



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

AUTHENTICATED

RAKSHA RAJYA MANTRI



Vision

To become a World class Shipbuilder and Engineering Company

Mission

To become an integral part of defence preparedness of the country aimed at self reliance for India's defence forces and being recognized as a leading shipbuilding and ship repairing yard as well as a multidimensional Engineering Company ensuring high quality at competitive prices and timely delivery as well as excellent after sell and repair services.

Objectives

- To obtain an increase of 20% over the VOP target (VG) of previous year (11-12)
- Upgradation of Raja Bagan Dockyard (RBD) through Modernisation Phase – II.
- Explore market potential in Latin American & Middle East countries.
- Major impetus to Ship Repair activities.
- Special thrust towards Energy Saving and Pollution Control management and to bring about improvement in health services, Education & Community Development in & around GRSE in discharge of Social responsibility.
- To improve brand image of the company through CSR activities.



CONTENTS

Board of Directors	2
Senior Management	3
Ten Years at a Glance	7
Chairman's Statement	8
Notice	11
Report of the Board of Directors	12
Report on Corporate Governance	33
Management Discussion and Analysis Report	42
Auditor's Report	49
Comments of the CAG of India	53
Balance Sheet	54
Statement of Profit & Loss	56
Cash Flow Statement	58
Significant Accounting Policies	60
Notes to Accounts	65
Additional Notes to Accounts - Informative	79
Segment Reporting	85



BOARD OF DIRECTORS



Rear Admiral K C Sekhar, AVSM, VSM, IN (Retd)
Chairman & Managing Director
(Up to 31.10.11)



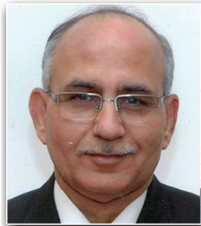
Rear Admiral A K Verma, VSM, IN (Retd)
Chairman & Managing Director
(From 01.11.11)



Vice Admiral N N Kumar, AVSM, VSM



Shri Gyanesh Kumar, IAS



Shri Amarjit Chopra



Shri P C Sharma, IAS (Retd)



Prof. Shekhar Chaudhuri



Cmde H K Verma, IN (Retd)
Director (Personnel)



Shri Kallol Kumar Rai
Director (Finance)



Cmde Ratnakar Ghosh IN (Retd)
Director (Shipbuilding)

PERMANENT SPECIAL INVITEE

Shri P K Kataria,
Addl.FA & Jt. Secretary

SPECIAL INVITEE

RAdm. R K Shrawat, IN (Retd), CMD, MDL
RAdm. Vineet Bakhshi, IN (Retd), CMD, GSL

Company Secretary
Shri Sandeep Mahapatra

Bankers

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

Registered Office

43/46, Garden Reach Road,
Kolkata 700 024

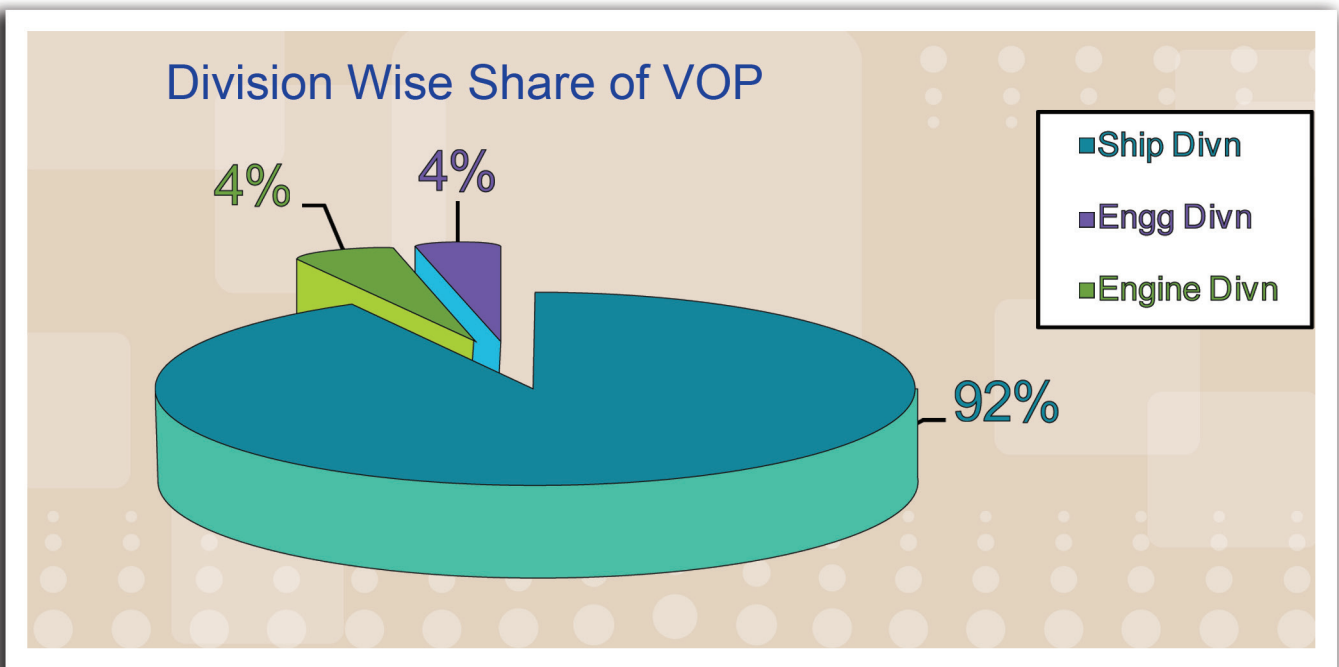
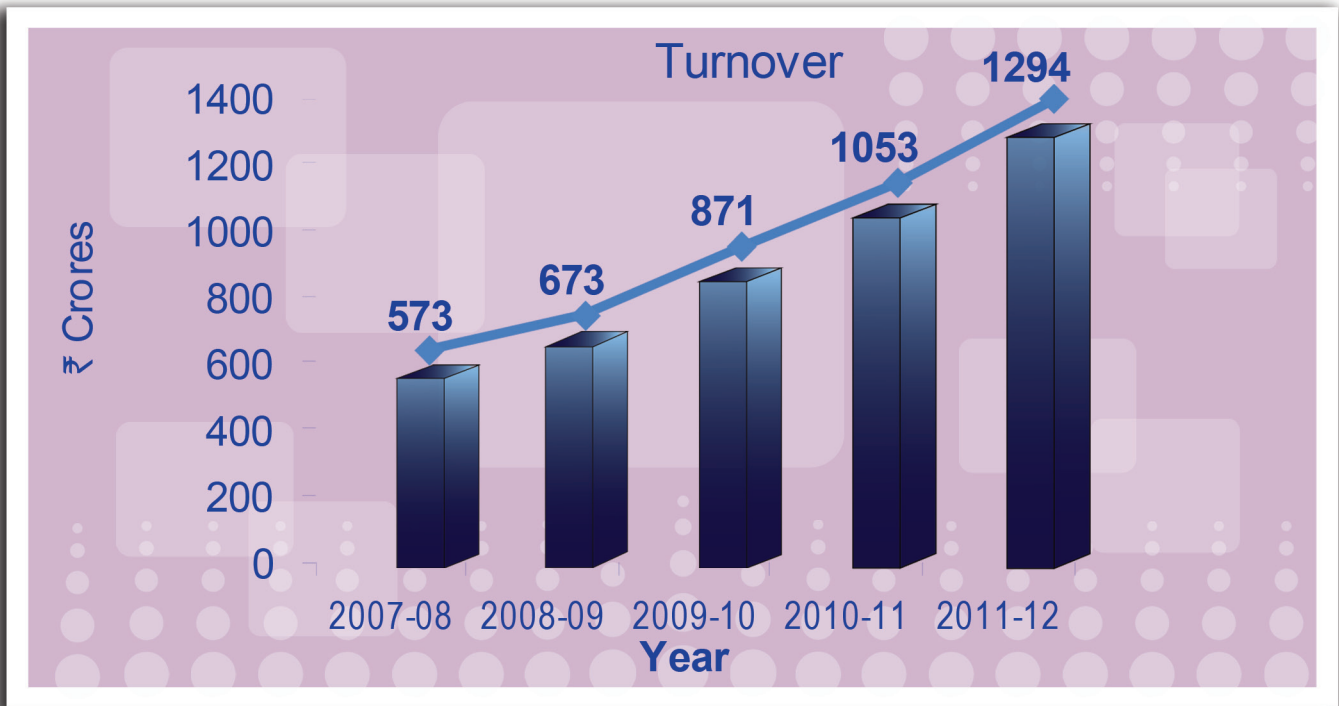
Auditors

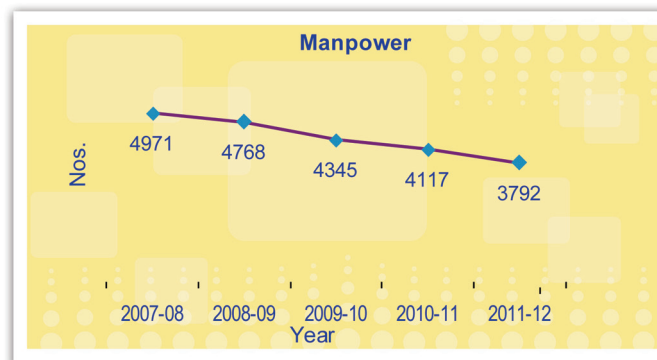
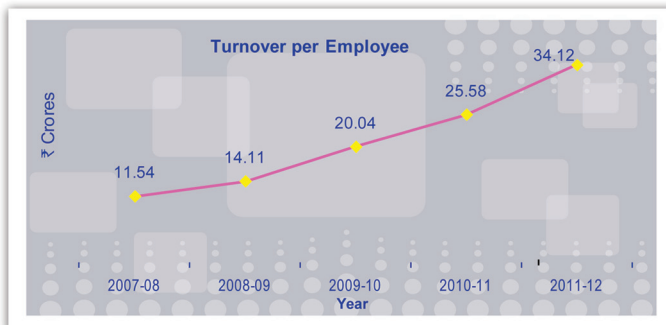
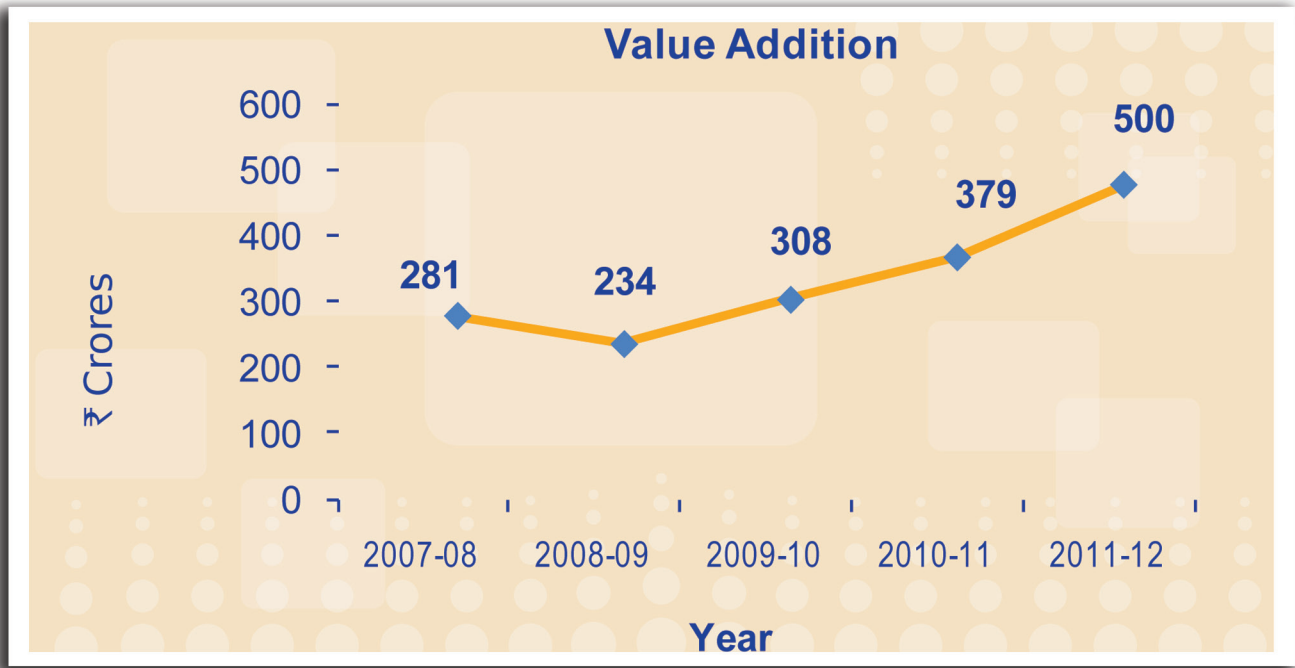
N K Poddar & Co.
Chartered Accountants
Branch Auditor
Poddar & Jain.
Chartered Accountants

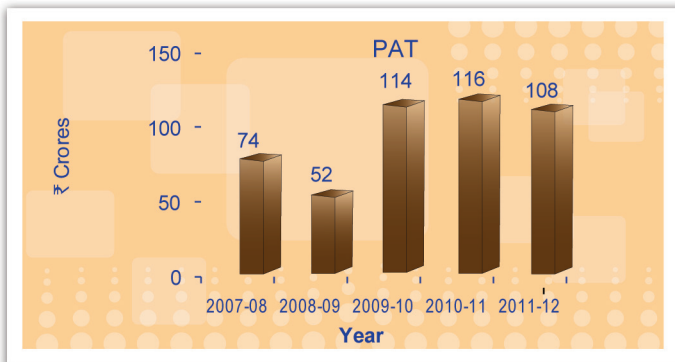
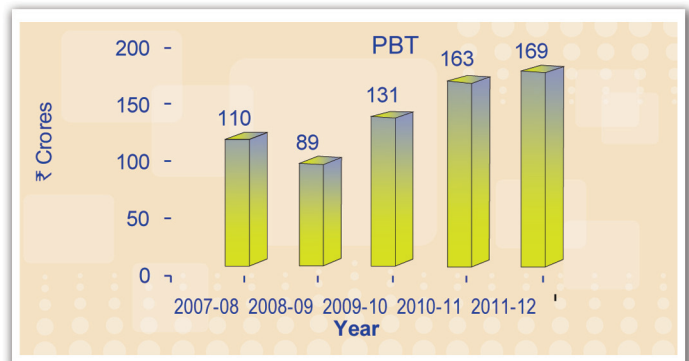


SENIOR MANAGEMENT

Rear Admiral A K Verma, IN (Retd.)	:	Chairman & Managing Director
Commodore H K Verma, IN (Retd)	:	Director (Personnel)
Shri Kallol Kumar Rai	:	Director (Finance)
Commodore R Ghosh, IN (Retd)	:	Director (Shipbuilding)
Shri Barun Kumar Sahu, IAS	:	Chief Vigilance Officer
Shri Arup Ratan Pal	:	Chief General Manager (ERP)
Shri Samiran Basu	:	Chief General Manager (Commercial)
Cdr Ajit Kumar Das, IN (Retd)	:	Chief General Manager (S)(FOJ)
Cdr S Bhaduri, IN (Retd)	:	Chief General Manager (RBD)
Shri K S Verma	:	General Manager (IE & P)
Shri Kanu Priya Chattoraj	:	General Manager (HR & A)
Cmde S Mathivanan, IN (Retd)	:	General Manager (YM)
Shri Pradip Kumar Mitra	:	General Manager (Finance)
Cdr D K Pati, IN (Retd)	:	General Manager (FIB & DEP)
Capt SKS Kushwaha, IN (Retd)	:	General Manager (S) (MW)
Cdr. N D Rao, IN (Retd)	:	General Manager (QA)
Shri Aparajita Bhattacharya	:	General Manager (Design)
Shri S P Ghosh	:	General Manager (Planning)
Shri D Vijayam	:	General Manager (Engineering)
Shri Satendra Pal Singh	:	General Manager (Corporate Planning)









TEN YEARS AT A GLANCE

(₹ in lakh)

		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
(A)	FINANCIAL POSITION										
	Equity Share Capital	12384	12384	12384	12384	12384	12384	12384	12384	12384	12384
	Reserve & Surplus	14224	16005	17519	22632	31862	36425	38692	47255	55947	63872
	Net Worth	26339	28110	29590	34706	43816	48412	50685	59239	67932	75619
	Capital Employed	26006	26991	29516	34251	41670	46017	45284	47610	55911	60356
	Gross Block	14205	15480	17590	17473	24128	24406	25812	26224	29612	31030
	Net Fixed Assets	7004	7724	9359	9066	14883	14488	15144	14897	17402	17592
	Working Capital	19002	19267	20157	25185	26787	31529	30140	32713	38509	42764
(B)	OPERATING RESULTS										
	Sales	15369	39077	88141	98599	71374	55665	74062	42427	54622	54633
	Cost of Production	49713	47347	42829	56974	53567	47723	64325	80153	96405	110879
	Value of Production	52309	48690	47028	66218	64166	57347	67269	87074	105330	129380
	Value Added	15238	15157	16767	25388	26021	28075	23353	30771	37868	50022
	Profit Before Tax	4737	5311	4856	10131	17504	11040	8898	13075	16276	16935
	Provison For Tax	2604	2381	2104	3598	5490	3593	3733	1633	4705	6132
	Profit After Tax	2133	2930	2752	6533	12014	7447	5165	11441	11571	10803
(C)	APPROPRIATION										
	CSR	-	-	-	-	-	-	-	-	228	10
	General Reserve	213	293	275	653	1201	745	517	1144	1134	1079
	Proposed Dividend Equity	749	1028	1102	1238	2477	2477	2477	2477	2477	2477
	Tax On Proposed Dividends	96	132	147	184	391	421	421	411	402	402
(D)	RATIOS										
	Gross Profit/Capital Employed	0.19	0.20	0.16	0.30	0.42	0.24	0.20	0.27	0.29	0.29
	Profit Before Tax / Production (VOP)	0.09	0.11	0.10	0.15	0.27	0.19	0.13	0.15	0.15	0.13
	Production(VOP)/ Capital Employed	2.01	1.80	1.59	1.93	1.54	1.25	1.49	1.83	1.88	2.14
	Value Added/Production (VOP)	0.29	0.31	0.36	0.38	0.41	0.49	0.35	0.35	0.36	0.39
(E)	NO. OF EMPLOYEES	6323	5819	5524	5088	5126	4971	4768	4345	4117	3792



CHAIRMAN'S STATEMENT



Ladies & Gentlemen,

On behalf of the Board of Directors, I have immense pleasure in welcoming you to this 96th Annual General Meeting of the Company and share with you some of the Company's significant achievements during the year under review. The Company has recorded the highest ever Value of Production during the year. The Company's Profit Before Tax has also registered a growth over last year. The Company's Net Worth has also gone up compared to 2010-11. The Company has delivered five ships to the Indian Navy and Indian Coast Guard, which is a record for number of ships delivered by any Defence shipyard in the country in a financial year. These accomplishments could not have been possible but for the guidance and unstinted support of the Government of India, especially the Department of Defence Production and I am extremely grateful to them. The active role of the members of the Board of Directors, the dedicated efforts put in by the Officers, Supervisors and Workers of the Company as well as the trust and confidence reposed by our valued customers, viz.. the Indian Navy, Coast Guard and the Ministry of Home Affairs, have contributed immensely in our growth and progress.

