. Capital Goods	3.68	–
	8,078.03	25,653.03



29.17 (a) Expenditure in Foreign currency

(₹ in lakh)

Particulars	As at 31 st March 2016	As at 31 st March 2015
1. Consultation / Service Fees	1,135.17	1,342.13
2. Deferred payment to foreign Suppliers	109.75	102.39
3. Travelling	73.22	51.74
	1,318.14	1,496.26

(b) Earning in Foreign currency

(₹ in lakh)

Particulars	As at 31 st March 2016	As at 31 st March 2015
1. Export of Ship to Mauritius	1,588.50	7,788.87

29.18 Consumption of raw materials and components

(₹ in lakh)

Particulars	As at 31 st March 2016		As at 31 st March 2015	
	Percentage	Amount	Percentage	Amount
a) Imported	18.79%	16,509.87	25.12%	20,940.58
b) Indigenous	81.21%	71,340.81	74.88%	62,416.96
Total		87,850.68		83,357.54

29.19 Consumption of spare parts* :

(₹ in lakh)

Particulars	As at 31 st March 2016		As at 31 st March 2015	
	Percentage	Amount	Percentage	Amount
a) Imported	-	-	-	-
b) Indigenous	100.00%	130.27	100.00%	134.94

* Spare parts include store items also.

29.20 DPE had issued a guideline for creation and contribution to a corpus fund to the extent of not more than 1.5% of Profit Before Tax (PBT) to cater to the medical and other emergency needs of employees retired prior to 01.01.2007. No provision has, however, been made in the Accounts as the related DPE guideline is subject to directive/guideline from the concerned Administrative Ministry, i.e. Ministry of Defence (MoD) and no guideline/directive for mechanism and operation of the scheme has been received from MoD.

29.21 Expenditure on Corporate Social Responsibilities (CSR) Activities

The various heads under which the CSR expenditure was incurred during the year is detailed as follows:

Sl. No.	Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR Activities	Amount Spent (₹ in lakh)
1	Clause (i)	Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water	98.44
2	Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the differently abled	101.39
3	Clause (iv)	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of air, water and soil	121.66
		TOTAL	321.49

(₹ in lakh)

Particulars	2015-16	2014-15
Amount required to be spent by the Company during the year	304.27	240.68

Amount spent during the year on:

(₹ in lakh)

Sl. No.	Particulars	In Cash	Yet to be paid in Cash	Total
(i)	Construction/acquisition of any asset	85.10	36.56	121.66
(ii)	On purposes other than (i) above	154.93	44.90	199.83

29.22 Figures for the previous year have been re-grouped/re-arranged wherever necessary to correspond to those of the current year. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date attached**For G. P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

Sd/-

CA. Sourav Choudhary

Partner

Membership No. 300768

Sd/-

S. Mahapatra
Company Secretary**For and on behalf of the Board of Directors****Rear Admiral A. K. Verma IN (Retd.)**

Chairman & Managing Director

DIN - 05177972

Sd/-

S.S.Dogra
Director(Finance)
DIN - 07052300

Place: Kolkata

Date: 27th August, 2016



प्रथम फॉलो-ऑन वॉटर जेट फास्ट अटैक क्राफ्ट, तारमुगली अप्रैल 2016 में भारतीय नौसेना को डिलीवर किया गया।

1st Follow –on Water Jet Fast Attack Craft, "Tarmugli" delivered to Indian Navy in April 2016.



द्वितीय फॉलो-ऑन वॉटर जेट फास्ट अटैक क्राफ्ट, तिहायु अगस्त 2016 में भारतीय नौसेना को डिलीवर किया गया।

2nd Follow –on Water Jet Fast Attack Craft, "Tihayu" delivered to Indian Navy in August 2016.



आठ लैंडिंग क्राफ्ट यूटिलिटी पोतों (एल-51) की श्रेणी का प्रथम पोत सितंबर 2016 में भारतीय नौसेना को डिलीवर किया गया।

1st of the Class of eight Landing Craft Utility Ships (L-51) delivered to Indian Navy in Sept 2016.



भारत के माननीय प्रधानमंत्री श्री नरेंद्र मोदी का अंतर्राष्ट्रीय फ्लीट रिव्यू, विशाखापत्तनम में जीआरएसई मंडप पर परिदर्शन

Hon'ble Prime Minister of India, Shri Narendra Modi visited GRSE Stall at International Fleet Review at Visakhapatnam



“भानौपो कवरत्ती” का श्रीमती मनीता सिंह द्वारा माननीय रक्षा राज्यमंत्री राव इंद्रजीत सिंह की गरिमामयी उपस्थिति में जलावतरण

Launching of "INS Kavaratti" by Smt. Manita Singh, in the august presence of Raoinderjit Singh, Hon'ble Raksha Rajya Mantri



“भानौपो कदमत” का एडमिरल आर के धवन, पीवीएसएम, एवीएसएम, वाईएसएम, नौसेनाध्यक्ष द्वारा प्रवर्तीकरण

Commissioning of "INS Kadmat" by Admiral R K Dhowan, PVSM, AVSM, YSM, Chief of Naval Staff



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

CIN No. : U 35111 WB 1934 GOI 007891

पंजीकृत कार्यालय: 43/46, गार्डन रीच रोड, कोलकाता-700 024

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

वेबसाइट / Website: www.grse.nic.in