Performance highlights of the year 2011-12:

Financial Parameters: The Company has registered Profit Before Tax of ₹169.35 crore.

Turnover/Value of Production: The turnover of the Company has increased by 23% as compared to F.Y. 2010-11. The VOP of ₹1293.80 crore is the highest achieved by the Company so far.

Dividend: For the year 2011-12, the Directors are pleased to recommend a dividend @ 20% on the Company's paid up equity capital amounting to ₹24.77 crore (approx.).

MOU Rating: In terms of parameters contained in the Memorandum of Understanding signed with the Government for the year 2011-12, the Company is expected to be rated as "Excellent" in its performance. This would be the third consecutive year wherein company would achieve "Excellent" grading in respect of the targets set in MoU.

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

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

* **Delivery of Ships.** The Company achieved record production of 05 Nos. ships during the year which is a record for any shipyard in the country for one production year. This includes the last three (3) Ships (Yard Nos. 2064, 2065 & 2066) of the series of (10) Ten



Water Jet Propelled Fast Attack Craft project (WJFAC) were delivered to the Indian Navy during this financial year. The eighth ship was delivered on 19 Apr 11 while the last two ships were delivered on 27 May 11 and 09 Aug 11 respectively. In addition, 02 ships (Yard No. 2072 and 2073) of the series of Inshore Patrol Vessels (IPV) were also delivered to the Indian Coast Guard during the year.

The Second ASW Corvette (Yard No. 3018) was launched on 25 Oct 11 by Smt Mamatha, wife of Shri M M Pallam Raju, Hon'ble Raksha Rajya Mantri who graced the occasion as the Chief Guest. We are happy to inform you that your Company had achieved, for the first time, more than 50% completion at the launching stage. This is an unique achievement.

The keel of the forth and last ASW Corvette (Yard No. 3020) of P-28 project was laid on 20 Jan 12 by Vice Admiral Ganesh Mahadevan, Chief of Material, Indian Navy.

Three IPV class of ships (Yard Nos. 2074, 2075 and 2076) of the series of eight Inshore Patrol Vessel (IPV) for Indian Coast Guard were launched simultaneously from Rajabagan Dock Yard on 30 Sep 11.

The keel of the last three ships of IPV Project Yard Nos. 2077, 78 & 79 were laid on 24 Jan 12 at Raja Bagan Dockyard.

The contract for construction of eight Landing Craft Utility MK-IV (LCU MK-IV) for Indian Navy was signed during the financial year 2011-12.

Production (Plate cutting) of Offshore Patrol Vessel for Govt. of Mauritius (Yard No. 3021) has commenced within the scheduled time frame.

The Bailey Bridge (BB) Department dispatched fiftysix nos. bridges during the year and secured orders worth ₹28.69 crore in 2011-12.

Deck Machinery Unit has achieved a remarkable task in this year by way of successful demonstration and clearance of Rail less Helo Traversing System to handle a helicopter on board ship by the Navy. This is the 'first of its class design' built by GRSE for ASW Corvettes, with a tie-up with M/s Mac Taggart Scott, UK. The orders in hand for Deck Machinery are valued at about ₹22.60 crore for execution during the FY 2012-13.

The Pump Unit has indigenized various Russian – Origin centrifugal Naval Pumps of ENC (V) and supplied 38 Pumps worth ₹ 3.92 crore during the year 2011-12. The orders in hand amount to ₹4.79 crore and some more orders are expected in future.

The Value of Production achieved by Engine Division during the year 2011-12 amounted to ₹45.09 crore as compared to ₹27.91 crore during the previous year. During the year DEP, Ranchi had received orders amounting to ₹153.42 crore.

The present order book position of the Ship Division is ₹10,847 crore.

Future Outlook : Your Company is fully committed to building quality ships for the Indian Navy, Coast Guard and Foreign customers. Your Company after taking over Raja Bagan Dockyard, has refurbished / converted it into a full fledged shipyard from where number of ships have already been delivered to Indian Navy and Indian Coast Guard. The Company is making all out efforts to further reduce the build period of the ships.

Infrastructure Upgradation: Modernisation of Shipbuilding infrastructure in Main Yard is likely to be completed by the end of 2012. With the operationalisation of modernisation facilities at Main Yard, shipbuilding capacity of the Company will be doubled. The enhanced facilities for integrated construction will result in considerable reduction in build period of ships. Contract for P-17A ships is being finalised with the concept of Integrated Construction technology in order to improve quality and reduction in build period for future warships.



ERP & IT Initiatives: In its modernisation drive, the Company 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 started deriving benefits out of this drive. In order to propagate the benefits of IT initiatives to entire spectrum of employees, initiatives like installation of kiosks and user friendly employee portal are also being taken up.

Conservation of Energy: The yard continued its endeavor to conserve the energy. Through energy audit conducted in all the units of the shipyard in Kolkata, we continued to optimize consumption of energy i.e. coal, electricity, petroleum etc., Power factor of the system was consistently maintained at optimal level. The shipyard has been rated as “**Excellent**” in MoU criteria in 2010-11 under the category of sustainable development i.e. conversion of conventional lamps to CFL, plantation of trees and implementation of solar power lighting etc.

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

Corporate Social Responsibility: Corporate Social Responsibility (CSR) is an integral part of the Company’s corporate philosophy, integrating business processes with social processes. The Company is committed towards CSR and has a CSR Policy in place to guide its CSR activities. In terms of the policy, the Company focuses on the following thrust areas for its CSR projects:

- * Health Care.
- * Education & Skill Development.
- * Community Development.

Implementation of RTI Act: Implementation of RTI is being progressed in line with the government directives. Requests received were replied and Annual Return for the year has been uploaded in RTI MIS Updation System developed by NIC.

ACKNOWLEDGEMENTS

I would like to conclude by thanking the Central and State Government Authorities, Naval 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 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 Indian Navy and Indian Coast Guard. Last, but not the least, I appreciate the dedication and hard work put in by all the employees of the Company to achieve its goal and the Board of Directors who have supported and guided the Company to put it on a path of accelerated growth.

Thanking you all,

Sd/-

A.K. Verma,

Kolkata,

Rear Admiral (Retd.)

24th August, 2012 Chairman & Managing Director



NOTICE FOR ANNUAL GENERAL MEETING

NOTICE is hereby given that the 96th Annual General Meeting of the Shareholders of Garden Reach Shipbuilders & Engineers Ltd. will be held at the **Friday, the 24 Aug 12 at 1330 hours at “The Palladian Lounge”, The Bengal Chamber of Commerce & Industry, Kolkata – 700001** to transact the following business :

ORDINARY BUSINESS:

- (a) To receive, consider and adopt the Directors' Report and the Audited Accounts for the year ended 31st March 2012 along with the Auditors' Report thereon.
- (b) To declare Dividend.
- (c) To fix the remuneration of Auditors to be appointed by the Comptroller & Auditor General of India for the financial year 2012-13.

By Order of the Board
Garden Reach Shipbuilders & Engineers Limited

Sd/-
(Sandeep Mahapatra)
Company Secretary

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

Dated 16th July, 2012

Notes :

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



DIRECTORS' REPORT

To
The Members,
Garden Reach Shipbuilders & Engineers Limited

- Your Directors have great pleasure in presenting the 96th Annual Report on the working of the Company for the financial year 2011-12.
- The audited Profit & Loss Account for the financial year 2011-12 and the Balance Sheet, as on 31 Mar 12, together with the Report of the Auditors of the Company, and the comments of the Comptroller & Auditor General of India on the Auditors' Report under Section 619(4) of the Companies Act, 1956, are appended to this Report.

PERFORMANCE HIGHLIGHTS

- Financial Parameters : The Directors are delighted to inform that the Company has recorded Profit Before Tax of ₹169.35 crore, registering a growth of 4% of the previous year.
- Turnover / Value of Production: The Company's Profit is reflected in substantial increase in the turnover by 23% as compared to F.Y 2010-11. The VOP of ₹1293.80 crore is highest achieved by the Company so far.

Grading vide Memorandum of Understanding with DPE

- The Company has been rated "**Excellent**" in the MoU 2010-11 by the Department of Public Enterprises. The Composite score for the year 2010-11 is 1.07 which is the best not only in the Transport Sector but also amongst all DPSUs.
- The assessment for the year 2011-12 will be done by DPE on the basis of the Annual Report to be submitted to them after Annual General Meeting. As per internal assessment, it is expected that the Company will be rated as "**Excellent**" during this year also.
- Delivery:** During the year under review the Company has delivered following Products :

Ship Division :

Sl. No.	Type	Total Delivered Nos.
(i)	Water Jet Fast Attack Craft (WJFAC)	3
(ii)	Inshore Patrol Vessel	2

Engineering Division :

Sl. No.	Product	Total Delivered Nos.
(i)	Bailey Bridge	56
(ii)	Pump	38

Engine Division :

Sl. No.	Product	Total Delivered Nos.
(i)	MTU Engines	12

SIGNIFICANT ACHIEVEMENTS DURING THE YEAR :

- During the year, the Yard has delivered 05 ships to the Indian Navy and Indian Coast Guard, which is a record for number of ships deliver by any Defence shipyard in the country in one production year . The delivery of the last three (3) Ships (Yard Nos. 2064, 2065 & 2066) of the series of Water Jet Propelled Fast Attack Craft project (WJFAC) were made to the Indian Navy. The eighth ship was delivered on 19 Apr 11 while the ninth and the last ships were delivered on 27 May 11 and 09 Aug 11 respectively. In addition, 02 ships (Yard No. 2072 and 2073) of the series of Inshore Patrol Vessels (IPV) were deliver to the Indian Coast Guard.
- Production (Plate cutting) of Offshore Patrol Vessel for Govt. of Mauritius.(Yard No. 3021) commenced on 15 Jun 11.





10. The contract for construction of eight nos. Landing Craft Utility MK – IV (LCU MK – IV) for Indian Navy was signed on 29 Sep 11.
11. The Second ASW Corvette (Yard No. 3018) was launched on 25 Oct 11 by Smt Mamatha, wife of Shri M M Pallam Raju, Hon'ble Raksha Rajya Mantri who graced the occasion as the Chief Guest. We are happy to inform you that your Company had achieved, for the first time, more than 50% completion at the launching stage. This is an unique achievement which no other DPSU could achieve so far.
12. Three IPV class of ships (Yard Nos. 2074, 2075 and 2076) of the series of Inshore Patrol Vessel (IPV) for Indian Coast Guard were launched simultaneously from Rajabagan Dock Yard on 30 Sep 11. The first two ships were launched by Smt. Reena Agarwal, wife of Shri Shekhar Agarwal, Secretary (Defence Production) who graced the occasion as the Chief Guest and the third ship was launched by Smt. Anuradha Kumar, wife of Shri Gyanesh Kumar, Joint Secretary (Naval System).
13. The Keel of fourth ASW Corvette (Yard No. 3020) was laid by Vice Admiral Ganesh Mahadevan, AVSM, VSM, Chief of Material on 20 Jan 12.



14. The keels of 6th, 7th and 8th IPV's (Yard Nos. 2077 -79) for Indian Coast Guard were laid at Raja Bagan Dockyard, on 24 Jan 12.

Performance of Ship Division:

15. VOP for Ship Division has increased to ₹1191.06 crore from ₹965.67 crore in the previous year.
16. The second ASW Corvette (Yard No.3018) was launched with a percentage completion of 50.23 as against 40.08 achieved at the time of launch of first ASW Corvette (Yard No. 3017). GRSE is the first DPSU Shipyard in the country which has achieved this unique feat for a frontline warship. For 3rd and 4th ASW Corvette, your Company will try to improve further.
17. The first ship of IPV project (Yard 2072) was delivered from Raja Bagan Dockyard within a span of sixteen months from Keel laying whereas earlier Water Jet Propelled Fast Attack Crafts for Indian Navy took about 22 – 25 months. With adoption of various productivity improvement measures and integrated construction technology, the three ships i.e. 3rd, 4th & 5th ships of IPV project (GRSE Yd Nos. 2074, 2075 and 2076) were launched simultaneously within a record time of six months from Keel Laying from Raja Bagan Dockyard against a time frame of nine months taken in case of similar type of ships of WJFAC project.
18. The improved performance of Ship Division was possible because of various factors e.g. pre-outfitting at block stage, preparation of detail work package, close monitoring of availability of materials and all activities, day to day interaction with all sub-contractors, dedication of officers and workmen of RBD unit etc.
19. Following major cardinal events were achieved during the Financial Year 2011-12.

Delivery :

Ship	Yard	Delivery
8 th WJFAC	2064	19 Apr 11
9 th WJFAC	2065	27 May 11
10 th WJFAC	2066	09 Aug 11
1 st IPV	2072	25 Jan 12
2 nd IPV	2073	28 Mar 12



Launching :

Ship	Yard	Date
3 rd , 4 th & 5 th IPV	2074 – 76	30 Sep 11
2 nd ASW Corvette	3018	25 Oct 11

Keel laying :

Ship	Yard	Date
6 th , 7 th & 8 th IPV	2077 – 79	24 Jan 12
4 th ASW Corvette	3020	20 Jan 12

Start Production :

Ship	Yard	Date
MOPV	3021	15 Jun 11

Future Outlook:

20. Your Company is fully committed to building quality ships for the Indian Navy, Coast Guard and Foreign customers. Your Company after taking over Raja Bagan Dockyard, refurbished / converted it into a full fledged shipyard from where number of ships have already been delivered to Indian Navy and Indian Coast Guard. The Company is making all out efforts to reduce the build period of the ships further and match with world class shipyards.
21. Modernisation of Shipbuilding infrastructure in Main Yard is likely to be completed by the end of 2012. With the commissioning of modernisation facilities at Main Yard, shipbuilding capacity of the Company will be doubled, with enhance facilities for integrated construction which will result in considerable reduction in build period of ships. Contract for P-17A ships is being finalised with the concept of Integrated Construction technology in order to improve quality and reduction in build period for future warships.
22. To meet the demand of P-17A ships, steel throughput needs to be increased considerably. Accordingly, new sub-contractors for fabrication and erection of hull blocks are being developed to meet the demand. Use of latest technology in

in-house fabrication and erection of blocks is also being undertaken to increase productivity.

23. The Company is making consistent efforts to augment its capacity for shipbuilding by way of partnership with other shipyards to meet the expectations and demand of Navy and Coast Guard.
24. The Company has started induction of fresh blood for revamping the aging man power base. The Company has also embarked upon new measures for Modernisation, not only for layout of plant / machinery / dock & berth facilities, but also for technology up-gradation in planning software design tools, Networking & e-mailing software etc. to achieve higher productivity in the coming year.
25. The Shipyard is also enlarging the vendor base with proper quality assurance for outsourcing of hull fabrication, plumbing, cabling, hull outfit work etc. to strengthen the Company efforts towards customer satisfaction.
26. The Company is also exploring the export market for LSTs, FACs and FIB.

OPERATING RESULTS :

27. The summarized operating results for the year 2011-12 and 2010-11 are given below:

(₹ in crore)

	2011-12	2010-11
Value of Production	1293.80	1048.44
Sales	546.33	546.22
Profit Before Depreciation, Interest and Tax	182.19	174.73
Interest	-	1.50
Depreciation	12.84	10.47
Profit Before Tax	169.35	162.76
Provision for Tax	61.32	47.05
Profit After Tax	108.03	115.71



28. The financial position of the Company as on 31 March, 2012 and that of the previous year is shown below:

(₹ in crore)

	2011-12	2010-11
Capital Employed	603.56	535.96
Gross Block	310.30	296.12
Net Block	175.92	174.02
Working Capital	427.64	361.94
Net Worth	756.19	679.32
Value Added	500.22	378.68
Ratios: (%)		
Profit before interest and tax : Capital Employed (%)	28.06	30.65
Profit after tax : Net Worth (%)	14.29	17.03
Value Added : Capital employed (%)	82.88	70.65

Value of Production & Sales - (VOP Up by 23% as compared to previous year)

29. Value of production & Sales during 2011-12 and the previous year given below:
30. During the financial year under review, the Company achieved the highest ever Value of Production of ₹1293.80 crore as against ₹1048.44 crore during the previous year. The Sales for the year amounted to ₹546.33 crore as against ₹546.22 crore during the previous year.

31. The comparative VOP for the three main Divisions is as follows :

(₹ in crore)

Year	Ship Division	Engineering Division	Engine Division	Total
2011-12	1191.06	55.20	47.54	1293.80
2010-11	965.67	70.23	12.54	1048.44

32. The comparative Sales for three main Divisions is as follows :

(₹ in crore)

Year	Ship Division	Engineering Division	Engine Division	Total
2011-12	443.59	55.20	47.54	546.33
2010-11	462.94	69.64	13.64	546.22

Profit Before Tax

33. The Company recorded a Profit Before Tax of ₹169.35 crore as against ₹162.76 crore in the previous year. The Net Profit amounted to ₹108.03 crore as compared to ₹115.71 crore in the previous year.

Net Worth - (Increase by 11% as compared to previous year)

34. The year under review witnessed a leap forward with the Company's Net Worth going up to ₹756.19 crore from ₹679.32 crore in 2010-11, representing an increase of 11% over the previous year.

Value Addition

35. The Value Added during the financial year under review was ₹500.22 crore as against ₹378.68 crore during the previous year registering a growth of 32%. The Value Added per Employee was ₹13.19 lakh as compared to ₹9.33 lakh during the previous year registering a growth of 41%.

Appropriations & Dividend

36. Considering the financial performance of the Company in the year 2011-12, the Directors are pleased to recommend the following appropriations from the disposable surplus:

(₹ in crore)

Net Profit After Tax	108.03
Less : Transfer to CSR Fund	0.10
Transfer to General Reserve	10.79
Dividend of 20% on the Company's Paid up Capital of ₹123.84 crore	24.77
Dividend Tax	4.02
Balance retained in Profit & Loss Account	68.35

Contribution to Exchequer

37. Your Company has made a contribution of ₹73.17 crore to the national exchequer during the financial year 2011-12 as detailed below:



(₹ in crore)

(a)	Income Tax & Wealth Tax.	32.72
(b)	Customs Duty	2.11
(c)	Excise Duty	1.58
(d)	Sales Tax	31.36
(e)	Service Tax	5.40
TOTAL		73.17

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

Capital Structure

38. The Authorised Capital of the Company as on 31 Mar 12 was ₹125 crore. During the year under review, the Government of India did not make any fresh investment in the Share Capital of the Company. The Paid-up Capital as on 31 Mar 12, therefore, remained at ₹123.84 crore.

Loans from the Government

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

ICD to Hindustan Cables Ltd.

40. An amount of ₹457.75 lakh (₹200 lakh as Principal and ₹ 257.75 lakh as interest) was outstanding as on 31 Mar 02 from Hindustan Cables Ltd. (HCL), which is a sick PSU. As the case was registered by BIFR, full provision was made in the Accounts of 2003-04. As per directive of BRPSE, the revival scheme as prepared by HCL's consultants was put up before Dept of Heavy Industries, BRPSE & BIFR. Deptt of Heavy Industries (DHI), made advertisement inviting expression of interest from interested PSUs for joint venture formation. In response, Rashtriya Ispat Nigam Ltd. (RINL) had shown interest in HCL's Hyderabad Unit. HCL has informed that Ordinance Factory Board (OFB) has shown keen interest for taking over all units of HCL and discussion are currently in progress both with OFB and RINL. No modalities however, have been decided yet. HCL has confirmed that GRSE's dues will be taken care of in the Restructuring Scheme.

Auditors

41. The Comptroller & Auditor General of India, under Section 619(2) of the Companies Act, 1956, have appointed M/s. N K Poddar & Co., Chartered Accountants, Kolkata, as the Statutory Auditors for the Company and M/s. Jain Poddar & Co., Chartered Accountants, Ranchi as Branch Auditors for the Diesel Engine Plant, Ranchi, for the year 2011-12.

Manpower

42. (a) The total Manpower strength under permanent category in the Company as on 31 Mar 12 was 3,774 including 493 Officers. A total of 18 employees including 06 Officers are working in the Company under Contractual service. However, as on 31 Dec 11, a total of 3,855 employees were born in the roll of the Company including 19 employees on contractual service. Statements showing the representation of SC/ST/Women etc. as on 31 Dec 11 as well as the total recruitment made during the period from Jan to Dec 11 are given as **Appendices "A" & "B"**.
- (b) The Company has no employee covered under Section 217(2A) of the Companies Act, 1956.

Corporate Governance and Management Discussion & Analysis Report

43. The Company has implemented the Guidelines on Corporate Governance for CPSEs 2010 issued by Department of Public Enterprises (DPE) vide OM No. 18(8)/2005-GM dated 14 May 2010. The Company has already laid down Code of Business Conduct & Ethics for all Board Members and Senior Management. The Management Discussion & Analysis Report and Corporate Governance Report along with Compliance Certificate from the Auditors of the Company, as required under the said Guidelines, are placed at **Appendix "C" and "D"** hereto, respectively.



Board of Directors

44. Rear Admiral K C Sekhar, IN (Retd), Chairman & Managing Director superannuated and ceased to be a member of the Board of the Company on 31 Oct 11. The Board acknowledged the valuable services rendered by him.
45. The Board welcomed the appointment of RAdm A K Verma, VSM, IN (Retd) as Chairman & Managing Director of the Company on 01 Nov 11.

Directors' Responsibility Statement

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

- (a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 Mar 12 and the profit of the Company for the year ended 31 Mar 12.
- (c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) That the Directors have prepared the annual accounts on a going concern basis.

Yard Modernisation

47. A major programme for modernisation of shipbuilding infrastructure is being implemented at GRSE. The foundation stone for the ongoing Phase-II Modernisation was laid by Shri Rao Inderjit Singh, Hon'ble Raksha Utpadan Rajya

Mantri on 19 Feb 09. Major facilities being created under Phase-II Modernisation at an estimated cost of ₹ 529.81 crore, include following:-

- (a) 10000 Tons capacity Dry Dock (180MX29M) – Contractor is M/s ITD Cementation India.
- (b) 4500 Tons capacity Inclined Berth (195MX23M) – Contractor is M/s ITD Cementation India.
- (c) Module Hall (99X30 M) – Contractor is M/s Phenix, Ahmedabad.
- (d) 250 Ton Goliath Crane – Contractor is M/s McNally Bharat Engg Co.
- (e) Paint Cell for blasting and painting of hull blocks at controlled conditions – Contractors are M/s Phenix, Ahmedabad for the building and M/s Synco, Jodhpur for equipment/systems.
- (f) Portable Shelters for covering Dry Dock and Inclined Berth – Contractor is M/s Altair, Pune. Shelters of 20 M length each, four nos for Dry Dock and three nos for Inclined Berth are being planned.
48. M/s Gifford, UK is the Consultant for Phase-II Modernisation programme. Contracts for all works have been concluded and work is at an advanced stage of progress. Civil works for construction of Dry Dock and Inclined Berth have been completed. The keel for MOPV ship has been laid on the new Inclined Berth on 23 Apr 12 and thus part of the





new facility is being put to use for shipbuilding now.

49. Closely packed modernization scheme and concurrent work on all facilities that share the same space, have resulted in major inter-dependencies in between works under various contracts. These challenges are being overcome and work is progressing at a fast pace on all fronts. As on 31 Mar 12, overall 80.3% of work has been completed. The ongoing Phase-II Modernisation is targeted for completion by the end of 2012.

Engineering Division

50. The Value of Production achieved by the Engineering Division during the financial year 2011-12 amounted to ₹ 55.20 crore.
51. **Portable Steel Bridge Unit** : Portable Steel Bridge Unit has achieved 3,456 MT of production against the target of 3,400 MT thereby achieving the Excellent rating in MoU Target. This is 10% more than the achievement in the previous financial year.
52. The Portable Steel Bridges Unit has supplied 56 - Bridges during the last financial year as against 49 – Bridges in the previous FY. This amounted to ₹42.93 crore supplied to BRO, various state PWDs and many other private customers.
53. In view of stiff competition, the Company decided to cut down the delivery period from normal 6 months to 2-3 months. In this process, Company was an order supply of 18 bridges from Border Road Organisation and successfully deliver all 18 bridges well within the stipulated delivery period of 120 days.
54. In export business, this year, your Company has executed export orders worth ₹3.67 crore (i.e. 3 Bridges) to Bhutan against ₹1.42 crore of last year. During this year, this Unit has received export orders worth ₹ 4.78 crore against a target of ₹4.00 crore.
55. Order Book in hand at 31 Mar 12 is ₹28.69 crore and a number of orders are in final stages of awarding.

56. M/s Satej Jal Vidyut Nigam Limited and Military Engineering Services, Chennai are actively processing the order for supply of three Nos of Single Lane Modular Prefab Bridges (i.e. with the use of 7 ft height panel), which shall be the launch pad for our newly designed GRSE Bridge on proprietary basis.
57. The Company has organized a workshop in May 12 on "Use of GRSE Portable Steel Bridges in Rural Roads of India" for senior officials of NRRDA (National Rural Road Development Agency) from six eastern states of India viz. Assam, West Bengal, Bihar, Jharkhand, Odisha and Chattisgarh, during which requirements of each of them were ascertained. The Company expect to contribute in building Rural Roads of India in a big way in near future.



58. **Deck Machinery Unit** : Deck Machinery Unit has achieved a remarkable task in this year by way of successful demonstration & clearance by IHQ(IN) of Rail less Helo Traversing System to handle a helicopter on board ship. This is the 'first of its class design' built by GRSE for ASW Corvettes, P-28 with a tie-up with M/s Mac Taggart Scott, UK, who is the pioneer in Helicopter Handling System in the world. This is a simple, safe and full proof system capable of handling any type of helicopter irrespective of its design. This has an indigenous content of about 72%. This system is being fitted on our ASW Corvette Ships.
59. Other organisation have approached GRSE to procure this system for their ships / ship under construction. Order for 5 Systems from Private Shipyard is under finalization. Indian Navy has



expressed their willingness to replace the existing rail based Helo Traversing System with this and discussions are under active progress.

60. This Unit so far has been involved with design and manufacture of fixed boom davits of various types with electric motor drive only. Participating in a global tender, Deck Machinery Unit has bagged an order for design and manufacture of new generation telescopic Davit for P-28 Ships. The system feature of this Davit is the capability of auto-tensioning the boat during launching & recovery at high seas. This innovative effort enabled us to exploit market opportunities for different capacities of electro-hydraulic telescopic Davits for Coast Guard / Naval Ships.
61. The orders in hand for Deck Machinery are valued at about ₹222.60 crore for execution during the FY 2012-13.
62. **Pump Unit.** This Unit has indigenized various centrifugal Naval Pumps of ENC (V) and supplied 38 Pumps worth ₹3.92 crore during the year under review
63. The orders in hand amounts to ₹4.79 crore and some more are expected shortly.
64. **Engine Department (Ranchi) :** The Value of Production achieved by Engine Department during the year under review amounted to ₹45.09 crore as compared to ₹27.91 crore during the previous year. During the year DEP, Ranchi received orders amounting to ₹153.42 crore.

Conservation of Energy

65. The yard continued its endeavor to conserve the energy. Through energy audit conducted in all the units of the shipyard in Kolkata, Company continued to optimize consumption of energy i.e. coal, electricity, petroleum etc., Power factor of the system was consistently maintained at optimal level.
66. In accordance with the recommendation made by energy audit, the shipyard has introduced energy saving 250 Watt metal luminaires replacing conventional 400 Watt HPMV/HPSV luminaires.
67. Use of Bureau of Energy Efficiency accredited star rated window air conditioners has been adopted in the yard extensively.
68. Measures like introduction of battery operated material handling equipments, increased installation of electronic ballasts, most updated LED lamps, TL₅ fluorescent lamps, extensive use of CFL, maximum use of translucent sheets in shop floors to combine day light with artificial luminaires for absolute utilization of natural light, minimization of distribution loss in compressed air water supply system etc. have been adopted as part of conservation of energy. The cost of energy input during the year under review was 0.61% of the total value of production as against 0.69 % that of last year.
69. The Shipyard has been rated as “Excellent” in MoU criteria in 2010-11 under the category of sustainable development i.e. conversion of conventional lamps to CFL, plantation of trees and implementation of solar power lighting etc.

Technology Adoption, Absorption and Innovation

70. Solar powered street lighting system is introduced in the shipyard to encourage increased use of renewable non-conventional energy technology.
71. Energy efficient Thyristor based automatic power factor control mechanism with intelligent reacting power management system has been introduced in the shipyard to ensure more accurate real time control of power factor in the system resulting in reduced demand charges and less expenditure on energy consumption. Use of Bureau of Energy Efficiency accredited star rated window air conditions has been adopted in the yard extensively.
72. Existing MS angle iron Cross Bridge conductors of outdoor Goliath Cranes installed in the shipyard are getting converted into Festoon cable system in phases to ensure continuous and uninterrupted power supply to the drives of the cranes thereby resulting in increased productively.



73. Radio remote control system is introduced in the EOT cranes to ensure user friendly operation, eliminating the requirement for dedicated operator.

ERP & IT Initiatives

74. In its modernisation drive, the Company has fully made operational the state of the art Information and Communication System in the Company. The hardware & software are in place and the Company has started deriving rich benefits out of this drive. The highlights of the progress made in the financial years are as follows:

- (a) Data centre hosting Servers along with LAN & WAN to connect all its eight Manufacturing facilities and two Marketing/Regional offices. It is also having high end data security measures to protect company's information.
- (b) ERP or Enterprise Resource Planning through SAP ECC 6.0 in all its facilities across India. This has enabled the Company to capture and process all its operational data up to date. Management is able to optimise the use of resources in turn improving efficiency and productivity of the company. 240 active licensed users are now transacting on SAP platform. The system has stabilised by 31 Dec11.
- (c) Document Management System (DMS) to help the company to move towards paperless operation and faster decision making. The processes which are not directly linked to operation or production activities are being managed through this system. 650 licensed users are using the system across the Company.
- (d) Smart Card based Attendance recording system for all Employees of the Company and in turn integrated to ERP for automated payroll process.
- (e) With a view to consolidate the progress made on the IT front, users are being given training on continuous basis.

75. In order to propagate the benefits of IT initiatives to entire spectrum of employees, initiatives like installation of kiosks and user friendly employee portal are also being taken up.

76. Hon'ble Raksha Rajya Mantri Shri M M Pallam Raju formally inaugurated and dedicated the state-of-the-art Data centre to the nation on 24 Oct 11.



Foreign Exchange Earnings & outgo

77. The information in respect of Foreign Exchange Earnings and Outgo is contained in Note 2.22 of the Annual Accounts.

e-Procurement & Reverse Auction

78. e-Procurement is the key component of "Mission Mode Project" under national e-governance plan. It has several advantages such as cost saving, reduction in lead time, safety, security, speed and above all transparency and achieving efficiency in procurement.

Following Mile stones were achieved during the year:

- (a) Value of materials procured through e-procurement mode has been ₹128.42 crore in 2011-12 compared to ₹9.07 crore in 2010-11.
- (b) e-procurement Manual has been revised and approved by the Board in Sep 11.
- (c) From Sep 11 to Mar 12, GRSE Materials Department achieved nearly 85% of total monthly procurement through e-procurement mode.



- (d) Wider participation of vendors in e-procurement has been achieved; 248 Vendors obtained digital signature certificates as on 31 Mar 12 and more than 460 vendors already participated in GRSE e-procurement bidding process.
79. 347 Nos. of tenders floated through e-procurement mode for the FY 2011-12 compared to 100 Nos. of tenders in FY 2010-11.
80. Approximately 245 Nos. of vendors obtained training on e-procurement procedure in FY 2011-12.
81. GRSE Officers were part of the sub-committee formed by AS(DP) for DPSUs to review and implement major improvement in the e-procurement practice. Several recommendations have been discussed by the committee and put up for the consideration of AS(DP).

e-Auction

82. In order to leverage the technology resources in achieving speed, efficiency, transparency and higher market value, the Company opted for e-Auction platform for transaction of its disposal activities. Total sale through e-Auction in 2011-12 was ₹2.67 crore out of which sale of scrap was ₹2.30 crore and sale of equipment / machinery / vehicle was ₹0.37 lakh only.

QUALITY ASSURANCE

83. **Development of Vendors for Outsourced Jobs:** During the last ten years a number of new vendors (about 700 nos.) have been registered i.e. on an average 60 nos. per annum. Online vendor registration is under process and will start very soon.
84. As on date we have 1491 Permanent Vendors and 1008 Provisional Vendors. Provisional Vendors are given Permanent Registration based on the requirement and their satisfactory performance.

QUALITY CIRCLE ACTIVITIES

85. The Company continues to enhance its Quality Circle activities at the grass root level work force. Due importance is given to Quality Circle

- Techniques and Philosophy to enrich the grass root level employees of various QC teams for gainful utilization of human resources. Grass root level work force of the company of various shops/ departments are participating through group activities for identification of problems, their solution and their implementation in order to increase production and to improve the quality of works / service, to ensure better work environment and neat and clean work place, to increase safety, morale and to reduce wastages. The cost savings achieved by various QC teams of the Company for the year 2011 is about ₹1.18 crore.
86. The QC teams participated in various QC competitions like Zonal, National and International Conventions for their self development and mutual development. The total QC activities of the company have been spread over to 209 QC teams in various Shops / Departments covering 42% of total workforce.



87. The performance of various QC teams of the Company in various competitions viz. Chapter Convention and National convention organized by Quality Circle Forum of India and International Team Competition organized by International Exposition of Team Excellence (IETEX) are indicated in the table below:

Level of convention/ Presentation	No of QC teams participated	Performance Grade achieved by QC Teams		
		Gold	Silver	Bronze
CCQC (Chapter Convention)	11	11	-	-

Level of convention/ Presentation	No of QC teams par- ticipated	Performance Grade achieved by QC Teams		
		Par Excell- ence	Excell- ent	Distin- guished
CCQC (Chapter Convention)	11	05	05	01

Level of convention/ Presentation	No of QC teams participated	Remarks
International Exposition of Team Excellence (IETEX) (International Team Com- petition)	01	The QC Team " S A N G R A M " participated in IETEX- 2011 held on 14-17 Jun 11 in Singapore. The performance of the Team was highly appreciated.

Safety at Work

88. National Safety Week was observed in all the Units of the Shipyard from 04 to 10 Mar 12 when safety banners were displayed. Various safety competitions to review shipyard's commitment towards enhancing safety as awareness amongst all level of employees were conducted and prizes awarded. Safety Shield and trophies



were awarded to the best performing Units for adherence to safety norms and procedures on 41st National Safety Day held on 04 Mar 12. The Shipyard has maintained accident frequency rate during 2011-12 also in line with that of the MoU rating of last financial year in "Excellent" category. The Yard continued its endeavour to maintain high standard of safety at considerably hazardous modernization site. Fire and Safety Training programmes are conducted regularly in the Yard for all categories of employees including business partners' to invoke safety awareness.

Human Resource & Administration

89. Industrial Relations :

- (a) Industrial Relations during the period under report across all the Units including DEP, Ranchi were peaceful and harmonious.
- (b) During the period under report, a section of Operatives of Rajabagan Dockyard Unit raised an industrial dispute under the aegis of recognized union on the issue of alleged discrepancy in pay fixation of ex-CIWTC employees in relation to Regional Labour Commissioner (Central) [(RLC(C)]. After holding several rounds of conciliation meetings by RLC(C), the matter remained unresolved and consequently the Conciliation Officer forwarded the failure of conciliation report to the Ministry of Labour, Govt. of India.
- (c) The settlements in regard to the Medical Scheme and Medical Allowance pertaining to Operative and Office Assistant category of employees have been implemented w.e.f. 01 Jun 2011.
- (d) In the field of Contractors' labourers, the situation in general was peaceful. However, certain incidents of disruption of work took place over the issue of intake of labourer by the contractors through Unions. With the intervention of HR Department, the grievances of Unions could be amicably resolved. Of late, the Contractors' labourers



Unions affiliated to INTUC and INTTUC are staging slogan shouting on the issue of Canteen facility, equal remuneration and absorption of contractors' labourers in the permanent roll of the Company. Meanwhile, in a bid to resolve the issue, meetings were held between the Company Management, the representatives of Contractors and Unions of Contractors' labourers. Discussion is in progress to resolve the issues at the earliest.

90. Welfare Activities :

- (a) **Celebration of GRSE Day:** The 53rd GRSE Day was celebrated on 19 Apr 12. On the occasion, Senior Officers of the Company and various dignitaries took part in 'High Tea' at Ordnance Club, Hastings, which was graced by His Excellency, Shri M. K. Narayanan, Governor of West Bengal. The main function was held in GRSE Main Unit. The function was inaugurated with lighting of lamps by CMD, Directors and Presidents of Associations and Unions. It was followed by Saraswati Vandana and Musical Soiree by the employees. The GRSE Excellence/Exemplary Awards for individual achievement and group activities were conferred on employees for their excellent performance during 2011. GRSE Shri was conferred on two employees.
- (b) **Merit Awards:** GRSE Merit Awards were conferred on 19 Apr 12 in the morning function to 37 employees' children for their outstanding academic performance in 2011.
- (c) **Sports:**
 - (i) **Annual Sport Meet :** Sports are important means of inculcating team spirit, improving interpersonal relationship, ensuring healthy work-life balance as well as relieving stress and monotony of everyday life. In order to create and nurture a healthy work environment, it was decided to organize Annual Sports meet amongst the employees of the Company. Accordingly, sports events in four disciplines as stated below were conducted :

- (a) Football
- (b) Volleyball
- (c) Carrom
- (d) Chess

The sports activities commenced from 05 Apr 12 and prizes were distributed on 19 Apr 12 during the GRSE Day Celebration.



- (ii) **GRSE Football Team's Participation in AIPSSPB Tournament and Office League Tournament :** The GRSE football team participated in Kolkata Office League Football Tournament and the All India Public Sector Football Tournament held in Ranchi in Dec 2011.

91. CORPORATE SOCIAL RESPONSIBILITY (CSR)

- (a) Corporate Social Responsibility (CSR) is an integral part of the Company's corporate philosophy, integrating business processes with social processes. The Company is committed towards CSR and has a CSR Policy in place to guide its CSR activities. In terms of the policy, the Company focuses on the following thrust areas for its CSR projects:
 - (i) Health Care.
 - (ii) Education & Skill Development.
 - (iii) Community Development.
- (b) The Company had engaged professional agencies including Tata Institute of Social Sciences (TISS) to conduct

Baseline Surveys in Kolkata and Ranchi and identified CSR projects in line with the recommendations of the Baseline Survey reports. The Company has been undertaking short term, medium term and long term projects in partnership with NGOs/Institutions/Specialised Agencies.

- (c) GRSE has signed a MoU with Tata Institute of Social Sciences (TISS) for a period of 5 years from 2011 – 2016. TISS shall provide CSR related professional services to GRSE.
- (d) GRSE has undertaken the following CSR projects/activities during the year :
- (i) **Monthly Health Check-up Camp:** Metiabruz / Garden Reach area of Kolkata has inadequate healthcare infrastructure and facilities. The Company is working towards providing basic healthcare facilities to the local community who are unable to bear medical expenses. Monthly health check-up camps/clinics are held in our 61 Park unit on the last Saturday of every month in which more than 100 patients are and provided medicines.
- (ii) **Construction of concrete sports gallery at Matiaburj High School (HS) playground** – Metiabruz is a densely populated area and there is scarcity of children's park and appropriate socio cultural



infrastructure in the locality. To develop the community infrastructure of this area, The Company has facilitated construction of a concrete sports gallery in the playground of Matiaburj High School (HS) which will be used by the school children and the people of the locality.

- (iii) **Supply and installation of Inverter and Battery towards power backup at schools and colleges of Metiabruz, Kolkata** – The local schools face acute power shortage. In order to improve the school infrastructure and prevent disruption of classes, the Company has facilitated in providing power backup systems to six local schools and one college during the current financial year.
- (iv) **Supply and Installation of Water Purifier-cum-Coolers in schools and colleges of Metiabruz** – The local area faces acute crisis of clean drinking water, especially the children studying in local schools and college. In order to improve the provision of drinking water in the educational institutions of the locality, The Company is providing water purifier-cum-coolers in six local schools and one college.
- (v) **Skill Development / Vocational training programme for unemployed youth of the locality in Metiabruz, Kolkata and Ranchi** A growing economy like India needs a large number of skilled workforce. Skill shortage is evident in every sector of the economy. Moreover, Education and Skill Development helps an individual improve the quality of life through gainful employment and earn a decent livelihood, thereby uplifting the society as well.



The Company is facilitating vocational training to 1000 local unemployed youth of Metiabruz, Kolkata and Ranchi in the following modules :

- (a) AC Repair & Maintenance
- (b) Food & Beverage
- (c) Plumbing
- (d) Electrical
- (e) Carpentry
- (f) Masonary
- (g) Media & Entertainment
- (h) Automobile Service Technician
- (i) Retail Skills
- (j) Housekeeping Operations & Services
- (k) Front Office Operations
- (l) Beautician Course

To achieve the above objective the Company has partnered Bengal Engineering and Science University (BESU), a premier engineering University renowned for its excellence in teaching and research in engineering and applied sciences under whose tutelage the vocational / entrepreneurial skills are being imparted to the unemployed youth of Metiabruz, Kolkata. The NGO Manthan Yuva Sansthan is imparting vocational training at Ranchi. This project is aimed at propelling the local community, predominantly a minority community towards growth and prosperity.



- (vi) **Cataract surgery for the poor and needy people of Metiabruz, Kolkata and Ranchi** – There is an acute dearth of specialized healthcare facilities in the locality. Cataract has been identified as a major health problem and the local people in the higher age group suffer the most. The Company has engaged M/s. National Eye Care to conduct cataract surgery and provide spectacles to 500 local poor people. By this initiative, the quality of life of the local citizens will improve.



- (vii) **Infrastructure development to rehabilitate victims of cloud burst at Leh-Ladakh Region** - M/s. Hindustan Prefab Ltd., has been carrying out infrastructure development project at Leh-Ladakh Region (J&K) to rehabilitate the people affected by cloud burst on 05 and 06 Aug 2010. The Company has facilitated construction of 50 toilet-cum-bathrooms at Solar Colony of Leh.
- (viii) **Indian Institute of Cerebral Palsy** - The Company partners Indian Institute of Cerebral Palsy by adopting classes in their special school consisting of differently-abled children with various degrees of disability. During the year under reporting, the Company has adopted the following classes :
 - (a) Education Development Unit – IV comprising of 12 children.

- (b) Education Development Unit – V comprising of 14 children.
 - (c) Life Skills Training Unit – comprising of 15 children.
- (ix) **Support to Widows Rehabilitation Programme of IHQ, MOD (Navy)** – The Company has assisted the social initiative of Indian Navy to construct a Naval Widows Hostel and Vocational Training Centre. The proposed Naval Widows Hostel facility is being constructed at Vasant Kunj, New Delhi and shall house 30 dwelling units and a fully functional Vocational Training Center. The dwelling units would be utilized for housing widows and their children so that they can pursue their ongoing education. The Vocational Training Center would be integral to the 'Widows Hostel' and would provide the requisite knowledge and expertise to widows and enable them to seek gainful employment.
- (x) **Support to Voice of World, NGO** – GRSE has supported Voice of World, which runs a residential school for visually impaired children at Behala, destitute home for girls at Thakurpukur and destitute home for boys at Saltghat by providing winter bedding items like blankets, mosquito nets, mattresses and bed sheets for the inmates so that the children can tide over the winter months comfortably.



- (xi) **Annual Children Treat** : The children are the future of any country and child rights are a concern for both national and international community. The Company as part of its obligation has undertaken initiatives that can cater to the well being of the children. The Company regularly sponsors the Annual Children's Treat organized for slum children by the Rotary Club of Calcutta. The Annual Children's Treat was last held on 28 Nov 11.
- (xii) **Blood Donation Camp** : A gift of blood is a gift of life, especially to patients suffering from Thalassemia, Haemophilia or the victims of road accident. There is acute shortage of blood in Blood Banks. In order to supplement the crisis of fresh blood and to contribute as socially responsible citizens, blood donation camps are regularly organized by the Company. In this regard, a blood donation camp was held on 09 Feb 12 at Medicare Centre, Main Works where 135 personnel donated blood.

Training & Development

- 92. In the year 2011-12, GRSE had organized various Training & Development programmes with an objective to equip the employees in a proper way to handle the interpersonal components of the organization as well as to bring awareness among them about the future organizational challenges.
- 93. Regular programmes, both in-house & out-station were organized during this period which included General Management Programmes, Functional Skill Development Programmes and programmes related to competency topics, relevant to ship building industry. Programme pedagogy mainly practiced were a combination of latest tools and techniques including lectures, case studies, simulations, small group activities, debates, discussions, information sharing amongst participants to enhance the learning processes of the participants.
- 94. The Company takes pride in surpassing the annual MOU targets set for training in this financial year. A brief of some training & developmental activities



undertaken by the Company during this period is enumerated below:

- (a) **Operatives:** To keep pace with the evolving technical change in the production front, training programmes were organized for workers level in the areas of NDT, Welding, Fitting, Electrical Maintenance etc. Company further organized "Certification Programme" for Operatives as per Modular Employable Skill (MES) Programme under Ministry of Labour in various trades. A total number of 30 operatives were awarded certificate of proficiency under this scheme this year. Regular programmes on Safety, Health and Fire Fighting were also organized during this period to enable the employees overcome any disaster.
- (b) **Supervisors / Office Assistants:** Supervisory Development Programmes and Change Management Programmes were also held for the Supervisory and Office Assistant Level of employees of the organization during this period. In order to help the newly inducted Supervisors and Office Assistants to adopt the culture which includes organizational vision, mission, values, and culture, structured development programmes were organized during this period.
- (c) **Executives :** During this period selected Officers were sent to reputed Business Schools and Institutes/Organizations like IISWBM, Kolkata, IIFT, New Delhi, National Productivity Council, National Institute of Personnel Management, Indian Maritime University, State Productivity Council, Quality Circle Forum of India, SCOPE, Indian Institute of Materials Management, Indian Institute of Foreign Trade, SODET, WIPS, BSNL, AIMA, CII etc. to name a few. The basic objective of these training initiatives were to equip the Officers with functional & leadership skills to administer the organization in the right direction in the years ahead.

95. Awareness programmes on Quality Management like Lean Manufacturing, Six Sigma, Kaizen etc. were also organized during this period with an objective to give the employees inputs regarding various quality improvement tools and processes.
96. The Human Resource Officers were exposed to various programmes on ESI, PF, Disciplinary procedures, Contract Labour Management etc. to refurbish their existing skills and knowledge. The Finance people were exposed to functional programmes on cost estimation, IPV6, XBRL etc to gear them to face the new challenges of tomorrow.
97. Structured mandatory Induction programme of 3 to 10 days of in-house training followed by Management Development Programme at IISWBM, Kolkata were regularly organized for all the newly joined executives. Added to it is the structured "Mid-Career" programme that was organised for all Officers in the rank of Manager and Senior Manager with an aim to equip them/ refurbish their Leadership Skills for assuming higher responsibility.
98. Under corporate Governance, Functional Directors were given refresher training on achieving organizational excellence through Leadership wherein Corporate Governance, Code of ethics is one of the topics.
99. As a whole, Corporate HR Department is committed to ensure the all round growth, development of team spirit and commitment of its employees towards their organizational goals.

Official Language Implementation

100. Official Language work has increased considerably during the period under review. Quarterly meetings of Official Language Implementation Committee held regularly where various initiatives were decided. In the OLIC meeting held on 12 Dec 11, it has been decided to earmark 1st Monday of every month for use of Hindi in all the official work.
- (a) **Rajbhasha Awards**
- (i) During the year the Company was awarded Rajbhasha Shield for excellent performance

in Implementation of Official Language by Town Official Language Implementation Committee (PSU's), Kolkata.



- (ii) 5th edition of Hindi Magazine 'Rajbhasha Jagriti' was awarded 1st prize by Town Official Language Implementation Committee.
- (iii) Sr. Manager (OL) was also awarded appreciation letters for (i) excellent performance in Implementation of Official Language and (ii) editing of Rajbhasha Jagriti Magazine.
- (b) **Inspection by First Sub Committee of The Committee of Parliament on Official Language :** Inspection regarding implementation of Official language policy in the company was held on 09th November 2011 by First Sub Committee of The Committee of Parliament on Official Language. The committee appreciated



the progress made by the company to implement the official language.

- (c) **Hindi Day / Fortnight Celebrations :** Period from 1-14 Sep 2011 was celebrated as Hindi Fortnight and 23rd September 11 as Hindi Day. During the period various competitions i.e., Hindi Essay, Hindi Noting-Drafting, Hindi Quiz, Hindi Translation, Self composed Hindi poem, Hindi skits and Picture Composition were organized and Cash Awards were given to participants as per their performance, on the occasion of Hindi Day function.
- (d) **Hindi Publications:**
 - (i) 6th Edition of Hindi Magazine "Rajbhasha Jagriti" was released on the occasion of Hindi Day by CMD.
 - (ii) Company's House Journal 'GRSE Barta' was published in trilingual forms i.e. Bangla, Hindi and English.
- (e) **Hindi Workshops** In order to acquaint the employees with the Official Language Policies and to train them to work on Computers in Hindi, in-house Hindi as well as Computer Workshops were conducted.
- (f) **In-house arrangement for Hindi Training:** In-house arrangement for Hindi Training (Praveen/Pragya) has been started in the Company premises w.e.f. 14 Feb 12 wherein 75 Officers/Employees are undergoing training in the 1st batch. Now we will be able to complete Hindi Training of Employees within a time bound period as stipulated by Ministry of Home Affairs, Deptt. of Official Language. With this arrangement we are not only saving productive time but also reducing the expenditure in terms of TA/DA to employees.
- (g) **Filling up of vacant Hindi Posts :** To fill up the vacant Hindi Posts Advertisement/ Notification have been issued for the post of Assistant Manager (OL) and Jr. Manager (OL) during the period.



- (h) **Incentive Schemes** : To enhance the use of Hindi and to motivate the employees towards its use, following incentive schemes are in vogue and during the year employees as well as departments were given cash prizes on Hindi Day ceremony.
- (i) **Incentive for doing original work in Hindi** - During the year 13 employees were given cash awards.
 - (ii) **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.
 - (iii) **Inter Departmental Annual Incentive Scheme to encourage Hindi correspondence / Hindi Noting/Drafting** - Cash awards were given to Security, Finance and TTC Baranagar unit respectively.
 - (iv) **Incentive to encourage Hindi writing** - Cash prizes for best entries in Rajbhasha Jagriti were given to eight employees.
 - (v) **Inter departmental incentive to encourage Hindi correspondence/ Hindi Noting/Drafting** - Cash awards to three service departments and three production departments are given on the basis of their quarterly reports regarding progressive use of Hindi.
 - (vi) **Incentive Scheme for English Steno-Typists for doing Hindi Typing work**
 - (vi) **Hindi Competitions in the local schools to encourage the use of Hindi** : We have decided to promote the use of Official Language not only in yard but also outside yard in the adjoining area by making it a part of our CSR activity. Hindi Essay competition was conducted

on 20 Jan 12 in KC Mill High (Higher Secondary) School and prizes were distributed to the three successful students.

101. **Publicity & Public Relations**: The Company has consistently maintained its trustworthy image towards its target audience. Not only by way of associating with important national & international events & exhibitions, even Image building in overseas is also run on. The Shipyard has participated in International exhibitions like "LAAD" in Brazil, "LAAD" in Brazil, "Defence Systems & Equipment International Exhibition" in UK and "MSPO Expo" in Poland. In addition to that recent participation in leading defence exhibition of Nation "DEFEXPO 2012" at Delhi has leveraged the brand equity of GRSE to a greater extent. Being the best defence PSU, The Company has enhanced its focus towards publicity & image building activity in national & international scenario by way of using the Corporate Brochure, House Journal, Corporate film and other strategic communications. Interaction with media is consistently progressing. Web communication has also being disseminated as and when require basis. E media has increased the visibility of the Shipyard's proactive information towards overseas. The department is now focusing to strengthen the internal relations between units/shops & departments also. Various messages from C&MD and dignitaries are used as the mode of motivation.

Expenditure on entertainment and foreign travel -

102. Expenditure on business promotion during the year was ₹86.35 lakh. An amount of ₹71.35 lakh was spent on foreign travel by the Company's Executives for export promotion and for business visits.

Implementation of RTI Act

103. Implementation of RTI is being complied 100% in line with the RTI Act, 2005. During the year 2011-12 a total of fifty RTI requests were received and forty nine were replied. Eight Nos. First Appeals to FAA were received and replied. CIC sent three notices for hearing against Second appeal and the Company had attended all and



complied. After hearing CIC passed two orders which were fully complied. Annual Return for year (2011-12) has already been uploaded in RTI MIS Updating System developed by NIC.

Vigilance Activities

104. Vigilance Department of the Company is headed by Chief Vigilance Officer, who is appointed by Department of Defence Production and reports directly to Chairman & Managing Director. Shri Barun Kumar Sahu, IAS was the CVO during the year.
105. The primary role of Vigilance Department is to ensure compliance with orders and guidelines issued by Central Vigilance Commission, promote honesty among the employees, and recommend system improvements. CVO is authorized to decide vigilance angle in a complaint or disciplinary case. The Department's role is mainly advisory in nature.
106. Emphasis was laid on preventive vigilance, proactive vigilance and system improvements so that the need for the resorting to punitive vigilance was minimized. This approach was in consonance with the recent instructions of CVC and the Ministry.
107. Several system improvement works were taken up, such as the renewal of the bank guarantees given by the vendors, mustering of Hindi books, segregation of scraps category-wise before disposal etc. A direct saving of ₹ 28.49 lakh was made with the comparison of bills submitted by the vendors with the measurements in a ship repair case. The property returns filed by the officers were scrutinized, and the defects were got removed by the concerned officers. The date of filing of the annual property return is now included in Annual Performance Appraisal Report (APAR) for Directors and CGMs. Surprise checks and routine inspections of all units were continued. Several files, especially those pertaining to purchase, were scrutinized, and deficiencies were brought to the notice of concerned officers for remedial and preventive actions.

108. A separate Vigilance Corner was made in the official website of GRSE. Various information such as integrity pact, tenders, status of payment to vendors and contracts awarded, procedure for vendor registration etc were put on the website. Procurement through e-tendering saw dramatic increase.
109. Disciplinary proceeding for major penalty was initiated against one officer. All the complaints, including those received through CVC and MoD, were attended to promptly. Show-cause notices were issued to one former and three current officers of the company on certain alleged irregularities in recruitment of Casual Labourers.
110. **Workshops were organized during the 'Vigilance Awareness Week'** (31 October – 5 November 2011). In one workshop, Shri Rakesh K Gupta, ADG & IGP, West Bengal Vigilance Commission, was the key speaker. Posters and banners in Hindi, English and Bengali on vigilance awareness were put up at several locations. Moreover, during the weekly meetings taken by the C&MD, CVO GRSE gave presentations to senior officers.



111. Several other workshops were conducted in different units on vigilance awareness at different times of the year. Classes on vigilance were taken during the induction training of officers.



112. Chief Technical Examiner and his team visited the Company for intensive examination of design, engineering, manufacture, supply, erection, testing and commissioning of 250 metric ton Goliath crane as part of Yard Modernization.
113. Sensitive posts in the Company were identified and notified afresh by CVO of the Company on 27 Feb 2012.
114. A close liaison was maintained with the Central Bureau of Investigation. Agreed List was also drawn up with CBI.
115. GRSE took active part in the Vigilance Study Circle (Kolkata Chapter).

ACKNOWLEDGEMENTS

116. Your Directors express their deep appreciation and place on record their gratitude to the Department of Defence Production and other Departments in the Ministry of Defence for their continued support, assistance and guidance. The Directors also express their sincere thanks to the Ministry of Surface Transport, Govt. of India as also the Governments of West Bengal, Jharkhand and various other States, for their continued co-operation and valuable support. Your Directors are particularly grateful to the Indian Navy and Coast Guard Headquarters, Ministry of Home Affairs, Ordnance Factory Board, Kolkata Port Trust, Public Works Departments of various State Governments, Police Department of West Bengal & Kolkata and other valued customers as well as business associates for the confidence reposed by them in the Company. We will fail in our duty

if we do not acknowledge the cooperation and positive approach of the Warships Production Superintendent 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.

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

For and on behalf of the Board of Directors

Sd/-

A K Verma

Kolkata,

16th July, 2012

Rear Admiral, IN (Retd)

Chairman & Managing Director



APPENDIX – A

**STATEMENT SHOWING REPRESENTATION OF
SC/ST/OBC, EX-SERVICEMEN, PHYSICALLY CHALLENGED AND WOMEN EMPLOYEES
AS ON 31 DEC 11 UNDER PERMANENT & CONTRACT CATEGORIES**

Group/ Category	Total Strength	SCs	STs	OBCs	Ex- Servicemen	Physically Challenged	Women Em- ployees
Group "A"	487	76	19	68	62	7	27
Group "B"	19	2	1	6	2	1	1
Group "C"	2730	498	133	98	61	26	42
Group "D" (Excluding Safaiwalas)	549	135	34	49	74	20	83
Group "D" (Safaiwalas)	70	65	-	-	-	-	-
Total	3855	776	187	221	199	54	153

APPENDIX – B

**DETAILS OF RECRUITMENT MADE DURING 2011
UNDER PERMANENT & CONTRACT CATEGORIES**

Group/ Category	Total Recruitment	SCs	STs	OBCs	Ex- Servicemen	Physically Challen-ged	Women Employees
Group "A"	60	8	6	11	4	1	-
Group "B"	-	-	-	-	-	-	-
Group "C"	12	3	-	2	-	-	-
Group "D" (Excluding Safaiwalas)	-	-	-	-	-	-	-
Group "D" (Safaiwalas)	-	-	-	-	-	-	-
Total	72	11	6	13	4	1	-



REPORT ON CORPORATE GOVERNANCE (For the Year 2011-12)

1. As per the guidelines issued by the Department of Public Enterprises, Government of India, a Report on compliance of the provisions on Corporate Governance is provided in succeeding paragraphs:
3. In keeping with its professional approach, the Company is implementing the precepts of Corporate Governance in letter and spirit.

Philosophy of the Company on Corporate Governance

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

4. The Company's activities are monitored by several external agencies like Statutory Auditors, Comptroller & Auditor General of India, the Central Vigilance Commission, Ministry of Defence, Department of Defence Production etc.

Board of Directors

Composition

5. The composition of the Board of Directors of the Company had been re-structured by the Government of India with nine members : four Whole Time Directors, including the Chairman & Managing Director, two Part Time Government Directors and three Part Time Non-official Independent Directors. The details of the members of the Board during the year ended 31 Mar 12 are given below :

Name of the Directors	Period	No. of other Directorship	No. of Committee position held in other Companies	
			Chairman	Member
Whole Time Directors				
RAdm A K Verma, IN (Retd) Chairman & Managing Director	01 .11.11 to 31.03.12	-	-	-
RAdm K C Sekhar, IN (Retd) Chairman & Managing Director	01 .04.11 to 31.10.11	Two	-	-
Cmde H K Verma, IN (Retd) Director (Personnel)	01 .04.11 to 31.03.12	-	-	-
Shri K K Rai Director (Finance)	01 .04.11 to 31.03.12	-	-	-
Cmde Ratnakar Ghosh, IN (Retd) Director (Shipbuilding)	23.05.11 to 31.03.12	-	-	-
Part time Government Directors				
VAdm N N Kumar, AVSM, VSM, IN	01 .04.11 to 31.03.12	One	-	-
Shri Gyanesh Kumar, IAS	01 .04.11 to 31.03.12	Three	-	-
Part time Independent Directors				
Shri P C Sharma	01 .04.11 to 31.03.12	One	-	-
Prof. Shekhar Chaudhuri	01 .04.11 to 31.03.12	Three	-	-
Shri Amarjit Chopra	01 .04.11 to 31.03.12	Five	One	Three



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

RAdm A K Verma

Rear Admiral (Retd) Anil Kumar Verma on completion of his engineering studies joined the **Indian Navy** on **28 Jan 1978**. The Officer retired from the Navy on 31 Oct 2011 after a long and distinguished career of 34 years in the service of the Armed forces. He has now joined **GRSE, Kolkata as Chairman & Managing Director** on **01 Nov 2011**.

A specialist in **Mechanical, Marine and Aeronautical Engineering**, the Flag Officer topped the Marine Engineering Specialisation Course in the Navy and obtained his watchkeeping ticket onboard old destroyer INS Mysore. He also topped the Aeronautical Engineering specialization course at Air Force Technical College, Jalahalli, Bangalore.

During his career in the Indian Navy, the Flag Officer has mostly served onboard Frontline ships and repair yards. The sea tenures of the officer include tenures of 03 years each onboard frigate **INS Vindhayagiri** and **INS Taragiri**. During the aforesaid period, the Flag Officer sailed onboard **INS Godavari** and was involved in **OP CACTUS** at **MALDIVES** in 1988.

The Flag Officer's other important assignments include **Fleet Air Technical Officer** (1997-98) in the Western Naval Fleet, Command tenures as **Command Air Technical Officer** in the Western Naval Command (2002-04) and **Chief Staff Officer (Technical)** of the Southern Naval Command (2007-08).

The Flag Officer has the unique distinction of being the **only 'Technical' Officer in the Navy to have commanded both the 'Aircraft' and the 'Ship' Repair Yards [NAY "Kochi" & NSRY "Kochi"]**. During these commands, both the yards were also awarded the **"CNS HRD Trophies"** for being the best industrial units in the Navy for HR practices. One of the major achievements of the Flag Officer

was the creation of **"Missile Boat Memorial"** at Kochi in the Command Parade Ground at Kochi in a record time of three months.

On promotion to the Flag rank, the officer was appointed as **ADGQA(WP)** and was overseeing the inspection of all the equipment being inducted in the Navy for new construction ships prior to assuming his present appointment. The Flag Officer had completely revamped **the QA organisation** in the Indian Navy and the organisation today is fully geared to face the evergrowing challenges of inducting new ships in the Navy and the Coast Guard.

The Flag Officer was selected by the Govt of India in May 2011 to head the prestigious Shipbuilding Yard at Kolkata, the Garden Reach Shipbuilders & Engineers Limited. He has taken over the reins of the Yard on 01 Nov 2011.

A recipient of **'Vishist Seva Medal'** from the **"President of India"** for meritorious service in the Indian Navy, the Flag Officer has attended the **'Senior Defence Management Course' (SDMC)** at CDM, Secunderabad and undergone the **'Core Programme'** at Goa in 2009 along with senior Army, Navy and Air Force Officers, which is the only course conducted in the Armed Forces for the officers of General rank and equivalent.

The Flag Officer is extremely **friendly by nature** and has been known to be a great **team man**. **Managing men and motivating them to take on new challenges** has been his strength. Award of HRD trophies to his units whilst serving in the Navy are notable examples of his HR capabilities.

The Flag Officer is a strong believer in setting higher goals and achieving them through involvement of all personnel working with him. He has embarked upon an ambitious plan to transform GRSE into a truly "World Class" shipbuilding yard.

7. The Board appointed him as Chairman of the Procurement Committee & Business Strategy and Capacity Augmentation Committee of the Board of Directors.



Directors' Attendance

8. Details of Directors' attendance at the Board Meetings and Annual General Meetings held during the F.Y. 2011-2012 are below :

Name of the Directors	Board Meetings		Attendance at the last Annual General Meeting
	No. of Meetings held during respective Tenure of Directors	No. of Meetings attended	
Whole Time Directors			
RAdm A K Verma, IN (Retd) Chairman & Managing. Director	3	3	Not Applicable
Cmde H K Verma, IN(Retd) Director (Personnel)	8	8	Attended
Shri Kallol Kumar Rai Director (Finance)	8	8	Attended
Cmde Ratnakar Ghosh, IN (Retd) Director (Shipbuilding)	7	7	Attended
Part Time Government Directors			
VAdm N N Kumar	8	4	Attended
Shri Gyanesh Kumar	8	4	Not Attended
Part Time Independent Directors			
Shri Prafulla Chandra Sharma	8	6	Attended
Shri Amarjit Chopra	8	8	Attended
Shri Shekhar Chaudhuri	8	3	Not Attended

9 During the year 2011-12 (8) (eight) Board Meetings were held on 28 Apr 11, 20 Jul 11, 12 Aug 11, 21 Sep 11, 28 Oct 11, 30 Nov 11, 02 Feb 12 and 07 Mar 12. The maximum interval between any two Board Meetings was 79 days.

Board Procedure

10 Board meetings are held at least once in every quarter, and more often if considered necessary, focusing on formulation of policies, strategies, exercising control, delegation of powers, reviewing performance of the Company, approving contracts for high value items, half yearly/periodical results,

annual accounts, annual operating plan and budgets and also for considering statutorily required matters. The Company believes that a carefully planned agenda note is pivotal for effective Board Meetings. The agenda notes are backed by comprehensive background information to enable the Board to take decisions. Agenda Notes are generally circulated well in advance to the members of the Board. The Board Members, in consultation with the Chairman, may bring up any important issue for the consideration of the Board. As and when required, Senior Executives of the Company are also invited to attend Board Meetings and provide clarifications. The Part Time



Directors play an important role in the deliberations at the Board Meetings and bring to the Company their wide experience in the fields of technology, finance, marketing, public policy and operations.

Remuneration of Whole Time Directors

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

Remuneration of Part Time Directors

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

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

13. As per guidelines issued by the Department of Public Enterprises, the Company has formulated "Code of Business Conduct and Ethics for Board Members and Senior Management" for better Corporate Governance and fair / transparent practices. A copy of the same has been circulated to all concerned and posted at Company's website. The Board members and senior management personnel to whom the said Code is applicable have affirmed compliance of the same for the year ended 31 Mar 12. A declaration signed by the Chairman & Managing Director of the Company is appended at the end of this report.

Audit Committee

14. The Audit Committee of the Board was formed on 04 April 2001 and re-constituted from time to time.
15. On joining of Independent Directors on the Board, the Audit Committee has been further reconstituted consisting of following members of the Board with effect from 28 Apr 11, to fall in line with the guidelines issued by the Department of

Public Enterprises, Government of India :

(a)	Shri Amarjit Chopra	Part time Independent Director	Chairman
(b)	Shri P C Sharma, IAS (Retd)	Part time Independent Director	Member
(c)	Cmde (Retd) R Ghosh, IN (Retd) (On Joining)	Director (Shipbuilding)	Member

16. The terms of reference of the Audit Committee are as specified in Sec. 292A of the Companies Act, 1956 and the guidelines issued by the Department of Public Enterprises. The primary function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports; the Company's systems of internal controls regarding finance, accounting and legal compliance that management and the Board have established; and the Company's auditing, accounting and financial reporting process generally.
17. The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors and discusses their findings, suggestions and other related matters and reviews major accounting policies followed by the Company. The Audit Committee reviews the half yearly and annual financial statements before their submission to the Board.
18. The Chairman of the Audit Committee apprises the Board about the observations of the Audit Committee during the Board Meetings. The Minutes of the Audit Committee Meetings are placed before the Board in their subsequent meetings and taken note of.
19. During the financial year 2011-12, five meetings of the Audit Committee were held on 14 Jun 11, 19 Jul 11, 28 Oct 11, 01 Feb 12 and 07 Mar 12.
20. The attendance of the members of the Audit Committee during the financial year 2011-12 is given below :



Name of the Directors	Meeting held during respective Tenure of Directors	No. of Meetings Attended
Shri Amarjit Chopra	5	5
Shri P C Sharma	5	4
Cmde Ratnakar Ghosh, IN (Retd)	5	5

Procurement Committee

21 The Procurement Committee of the Board of Directors has been re-constituted on 28 Apr 11 by the Board of Directors with following Members :

(a)	RAdm K C Sekhar, IN (Retd)	Chairman & Managing Director	Chairman
(b)	Shri P C Sharma, IAS (Retd)	Part time Non-Official Director	Member
(c)	Shri Kallol Kumar Rai	Director (Finance)	Member
(d)	Cmde R Ghosh IN(Retd)	Director (Shipbuilding) (On Joining)	Member
(e)	Shri Sandeep Mahapatra	Company Secretary	Secretary to the Committee

22 RAdm (Retd) K C Sekhar retired on the 31 Oct11. On assuming charge as Chairman & Managing Director, RAdm (Retd) A K Verma became the Chairman of the Procurement Committee with effect from 30 Nov 11.

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

- (i) Approval of proposals for placement of orders for procurement of materials, equipment, tools, stores and spares, imports including from Russian Sources, approval of works, sub-contracts and facility hire etc. for sanctioned projects.
- (ii) Approval of proposals for capital expenditure in respect of the items provided for in the Capital Budget approved by the Board / Government.
- (iii) The Procurement Committee examines all the procurement proposals in conformity and compliance of the Purchase Manual

of the Company, CVC Guidelines, Govt. Regulations etc and approve the proposals. In the event of any deviations of procedures, the proposal with the recommendations of the Committee, is to be placed before the Board for approval. However, if the Committee feels that a particular proposal requires consideration by the Board, same is submitted to the Board with recommendation(s) of the Committee.

(iv) On approval of the proposals by the Committee, Management is authorized to place the order for procurement.

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

24 The Chairman of the Procurement Committee appraises the Board about the observations of the Procurement Committee, during the Board Meeting. The Minutes of the Procurement Committee Meetings are placed before the Board at their subsequent meetings and taken note of.

25 During the financial year 2011-12, four meeting of the Procurement Committee were held on 23 May 11, 17 Aug 11, 21 Sep 11 and 06 Mar 12.

26 The attendance of the Member of the Procurement Committee during the financial year 2011-12 is given below :

Name of the Directors	Meeting held during respective Tenure of Directors	No. of Meetings Attended
RAdm K C Sekhar, IN (Retd)	3	3
RAdm A K Verma, IN (Retd)	1	1
Shri P C Sharma	4	4
Shri K K Rai	4	4
Cmde Ratnakar Ghosh, IN (Retd)	3	3

HR & Remuneration Committee

27 The Board at its Meeting held on 28 Apr 11 renamed the Remuneration Committee as "HR & Remuneration Committee". The Committee was re-constituted with following Members :



(a)	Shri P.C.Sharma, IAS (Retd.) Part Time Independent Director	Chairman
(b)	Shri Amarjit Chopra Part Time Independent Director	Member
(c)	Shri Shekhar Chaudhuri Part Time Independent Director	Member
(d)	Cmde Harish Kumar Verma, IN (Retd.) Director (Personnel)	Permanent Special Invitee
(e)	Shri Sandeep Mahapata Company Secretary	Secretary to the Committee

28 The terms of reference of HR & Remuneration Committee has been expanded as follows :

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

29 During the financial year 2011-12, Six Meetings of the HR & Remuneration Committee were held on 18 May 11, 29 Jun 11, 17 Aug 11, 28 Oct 11, 01 Feb 12 and 07 Mar 12.

30 The attendance of the Members of the HR & Remuneration Committee during the financial year 2011-12 is given below :

Name of the Directors	Meeting held during respective Tenure of Directors	No. of Meetings Attended
Shri P C Sharma	6	6
Shri Amarjit Chopra	6	5
Shri Shekhar Chaudhuri	6	3

Business Strategy and Capacity Augmentation Committee

31 To formulate future business strategy of the company to expand its spheres of activities, explore possibilities of export, identifying new

product which company can manufacture and market, imbibe new technologies, identify partners for possible collaboration, 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 Company's business.

32 The Committee was constituted by the Board on 28 Apr 11 with following Members :

(a)	RAdm K C Sekhar, IN (Retd) Chairman & Managing Director	Chairman
(b)	Shri Shekhar Chaudhuri Part Time Independent Director	Member
(c)	Shri Kallol Kumar Rai Director (Finance)	Member
(d)	Cmde Ratnakar Ghosh, IN(Retd) Director (Shipbuilding)	Member

33 Shri P C Sharma, Part time Non-official Director co-opted to the Committee by the Board of Directors on 17 Aug 11.

34 RAdm A K Verma, IN (Retd) appointed as Chairman of the Committee on his assumption of charge of Chairman & Managing Director of the Company.

35 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.

36 The recommendation of the Committee are to be placed to the Board for consideration and approval.

Annual General Meetings

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



Year	Date	Time	Venue
2008-09	24 Aug 09	1400 hrs	ITC, Hotel- The Sonar Kolkata, Kolkata
2009-10	20 Aug 10	1330 hrs	CII-Suresh Neotia Centre of Excellence for Leadership, Kolkata
2010-11	17 Aug 11	1230 hrs	CII-Suresh Neotia Centre of Excellence for Leadership, Kolkata

Disclosures

38. During the year 2011-12, the Company has not entered into any transactions with the Directors that may have potential conflict with the interests of the Company at large. The members of the Board, apart from receiving Directors' remuneration (wherever applicable), do not have any material pecuniary relationship or transaction with the Company which, in the judgement of the Board, may affect independence of judgement of the Directors.
39. During the last three years, there has been no instance of non-compliance by the Company on any matters related to Companies Act, 1956 or any Industrial Law.
40. Regarding "whistle blower" mechanism, the guidelines issued by the Government of India have been complied with. The mechanism, inter alia, contains a provision enabling any Personnel to approach the Chairman of the Audit Committee in exceptional cases.
41. The Central Vigilance Commission (CVC) issued a circular on 4 Dec 07 recommending adoption and implementation of the Integrity Pact (IP) in respect of all major procurements of the Government Organisations. Accordingly, the Company adopted Integrity Pact in procurement of material and / or service for a value above ₹100 crore. The IP envisages formation of a panel of Independent External Monitors (IEMs). Accordingly, the Company has following IEMs considered by CVC:
- Shri Sakti Kumar Banerjee, Ex-CMD, NALCO
 - Shri Prabir Roy, Ex-CMD, Bengal Chemical & Pharmaceuticals Ltd.

42. The IEMs are reviewing independently and objectively, whether and what extent parties have complied with the obligations under the Pact and examine complain received by them and submit a report to CMD.
43. During the year, three no of Structured Meeting of the IEMs with the CMD were held. Presently six number of high value cases are monitored by the IEMs.
44. The guidelines issued by the Department of Public Enterprises, Government of India have been complied with.
45. The Company has not incurred any expenditure which is not for the purpose of the Company's business, nor has the Company incurred any expenditure which are personal in nature for the Board of Directors and top management.
46. Details of Administrative and Office expenses as a percentage of total expenses vis-à-vis financial expenses are furnished below :

(₹ in crore)

Sl.	Particulars	2011-12	2010-11
(a)	Total Expenditure (Other than materials)	428.36	409.16
(b)	Administrative & Office Expenses	9.14	8.90
(c)	Percentage of (b) on (a)	2.13	2.18

General

47. The 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 the Company. The Company has a Website (www.grse.nic.in) which provides information on GRSE management, Chairman's Statement, Director's Report, Financial Status, Corporate Governance, Product Spectrum, Vendor registration procedure, details of tenders, payment status of suppliers' bills etc. The performance of the Company, including unaudited / provisional financial results are communicated to the Administrative Ministry every month. The results are not required to be published in any newspaper.



48. The Company continuously strives to maintain accounts in transparent, true and fair manner in conformity with the accounting principles generally accepted in India. During the last eleven years (1999-2000 to 2010- 2011) there have been no audit qualifications. The Company has also
- received “Nil” comments from the CAG during these years.
49. Need based Training Programmes are formulated from time to time.

Declaration

As provided under the Guidelines on Corporate Governance for CPSEs 2012 issued by the Government, it is hereby declared that all Board Members and Senior Management Personnel affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel of Garden Reach Shipbuilders & Engineers Limited for the year ended 31st March, 2012.

For Garden Reach Shipbuilders & Engineers Limited

Place : Kolkata
Date : 16th July, 2012

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



Maheshwari R & Associates
Company Secretaries

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

CORPORATE GOVERNANCE

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

We have examined the Compliance of the guidelines issued by the Department of Public Enterprise, Government of India on Corporate Governance by Garden Reach Shipbuilders & Engineers Limited, Kolkata, a Government Company within the meaning of sec 617 of the Companies Act, 1956 for the year ended 31st March 2012.

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

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

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

For Maheshwari R & Associates
Company Secretaries

Place : Kolkata
Date : 22nd June, 2012

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



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

Industry Structure & Development:

1. At present there are about thirty two Shipbuilding Yards in the country, operating in the Public and Private Sectors. In recent times, the Indian Shipbuilding Industry has witnessed entry of new players, mainly in the Private Sector. The existing Yards are also expanding their capacity and infrastructure through modernization. Due to Government's policy of liberalization, a very stiff competition has emerged to secure orders for shipbuilding, specially in the Defence Sector. With the market for Defence shipbuilding being thrown open to the players in the Private Sector, the Company is facing increased competition. The management of your Company has been evolving suitable strategies to meet this competition.
2. Presently the Company is executing an ambitious modernization project in its Main Yard, with an outlay of approximately ₹530 crore. On completion of the modernization, the Company will be in a position to meet the challenges and be competitive in domestic and global markets. With its completion expected by end 2012, the modernization will considerably enhance Company's shipbuilding capacity and offer greater flexibility to adopt modular construction, which will provide a framework for significant productivity improvement with shorter production cycle. The Raja Bagan Dock (RBD) Unit, acquired from CIWTC in Jul 2006, is also being renovated and upgraded. Acquisition of this Unit has led to considerable enhancement of the Company's shipbuilding capacity.

SWOT Analysis

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

Strengths

- 4 (a) Good infrastructure for shipbuilding facilitating simultaneous construction of several large and small ships.
- (b) Excellent in-house capability for ship design, system integration and Project Management.
- (c) Competent and highly skilled human resource at all levels.
- (d) Long standing relationships with main customers like Indian Navy and Indian Coast Guard.

Weaknesses

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

Opportunities

- 6 (a) Acquisition plan for Warships by Indian Navy and Indian Coast Guard and consequent indigenous shipbuilding orders. Demand for Patrol Vessels and Fast Interceptor Boats for Coastal Security.
- (b) Scaling-up business in Marine pumps developed for Indian Navy. Joint Venture



/ Collaboration Agreements / MOUs for upgrading technology of various Engineering products. Market for Double Lane portable steel bridges, developed in-house and Fast Bridges, which are planned to be inducted under TOT agreement.

- (c) Product support for MTU engines in service with Indian Navy, Coast Guard and various other customers. Testing of Kaveri Marine gas Turbines (KMGTS) at DEP, Ranchi for DRDO.
- (d) Offset policy implemented by Govt. in Defence Import Contracts & consequent TOT / new product opportunities.

Threats, Challenges, Risks and Concerns

- 7.
 - (a) Increased competition from other players in the field.
 - (b) Non-availability of qualified and reliable vendors for outsourced services / works.
 - (c) Geographical location and political environment [HP,HS].
- 8. From the above SWOT analysis it emerges that there are great opportunities available for the Company to build Defence and Coastal Security Vessels. Accordingly, Company's efforts are being focused on exploiting such opportunities based on the Company's strength and on minimizing the adverse effect of its weaknesses. The strength of infrastructure and production facilities are leveraged to have strategic alliances to address the emerging opportunities and reducing the impact of perceived threats.

Major initiatives undertaken and planned to ensure sustained performance and growth

- 9. 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

- 10. The Company continues its efforts in the field of development of design of war ships 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 recognition of its design efforts, the Company was awarded the Hon'ble Raksha Mantri Excellence Award for "Design & Construction of Offshore Patrol Vessels".
- 11. In the area of Ship Design, the Company has made major contribution to the design of ASW Corvettes being built for the Indian Navy. This is the first time IN has enlisted the design contribution in a warship from an Indian Shipbuilder. Inshore Patrol Vessels for the Coast Guard are fully designed by the Company's in-house Design Department after intensive efforts.
- 12. To reduce the build period of ship construction, the Company has implemented "Modular / Integrated Construction" concept. By this process around 60 - 80% of outfitting activities would be completed at the pre-launch stage itself with the resultant reduction in the overall build period. Integration of activities in the Design, Planning, Production and Materials Departments are also being strengthened.
- 13. The launching and trial of 120 ft. Double Lane Bridge manufactured on a patented design was successfully completed in Jul 2008. The Company was also conferred the Raksha Mantri's Award of Excellence in the "Innovation" Category, for the development of Double Lane Bridge. All out efforts are being made to market these bridges to various Government and private organizations.

Infrastructure Modernisation and Diversification

- 14. The foundation stone for the ongoing modernization project at Main Works was laid on 19 Feb 2009. Old Slipway No. 4 which was of 900 Tons capacity



has been demolished and new facilities are being created at that location, at an estimated cost of ₹530 crore. Execution of various works under modernization is progressing at a fast pace and scheduled to be completed by end 2012.

IT Initiatives – ERP System

15. GRSE 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 GRSE is already started deriving rich benefit out of this drive. The highlights of the progress made in the financial years are as follows:-
 - (i) Data Centre hosting the Servers along with LAN & WAN to connect all its eight Manufacturing facilities and two Marketing/Regional offices. It is also having high end data security measures to protect company's information.
 - (ii) ERP or Enterprise Resource Planning through SAPECC 6.0 in all its facilities across India. This has enabled the Company to capture and process all its operational data up to date. Management is able to optimise the use of resources, in turn, improving efficiency and productivity of the company. 240 licensed users are actively transacting on SAP platform. The system has stabilised as per the MOU target by 31st Dec 11.
 - (iii) Document Management System to help the company to move towards paperless operation and faster decision making. The processes which are not directly linked to operation or production activities and being managed through this system. 650 licensed users are using the system across the Company.
 - (iv) Smart Card based Attendance recording system for all Employees of the Company and in turn integrated to ERP for automated payroll process.
16. With a view to consolidate the progress made on the IT front, users are being given training on continuous basis.

17. In order to propagate the benefits of IT initiatives to entire spectrum of employees, initiatives like installation of kiosks and user friendly employee portal are also being taken up.

Marketing & Business Development

18. GRSE for the past few years has been expanding both internally and externally. Both these developments have been possible because of increased productivity. It has resulted in the healthy order Book. Accordingly, GRSE has been in the process of formulating a strong and magnified marketing policy based on design, promotion and price line.
19. The Central Design Office in GRSE has been the core area of all round shipbuilding activities and GRSE has, over the years, been in a constant process of upgrading the technology. This upgradation of technology through design efforts has brought laurels as well as capturing order from Navy with solo design efforts. Our input design for LCU submitted to Navy has received wide recognition and acceptance, as a result of which we have been awarded with the orders of LCU.
20. GRSE with a view to expand the horizon of shipbuilding activities has also embarked upon business promotion through direct correspondence with foreign countries for acquiring orders from overseas market as well as by participation in various exhibitions occurring at different places of the world.
21. In fact, we have received enquiries from Kuwait, Egypt, Brazil, and Senegal about our products. We have submitted our bid to Egypt which found recognition and consideration and the possibility of awarding the order is not entirely ruled out. We are also executing order from Govt. of Mauritius for OPV. The ongoing support services coupled with timely delivery of materials has also encouraged both the existing as well as prospective customers to place orders and consequently the order book position of GRSE has day by day escalated to a significant growth.



22. The basic phenomenon, in business development and marketing operations of GRSE, have been the growth in order book position and GRSE has registered a rapid progress to achieve sustainable growth path. In fact, GRSE has also been flooded with enquiries for ship repairing activities which too is one of the most important activities of GRSE and in order to cater to the demand of the customer for ship repair works, GRSE is in the process of acquiring Netaji Subhas Dry Dock (NSDD) at KoPT situated in close proximity to shipyard for carrying out such repair work. GRSE is planning for a sustained repair business of vessels right from ocean going to coastal vessels, inland vessels and high performance vessels including boats and barges. This capability of repair / refit of different types of vessels have been a forte of GRSE which has lent much more strength to its marketing efforts in this area.
23. The analysis of the present order book position of GRSE will reveal that GRSE's order in hand and in pipeline at present amount to around ₹31,000 crore and GRSE has already targeted orders worth ₹21,000 crore which will put GRSE on high scale growth of order for its products.
24. The above marketing drive for promotion of GRSE products has also been possible because of the globally competitive price line maintained by GRSE together with drive for promotion of the products.
25. Our growth prospect through development has compelled us to acquire through lease new area of activities and this acquisition is done mainly to enter in new markets, expand services over hands, acquiring new technologies and domain skill, scale of operation, costs synergies.
26. GRSE has also established a separate department for looking after business development and marketing activities and the main thrust area of the said department is as follows:
- (a) Development of business opportunities in India and abroad, including Market Survey for assessing business prospect in India and abroad.
 - (b) Interaction with customers, including broadening of customer base and customer relation management.
 - (c) Selection and Appointment of Marketing Representatives in India and abroad to explore new market for launching the products of GRSE.
 - (d) Publicity and advertisement for projecting entity profile and product profile of the company.

Quality Assurance

27. The 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 QC Inspection team, who are continuously trained in adopting updated inspection methodologies and best practices. The team undertakes inspection checks at every stage of the construction as per detailed Quality Assurance plans (QAP) so as to ensure that right from the initial receipt inspection of raw materials, all fabrication processes upto the final Ship acceptance trails are monitored both by internal and external Inspection agencies. In addition to defect identification, the yard has focused on defect avoidance, through awareness training, alongwith on the job monitoring. The yard personnel are constantly encouraged to carryout self-inspection and root cause analysis in order to identify appropriate corrective and preventive measures for achieving continual improvement in quality of products.

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

Risk Management

28. Over the years, the Company has evolved adequate risk management measures. These are internally reviewed from time to time to identify new risks associated with different areas of its operations and to evolve suitable mitigation measures.



Cost Reduction

29. 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. Consolidation of Bailey Bridge production by shifting the production activities and personnel from Belur Unit to 61 Park and Taratalla Units and VRS implementation in DEP, Ranchi are the major steps in this direction.

Import Substitution / Indigenisation

30. The Company continues to encourage indigenous manufacturers for production and supply of critical items required for ship construction and manufacture of engineering products.
31. The Company has developed a Common Helicopter Traversing System (110 R) for the Indian Naval Ships for handling both ALH and Sea King Helicopters. This will result in a cost saving of above 50% of imported cost of Helicopter Traversing equipment presently in use by Indian Navy. For this achievement the Company was conferred the Raksha Mantri's Award of Excellence. Further, the Company has successful in demonstration and clearance by Indian Navy of Rail less Helicopter Traversing System (HTS) for handling all types of Helicopters on board ship. This is the 'First of its class design' built by GRSE for ASW Corvettes, P-28 ships with a tie-up with M/s Mac Taggart Scott, UK has an indigeneous content of about 72%.
32. The Company successfully indigenised Centrifugal Pumps of Russian origin for IN Ships / Submarines. Order for a large number of such pumps has already been received from the Navy. More orders are in the pipeline.

Internal Control System and their adequacy

33. 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.

34. 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.
35. 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 are reliable.
36. 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 and to the Board periodically and corrective actions, wherever required, are initiated.
37. The Company, being a Government Company, is also subject to audit by Comptroller & Auditor General of India.

Financial / Operational Performance Strategy & Objectives

38. The main objectives of the financing strategy of the Company are as follows :
- (a) To make available funds though effective cash flow management without resorting to borrowing.
- (b) To meet the expectations of various stakeholders.
- (c) To effectively do tax planning thereby improving the post tax yield to the shareholders.



39. The Company continues to accord the highest priority to each of the objectives listed above.
40. 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

41. The Performance Highlights of the Company during the year ended 31 Mar 12 are as follows :

₹ in crore

	As on 31.03.12	As on 31.03.11
Capital Employed	603.56	535.96
Gross Block	310.30	296.12
Net Block	175.92	174.02
Working Capital	427.64	361.94
Net Worth	756.19	679.32
Value Added	500.22	378.68

Ratios :	%	%
Gross Profit : Capital Employed	28.06	30.65
Profit Before Tax : Value of Production	13.09	15.52
Value of Production: Capital Employed	214.36	195.62
Value Added: Value of Production	38.66	36.12
Sundry Debtors : Sales	21.68	26.18

Development in Human Resouces

Industrial Relations

42. During the period Industrial Relations situation across all units of the Company including DEP, Ranchi has been generally peaceful and harmonious. 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

43. GRSE is committed to pollution prevention and compliance of relevant environmental legislations and regulations. The shipyard is committed to providing a healthy and safe workplace for our employees, business partners and visitors and to having a neutral or positive environmental impact from our operations. Our vision is to continue to be an environmentally responsible organisation making continuous improvements in the management of the environmental impact of our operations.

44. The Company has taken following actions in this direction:-

- (a) 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 and neighbours.
- (b) Fume extraction system for extraction of fumes generated during welding process is instituted in structural shops as well as on board ships.
- (c) Open blasting that used to cause air pollution has been discontinued; instead vacuum blasting process has been adopted.
- (d) Chipping operation that generates high level of noise is being carried out during off working hours and ear plugs are provided to the all the employees who are involved in this activities. Arc gouging is being carried out to the extent possible in lieu of chipping.
- (e) 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.



- (f) 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.
 - (g) Operation of foundry has been discontinued to reduce air pollution.
 - (h) Effluent Treatment plants have been installed in the shipyard to prevent water pollution.
 - (i) Battery operated trucks are introduced to reduce noise and air pollution as also for fuel conservation.
45. GRSE 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 and Water (Prevention and Control of Pollution) Act, 1974 respectively from West Bengal Pollution Control Board which is valid till 31 Aug 2013.

Conservation of Energy

- 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. In accordance with the recommendation of energy audit the shipyard has introduced energy saving 250 Watt metal luminaries replacing conventional 400 Watt HPMV/HPSV Luminaries.
 - 48. Use of Bureau of Energy Efficiency accredited star rated window air conditioners has been adopted extensively in the yard.
 - 49. Measures like introduction of battery operated material handling equipment, increased installation of electronic ballasts, most updated LED lamps, TL₅ fluorescent lamps, extensive use of CFL, maximum use of translucent sheets in shop floors to combine day light with artificial luminaries for absolute utilization of natural light, minimization of distribution loss in compressed air, water supply system etc. have been adopted as part of conservation of energy. The cost of energy input during the year under review was 0.61 % of the total value of production as against 0.69 % that of last year.
50. The Shipyard has been rated as excellent in MoU criteria in 2010-11 under the category sustainable development i.e. conversion of conventional lamps to CFL, plantation of trees and implementation of solar power lighting etc.

Corporate Social Responsibility

- 51. GRSE embraces responsibility for impact of its operations and actions on all stakeholders including society and community at large. Management's commitment, work ethics and business processes at GRSE encourage all its employees and other participants to ensure a positive impact and its commitment towards corporate social responsibility.
- 52. The Company's commitment to excellence in health, education and safety is embedded in the Company's core values.
- 53. In accordance with the Guidelines on Corporate Social Responsibility for CPSEs 2010 issued by Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprises, New Delhi, the Company has incorporated its CSR activities in the MOU for FY 2011-12 and budgetary provision has been made for enhanced CSR activities.
- 54. Details of CSR activities undertaken by the Company during the year are furnished in the Directors' Report.



AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED as at 31st March, 2012, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto collectively herein after referred to as financial statements, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, collectively herein after referred to as 'Order', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of books and other records of the Company as we considered appropriate and on the basis of information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
 4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Company Act, 1956.
 - (e) Disclosure in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 is not required for Government Companies as per Notification No. GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
 - ii. In the case of the Profit and Loss account, of the Profits of the company for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For N.K. Poddar & co.
Chartered Accountants
(Registration No. 308054E)

Sd/-
(Padam Kumar Poddar)
Partner (Membership No. 50125)

Kolkata
16th July 2012



ANNEXURE TO AUDITORS' REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed.
- (c) There is no sale of a substantial part of fixed assets affecting the going concerns status of the company.
- (ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) The procedure of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintained proper records of its inventory and no material discrepancies were noticed on such physical verification.
- (iii) The Company has neither granted not taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services. During the course if audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) According to the information and explanations given to us, there have been no contracts or arrangements referred to in section 301 of the Act during the year to be entered in the register required t be maintained under that section.
- (vi) According to the information and explanations given to us, the company has not accepted any deposits within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for any of the products of the company except for Power Driven Pumps and Diesel Engines. With respect to these products, as per reported dated 15th June, 2012 of the Branch Auditors, M/s. Jain Poddar & Co., Chartered Accountants, prima facie, the prescribed accounts and records have been made and maintained by the company pursuant to the Rules made by the Central Government of India under clause (d) of sub-section (1) of Section 209 of the Act.



(ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including Provident Fund, investor education

& protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, as applicable with the appropriate authorities.

(b) According to the information and explanations given to us, the particulars of dues of income-tax, sales tax, excise duty and service tax as at 31st March, 2012 which have not been deposited on account of a dispute are as under :

Name of Statute	Nature of Dues	Amount (₹ in lac)	Period to which the amount relates	Forum where Dispute is pending
Bengal Finance (Sales Tax) Act, 1941	Sales Tax	96.38	1988-89	West Bengal Commercial Taxes & Revisional Board
Central Sales Tax Act, 1956	Central Sales Tax	7.52	2003-04	West Bengal Commercial Taxes & Revisional Board Additional Commissioner of Commercial Tax
		102.06	2006-07	
		13.16	2008-09	
West Bengal Value Added Tax Act, 2003	Value Added Tax	506.83	2006-08	Additional Commissioner of Commercial Tax
		215.43	2006-07	
		1,582.22	2008-09	
Central Excise Act, 1944	Central Excise	26.17	2001-02 to 2005-06	Central Excise and Service Tax Appellate Tribunal
Service Tax	Service Tax	121.30	2003-04 to 2007-08	Central Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	1,166.44	A.Y 2008-09	Income Tax Appellate Tribunal
		157.12	A.Y 2009-10	Commissioner of Income Tax (Appeals)

(x) The Company does not have any accumulated losses as at 31st March, 2012 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

nor has it issued any debentures as at the balance sheet date.

(xi) In our opinion and according to the information and explanations given to us, the company no dues in any financial institutions and has not defaulted in repayment of dues to any bank

(xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.



- (xiii) The provisions of any special statute applicable to chit fund or a nidhi or mutual benefit fund or society are not applicable to the Company.
- (xiii) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company has not given any guarantees for loan taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xv) In our opinion, the company has not obtained any term loans.
- (xvi) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, there are no funds raised on a short-term basis which have been used for long term investment.
- (xvii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) The company has not issued any debenture during the year nor any debenture were outstanding of the year end.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) During the course of our examination of the books and accounts of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fund on or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.

For N.K. Poddar & co.
Chartered Accountants
(Registration no. 308054E)

Sd/-
(Padam Kumar Poddar)
Partner (Membership No. 50125)

Kolkata
16th July 2012



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED, KOLKATA FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Garden Reach Shipbuilders & Engineers Ltd., Kolkata for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 16.07.2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Garden Reach Shipbuilders & Engineers Ltd., Kolkata for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619 (4) of the Companies Act, 1956.

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

Bangalore
Dated : 09.08.2012

Sd/-
(C.H. Kharshiing, IA & AS)
Pr. Director of Commercial Audit
& ex -officio Member, Audit Board , Bangalore

**BALANCE SHEET AS AT 31ST MARCH 2012**

		(₹ in lakh)	
		As At 31-03-2012	As At 31-03-2011
	Note No.		
I			
EQUITY AND LIABILITIES			
1. Shareholders' Fund			
a) Share Capital	2.1	12384.00	12384.00
b) Reserves and Surplus	2.2	63871.70	55947.41
(2) Share application money pending allotment		0.00	0.00
(3) Non-Current Liabilities			
a) Long-term borrowings	2.3	0.00	0.00
b) Deferred tax Liabilities (net)	2.4	60.28	0.00
c) Other Long term liabilities	2.5	457.36	462.34
d) Long term provisions	2.6	637.82	719.09
(4) Current Liabilities			
a) Trade payables	2.7	47078.63	41345.53
b) Other current liabilities	2.8	374698.04	249939.67
c) Short-term provisions	2.9	3818.89	4155.12
		<hr/>	<hr/>
Total		503006.72	364953.16



(₹ in lakh)

	Note No.	As At 31-3-2012	As At 31-3-2011
II. ASSETS			
1) Non-current assets			
a) Fixed assets			
i) Tangible assets	2.10	16590.37	16123.66
ii) Intangible assets	2.10	1002.09	1278.48
iii) Capital work-in-progress	2.10	6048.88	3266.73
b) Non-current investments	2.11	0.44	0.44
c) Deferred tax assets (net)	2.4	0.00	237.21
d) Long term loans and advances	2.12	10877.10	12176.97
e) Other non-current assets	2.13	128.39	235.52
2) Current assets			
a) Inventories	2.14	331706.46	230695.35
b) Trade receivables	2.15	11791.93	14142.23
c) Cash and cash equivalents	2.16	68602.49	18566.88
d) Short-term loans and advances	2.17	53850.59	67628.66
e) Other current assets	2.18	2407.98	601.03
Total		<u>503006.72</u>	<u>364953.16</u>

Contingent Liabilities and commitments 2.19

Significant accounting policies and notes to accounts 1 & 2

Sd/-

S. Mahapatra
Company Secretary

Sd/-

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

Sd/-

K.K.Rai
Director(Finance)

For N. K. Poddar & Co.
Chartered Accountants
Sd/-

(Padam Kumar Poddar)
Partner

Membership No.50125
Firm Registration No.308054E

Kolkata,
16th July 2012



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

		(₹ in lakh)	
		For the year ended 31-03-2012	For the year ended 31-03-2011
	Note No.		
I	Revenue from Operations	2.20 129288.99	104696.90
II	Other Income	2.21 3570.98	8928.73
III	Total Revenue (I+II)	132859.97	113625.63
IV	Expenditure :		
	Consumption of Raw Materials	2.22 61989.93	46991.07
	Purchase of Products for resale	10869.12	10322.48
	(Increase)/ Decrease in Inventory	(544.18)	(485.69)
	Sub-contracting charges	7690.67	9276.55
	Other Expenses - project related	92.05	165.00
	Employee benefits expense	2.23 27628.04	26003.65
	Finance cost	2.24 18.89	185.29
	Depreciation and amortization expense	2.10 1283.79	1046.56
	Other expenses	2.25 6756.24	5357.02
	Total Expenses	115784.55	98861.93
V	Profit before Exceptional and Extraordinary Items & Tax (III - IV)	17075.42	14763.70
VI	Exceptional Items	2.26 (140.32)	1512.61
VII	Profit before Extraordinary Items and Tax (V - VI)	16935.10	16276.31
VIII	Extraordinary Items	0.00	0.00
IX	Profit before Tax (VII - VIII)	16935.10	16276.31
X	Tax expense :		
	1) Current tax		
	Current year	5366.56	4163.90
	Adj. Prior years	468.16	0.54
	2) Deferred tax	297.49	540.51
XI	Profit (Loss) from the period from continuing operations (IX-X)	10802.89	11571.36



		(₹ in lakh)	
	Note No.	For the year ended 31-03-2012	For the year ended 31-03-2011
XII	Profit/(Loss) from discontinuing operations	-	-
XIII	Tax expense of discontinuing operations	-	-
XIV	Profit/(Loss) from discontinuing operations (XII - XIII)	-	
XV	Profit/(Loss) for the period (XI + XIV)	10802.89	11571.36
XVI	Earning per equity share:	-	
	1) Basic	87.23	93.44
	2) Diluted	87.23	93.44

Sd/-
S. Mahapatra
Company Secretary

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

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

For N. K. Poddar & Co.
Chartered Accountants

Sd/-
(Padam Kumar Poddar)
Partner
Membership No.50125
Firm Registration No.308054E

Kolkata,
16th July 2012



CASH FLOW STATEMENT

	For the year ended 31-03-2012	(₹ in lakh)	For the year ended 31-03-2011
A. Cash flow from operating activities:			
Profit before tax for the year	16935.10		16276.31
Adjustments for -			
Profit on sale of Fixed Assets	(27.57)		(584.80)
Profit on sale of Retired Assets	(79.09)		(30.93)
Interest on Loans, Advances, Investments & Deposits	(3173.06)		(2094.76)
Depreciation	1283.79		1046.56
Retirement of Assets - (Profit) / Loss	1.66		5.76
Interest	0.26		150.11
Unrealized loss on FE variation	165.84		63.63
Prior Period adjustments	0.64		57.18
Operating profit before working capital changes	15107.57		14889.06
Adjustments for changes in working capital:			
(INCREASE)/DECREASE in Trade Receivables	2457.43	(3744.43)	
(INCREASE)/DECREASE in Trade Receivables	14162.13	200.12	
(INCREASE)/DECREASE in Inventories	(101011.11)	(77540.63)	
INCREASE/(DECREASE) in Trade and Other Payables	130446.47	47066.11	
	46054.92		(34018.83)
Cash generated from/ (used in) operations	61162.49		(19129.77)
Taxes Paid (net of refunds)	(5327.05)		(5613.04)
Net cash from operating activities	55835.44		(24742.81)



(₹ in lakh)

	For the year ended 31-03-2012	For the year ended 31-03-2011
B. Cash flow from Investing activities		
Purchase of fixed assets	(4303.77)	(3891.72)
Proceeds from Sale of fixed assets	27.97	722.46
Proceeds from Sale of retired fixed assets	90.29	33.71
Net cash used in investing activities	<u>(4185.51)</u>	<u>(3135.55)</u>

C. Cash flow from financing activities:

Interest received	1353.90	2645.82
Interest paid	(98.92)	(51.45)
Dividend paid	(2476.80)	(2476.80)
Dividend tax paid	(401.80)	(411.37)
Net cash used in financing activities	<u>(1623.62)</u>	<u>(293.80)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	50026.31	(28172.16)

Cash and Cash Equivalents

	31-03-2012	31-03-2011	Diff	31-03-2011	31-03-2010	Diff
Cash and Bank Balance (Note No 2.16)	68602.49	18566.88		18566.88	46785.63	
Less : Margin Money Deposit	187.31	178.01		178.01	224.60	
Cash and Cash Equivalents as above	<u>68415.18</u>	<u>18388.87</u>	50026.31	18388.87	46561.03	(28172.16)

Sd/-
S. Mahapatra
Company Secretary

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

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

For N. K. Poddar & Co.
Chartered Accountants

Sd/-
(Padam Kumar Poddar)
Partner
Membership No.50125
Firm Registration No.308054E

Kolkata,
16th July 2012



SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF ACCOUNTING:

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

II. FIXED ASSETS :

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

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

- ii) Software cost is capitalized where it is expected to provide future enduring economic benefits. Capitalization costs include license fees and costs

of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

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

III. DEPRECIATION :

A. Depreciation on Fixed Assets

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

Depreciation on second hand assets is charged on straight-line method to write off 95% of the cost on the basis of estimated life of asset.

In respect of the additions made during the year, depreciation is charged on



pro-rata basis from the month when the asset is put to use/commissioned, whereupon such asset is capitalized.

B. Leasehold properties

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

IV. IMPAIRMENT OF ASSETS:

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

V. VALUE OF INVENTORIES:

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

Valued at weighted average rates.

(b) Inplant items :

Valued at standard cost.

ii) Equipment for specific projects :

Valued at cost.

iii) Stores in transit and non-stock items :

Valued at cost.

Note:

- (a) Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location. Cost includes taxes and duties and is net of credit under CENVAT and VAT, where applicable.
- (b) Inplant items are valued at standard cost for convenience taking into account normal level of activity and regularly reviewed.
- iv) Obsolete, slow-moving and defective inventories are identified at the time

of physical verification and where necessary provision is made for such inventories. 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.

Scrap :

- (v) Valued at estimated realisable value.

Inter-transfer items (Pending final transfer) :

- (vi) At cost, limited to transfer price.

Work-in-progress :

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

1. Recognition of revenue – Valuation of Work in Progress

A. Cost Plus Contracts:

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

B. Fixed Price Contracts:

(a) Where profit can be reliably measured:

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

(b) Where loss is anticipated:

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



C. Ship Repair Contracts:

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

VI. REVENUE RECOGNITION :

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

(A) SALES :

1. Sales other than Turnkey Projects :

- a) Sales against contracts are reflected in the accounts of the year in which the deliveries are made to the customer.
- b) Sale values are ascertained in accordance with contractual provisions.
- c) Where the contract prices are not finalized, sales are accounted for on provisional basis.
- d) Additional revenue, in respect of contracts completed in earlier years, is accounted for as Sales in the year in which such revenue materializes.
- e) Credit notes issued to customers and deductions accepted are reduced from sales in the year in which they are effected.
- f) Sales include Excise duty and Service Tax, wherever applicable, and excludes Value Added Tax, Central Sales Tax, Works Contract Tax etc.
- g) Revenue Recognition in respect of ongoing construction contracts is done using percentage completion method as stated in para V(vii)(1) above.

2. Sales in case of Turnkey Projects :

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

(B) INTEREST INCOME :

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

VII. GRANTS/SUBSIDY :

(i) Capital Grants / Subsidies

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

(ii) Revenue Grants / Subsidies

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

VIII. BORROWING COST

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

IX. INSURANCE CLAIMS :

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

X. TAXES ON INCOME :

Current tax is determined as the amount of tax payable in respect of taxable income for the period and provided for as per the tax rates and laws that have been enacted



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

XI. RETIREMENT BENEFITS:

(i) Provident Fund and Pension :

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

(ii) Gratuity:

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

(iii) Leave Liability:

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

(iv) Voluntary Retirement Scheme:

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

XII. VARIATION IN FOREIGN EXCHANGE RATES :

(1) In respect of loans and deferred liabilities, rupee value of foreign exchange liabilities are updated (except where forward cover exists), based on the exchange rates prevailing on the date of the balance sheet or the

latest notified exchange rates wherever applicable. If the liabilities are against procurement of capital assets, the difference due to exchange variations is included in the cost of the respective capital assets. If the liabilities are against revenue expenditure, the difference due to exchange variations is accumulated separately and out of it, the amount proportionate to the liabilities discharged during the year is written off/ written back to revenue during the year.

(2) Transactions in foreign currencies (except those in (1) above) (to the extent not covered by forward contracts) are accounted for at the rates of exchange in force at the time of transaction was effected. Current assets and current liabilities denominated in foreign currencies are translated at the rates of exchange ruling on Balance Sheet date. Gain/Loss arising out of fluctuations in exchange rate is accounted for in the Profit and Loss Account.

XIII. LICENCE FEE:

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

XIV. RESEARCH AND DEVELOPMENT :

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

XV. MISCELLANEOUS :

i) Loose Tools and Tackles :

(c) Loose Tools and Tackles are charged to revenue, on issue from stores, if the cost of the individual items does not exceed ₹ 5000/-.

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



ii) **Materials with contractors :**

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

iii) **Liquidated Damages :**

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

iv) **Guarantee repair :**

Provision for 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.

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

vi) **Advance from customers :**

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

XVI. CLAIMS :

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

XVII. SEGMENT REPORTING:

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

XVIII. PROPOSED DIVIDEND:

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

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.



NOTES TO ACCOUNTS

	As at 31-03-2012		As at 31-03-2011	
	No of shares	Amount (₹ in lakh)	No of Shares	Amount (₹ in lakh)
2.1 Share Capital				
Equity Share Capital				
Authorised Share Capital				
Equity shares of ₹ 100/- each	12500000	12500.00	12500000	12500.00
Issued, Subscribed and Fully Paid Share Capital				
Equity shares of ₹ 100/- each	12384000	12384.00	12384000	12384
Total		<u>12384.00</u>		<u>12384.00</u>

Shareholder	2012		2011	
	No of shares	Percentage	No of Shares	Percentage
President of India including his nominees	12384000.00	100%	12384000.00	100%

	(₹ in lakh)	
	As at 31-03-2012	As at 31-03-2011
2.2 Reserves and Surplus		
Capital Reserves - Opening balance	(a) <u>399.24</u>	<u>399.24</u>
Contract Contingency Reserve	(b) <u>2100.00</u>	2100.00
Corporate Social Responsibility Reserve	<u>228.07</u>	0.00
Add: Transferred from Surplus	<u>9.79</u>	<u>228.07</u>
	(c) <u>237.86</u>	<u>228.07</u>
General Reserve : Opening Balance	<u>8006.97</u>	6872.64
Add: Transferred from Surplus	<u>1079.31</u>	<u>1134.33</u>
	(d) <u>9086.28</u>	<u>8006.97</u>



		(₹ in lakh)	
		As at 31-03-2012	As at 31-03-2011
Surplus : Opening Balance		45213.13	37882.83
Add : Net profit after tax transferred from Statement of Profit and Loss		10802.89	11571.36
Amount available for appropriation		<u>56016.02</u>	<u>49454.19</u>
Appropriation :			
CSR Reserve		9.79	228.07
General Reserve		1079.31	1134.33
Dividend		2476.80	2476.8
Dividend Tax		401.80	401.86
Surplus - Closing Balance	(e)	<u>52048.32</u>	<u>45213.13</u>
Total	(a+b+c+d+e)	<u>63871.70</u>	<u>55947.41</u>

		(₹ in lakh)	
		As at 31-03-2012	As at 31-03-2011
Foreign Suppliers, Deferred Credit		1867.37	1945.18
Less: Amount recoverable from Indian Navy		<u>1867.37</u>	<u>1945.18</u>
		<u>0.00</u>	<u>0.00</u>
		<u>0.00</u>	<u>0.00</u>

(Refer Note No 2.24.5)

		(₹ in lakh)	
		As at 31-03-2012	As at 31-03-2011
2.4 Deferred Tax			
Deferred Tax Assets			
i) Provision for Bad & Doubtful Debts & Advances		298.05	264.47
ii) Central Excise Duty		0.00	10.86
iii) Voluntary Retirement Scheme		38.37	1375.69
iv) Other Timing Differences		<u>1503.03</u>	<u>317.99</u>
		<u>1839.45</u>	<u>1969.01</u>
Deferred Tax Liability			
Depreciation on Fixed Assets		<u>1899.73</u>	<u>1731.80</u>
Net Deferred Tax		<u>(60.28)</u>	<u>(237.21)</u>



(₹ in lakh)

	As at 31-03-2012	As at 31-03-2011
2.5 Other Long-term Liabilities		
Advance received from customer	<u>457.36</u>	<u>462.34</u>
Total	<u>457.36</u>	<u>462.34</u>

(₹ in lakh)

	As at 31-03-2012	As at 31-03-2011
2.6 Long-term Provisions		
Leave Liability	4169.22	3888.26
Less : Leave Fund with LIC Liability For	(3973.37)	(3577.79)
Post Retirement Medical Benefit	<u>441.97</u>	<u>408.62</u>
Total	<u>637.82</u>	<u>719.09</u>

(₹ in lakh)

	As at 31-03-2012	As at 31-03-2011
2.7 Trade Payable		
MSME Vendors	0.71	153.64
Other Vendors	<u>47077.92</u>	<u>41191.89</u>
	<u>47078.63</u>	<u>41345.53</u>

(Refer to Note No 2.24.11 for MSME due)



(₹ in lakh)

As at
31-03-2012 As at
31-03-2011

2.8 Other Current Liabilities

Security Deposit	392.70	314.80
Advance received from Customer	367454.26	244303.41
Accrued Salaries and Benefits	3620.45	2584.5
Other Payables :		
Audit fee	2.00	1.62
Power & Fuel	76.15	58.81
Rent	99.21	100.53
Liquidated Damage	2190.26	771.48
Expenses	239.07	342.34
Wealth Tax [Net of Advance Tax ₹2.27 lakhs Previous Year - ₹ 3.81 lakhs]	0.46	0.49
Sales Tax	147.86	749.95
Service Tax ,TDS and WC tax	198.62	446.80
Deferred Payment Liability payable within 12 months	77.81	77.81
Stale Cheque	199.19	187.13
Total	<u>374698.04</u>	<u>249939.67</u>

(₹ in lakh)

As at
31-03-2012 As at
31-03-2011

2.9 Short-term Provisions

Provision for Leave Encashment	144.15	75.83
Provision For Post Retirement Medical Benefit	130.35	243.33
Guarantee Repair	665.79	957.30
Proposed Dividend	2476.80	2476.80
Tax On Distributed Profit	401.80	401.86
Total	<u>3818.89</u>	<u>4155.12</u>



Notes to Accounts - 2.10														(₹ in Lakh)	
Description	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK						
	As at 31-03-2011	Addition	Deductions/ Adjustments	As at 31-03-2012	Upto 31-03-2011	Deductions/ Adjustments	Prior Period	For the year	Upto 31-03-2012	As at 31-03-2012	As at 31-03-2011				
TANGIBLE ASSETS															
Land - Freehold	5125.71	-	-	5125.71	-	-	-	-	-	5125.71	5125.71	5125.71			
Building	3666.76	166.25	56.50	3776.51	1773.37	15.10	-	95.07	1853.34	1923.17	1893.37	1893.37			
Railway Siding	3.15	-	3.15	-	2.99	2.99	-	-	-	-	0.16	0.16			
Plant & Equipment	10342.81	701.41	34.40	11009.82	5453.29	32.80	-	359.18	5779.67	5230.15	4889.84	4889.84			
Docks & Jetties	3073.76	82.57	-	3156.33	1647.35	-	1.55	88.21	1737.11	1419.22	1426.38	1426.38			
Furniture, Fixtures, Office Equipments & Computer	3348.90	238.15	4.58	3582.47	1920.61	2.70	0.56	318.26	2236.73	1345.74	1428.11	1428.11			
Launches, Barges & Boats	75.87	-	-	75.87	53.68	-	-	5.27	58.95	16.92	22.22	22.22			
Motor Car, Motor Lorries, Trailers, Mobile Cranes etc.	844.48	292.34	4.81	1132.01	483.40	4.45	-	59.17	538.12	593.89	360.93	360.93			
Assets jointly funded by GRSE and Indian Navy															
Building	2680.46	-	-	2680.46	-	-	-	-	-	-	-	-			
Less : Indian Navy	(1441.69)	-	-	(1441.69)	-	-	-	-	-	-	-	-			
Funded by GRSE	1238.77	-	-	1238.77	261.83	-	-	41.37	303.20	935.57	976.94	976.94			
Total of Tangible Assets	27720.21	1480.72	103.44	29097.49	11596.52	58.04	2.11	966.53	12507.12	16590.37	16123.66	16123.66			
INTANGIBLE ASSETS															
Land - Leasehold	200.41	-	-	200.41	75.20	-	-	13.34	88.54	111.87	125.23	125.23			
Software Development	1691.08	40.90	-	1731.98	537.84	-	-	303.92	841.76	890.22	1153.25	1153.25			
Total of Intangible Assets	1891.49	40.90	-	1932.39	613.04	-	-	317.26	930.30	1002.09	1278.48	1278.48			
GRAND TOTAL	29611.70	1521.62	103.44	31029.88	12209.56	58.04	2.11	1283.79	13437.42	17592.46	17402.14	17402.14			
Last Year 2010 - 11	26223.50	3774.89	386.69	29611.70	11326.05	232.09	69.04	1046.56	12209.56	17402.14	14897.45	14897.45			



Notes to Accounts - 2.10 cont

Capital Work-in-Progress

(₹ in Lakh)

Description	As at 31.03.2012	As at 31.03.2011
Building	1965.21	971.76
Plant & Equipment	338.30	361.54
Docks & Jetties	3363.82	1440.25
Furniture, Fixtures, Office Equipments & Computers	0.34	37.52
Motor Lorries, Trailers, Mobile Cranes etc.	-	74.45
Incidental Charges for Modernisation	381.21	381.21
TOTAL	6048.88	3266.73

Notes :

- 1 Depreciation includes amortisation of Leasehold Land (under Operating Lease) aggregating to ₹ 13.34 lakh (Previous year ₹ 13.34 lakh)
- 2 Adjustment column includes due adjustment for Retired Assets. Retired Asset as on 31.03.2012 comprise of ₹ 71.01 lakh, Original Cost ₹ 649.27 lakh (Previous year ₹ 38.87 lakh, original cost ₹ 777.87 lakh), valued at estimated scrap value being 5% of original cost .
- 3 Depreciation includes amortisation in case of software.
- 4 The Fixed Asset include Modern Hull Shop, the creation of which has been partly funded by Indian Navy as part of ongoing modernisation of infrastructure. The original cost of Modern Hull shop capitalised under the head building ₹ 61238.77 Lakh and WDV as on 31st March 2012 is ₹ 935.57 Lakh (Previous year ₹ 976.94 Lakh). In addition, the Modern Hull shop was also co-funded by Indian Navy for an amount of ₹ 1441.69 Lakh as part of P-28 Project, which forms part of total expenditure of ₹ 26936.57 lakh as on 31st March 2012.
- 5 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 Limited and Goa Shipyard Limited.

6 Assets Funded by Navy

Description	As at 31.03.2012	As at 31.03.2011
Building	483.10	483.10
Computer & Software	318.13	318.13
TOTAL	801.23	801.23

7 Capital Work-In-Progress Funded by Navy.

Description	As at 31.03.2012	As at 31.03.2011
Building	1345.73	433.67
Plant & Equipment	55.59	0.00
Docks & Jetties	21355.53	14484.09
Incidental Charges for Modernisation	1936.80	1620.92
Total	24693.65	16538.68



(₹ in lakh)
As at As at
31-03-2012 31-03-2011

2.11 Non-current investments

1. East India Clinic Limited (unquoted at cost) :			0.17
(a) 170 Nos 1/2% Registered Mortgage Debentures of ₹100 each fully paid up			
(b) 270 Nos 5% Non-Redeemable Registered Mortgage Debenture Stock-1957 of ₹ 100 each fully paid up			0.27
2. Woodlands Multispeciality Hospital Ltd (unquoted at cost) :			
6145 Equity Share of ₹10/- each , fully paid		0.44	
(Following a scheme of re-arrangement and conversion)			
	Total	0.44	0.44

(₹ in lakh)

As at 31-03-2012

As at 31-03-2011

2.12 Long Term Loan and Advances

Capital Advances

Unsecured considered good	8768.83		8877.33
Deposits with Electricity Board & others Unsecured considered good	425.28		1108.97

Other Loans and advances

Unsecured, considered Doubtful	200.00	200.00	
Less : Provision for Doubtful Deposits	(200.00)	0.00	(200.00)
Advance Income Tax & TDS	1682.99		2189.32
[Net of Provisions ₹ 13916.06 lakhs			
(Previous Year - ₹ 10983.87 lakh)]			
Advance FBT [Net of Provisions ₹ Nil	0.00		1.35
(Previous Year - ₹57.25 lakh)]			
Total	10877.10		12176.97



(₹ in lakh)

2.13 Other Non-Current Assets

	As at 31-03-2012	As at 31-03-2011
Long term Trade Receivables		
Unsecured considered Good	128.39	235.52
Doubtful	918.60	796.17
	1046.99	1031.69
Less : Provision for Doubtful Debts	918.60	796.17
	128.39	235.52
Total	128.39	235.52

(₹ in lakh)

2.14 Inventories

	As at 31-03-2012	As at 31-03-2011
Raw materials	113669.51	81350.19
Raw materials in Transit	1239.69	8071.87
Work in progress	215721.80	140430.14
Stores and Spares	774.74	571.36
Loose tools	300.72	271.79
Total	331706.46	230695.35

(₹ in lakh)

2.15 Trade Receivables

	As at 31-03-2012	As at 31-03-2011
a) Outstanding for a period exceeding six months from due date		
Unsecured, Considered good	2758.70	737.17
b) Others		
Unsecured, Considered good	8955.42	13327.25
Amount receivable from Navy within 12 months	77.81	77.81
Total	11791.93	14142.23



	(₹ in lakh)	
	As at 31-03-2012	As at 31-03-2011
2.16 Cash and Cash Equivalents		
Balances with banks #	2126.47	2026.32
Short term Deposit with bank	66468.90	16532.20
Cash on hand	7.12	8.36
Total	68602.49	18566.88

Balances with Banks include Margin Money amounting to ₹ 187.31 lakhs
(Previous year ₹ 178.01 lakhs.)

	(₹ in lakh)	
	As at 31-03-2012	As at 31-03-2011
2.17 Short term Loans and Advances		
Advance to Vendors	52760.38	66465.12
Less: Provision for Doubtful Advances	0.31	0.31
	<u>52760.07</u>	<u>66464.81</u>
Deposit with Customs,Port Trust	6.70	119.81
Sales Tax Refundable	174.54	149.65
Excise Advance	103.45	203.63
Advance to Gratuity Trust	110.88	254.96
Pre-paid Expenses	521.21	248.37
Loans and advances to employees	-	-
Festival Advance	158.21	163.21
Other Advance	15.53	24.22
Total	53850.59	67628.66

	(₹ in lakh)	
	As at 31-03-2012	As at 31-03-2011
2.18 Other Current Assets		
Interest Accrued/ Receivable	2458.22	654.52
Less : Provision for Doubtful Interest Receivable	258.72	258.72
	<u>2199.50</u>	<u>395.80</u>
Other Receivables	137.47	166.36
Assets held for sale	71.01	38.87
Total	2407.98	601.03



(₹ in lakh)

As at **As at**
31-03-2012 **31-03-2011**

2.19 Contingent liabilities and commitments

(to the extent not provided for)

Contingent Liabilities

a) Claims against the company not acknowledged as debt	2082.28	1294.52
b) Guarantees given by Banks	1329.79	2989.03
c) Indemnity Bonds for Performance & Warranty	15114.78	7204.98
d) Unexpired Letter of Credit	15953.30	13035.36
e) Other money for which the company is contingently liable :		
Sales Tax	2523.60	649.62
Excise Duty	17.90	62.50
Service Tax	121.30	121.30
Income Tax	1323.56	1166.44
Total	38466.51	26523.75
 Commitments		
Estimated amount of contracts unexecuted on capital account	7433.88	9087.53
Total	7433.88	9087.53

2.19 Contingent liability on account of Sales Tax amounts to ₹ 2427.22 lakhs (Previous Year ₹ 553.24 lakhs) which comprises of ₹ 2419.70 lakhs towards assessment dues for the years 2006-07, 2007-08 and 2008-09 and ₹ 7.52 lakhs on disallowance made by Sales Tax Authorities for the year 2003-04 on account of transit sales for Talcher Project. Besides, Sales Tax Authorities have considered certain sale made from DEP for the year 1988-89 as being sale from West Bengal for which a demand was raised for ₹ 96.38 lakh.

2.19.1 Central Excise Authorities have raised a demand of ₹ 26.17 lakhs (Previous Year ₹ 62.50 lakhs) against clearance to goods to Naval Stores Dept of Indian Navy. Since GRSE has made appeal before CESTAT, EZB, Kolkata against the impugned demand, the same has not been acknowledged as debt and accordingly not provided for in the accounts.

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 GRSE 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.

2.19.2 Contingent liability on account of income tax amounts to ₹ 1323.56 (Previous year ₹ 1166.44 lakhs) towards disallowance made by Income tax authority for the A.Y. 2008-09 on account of Provision for Liquidated Damages, addition in the closing stock for slow moving and obsolete items and for the A.Y. 2009-10 on account of addition of profit on sale of Retired assets and addition of Provision made for leave liability. All these disputes have not been acknowledged as debts and accordingly not provided for in the accounts as all the issues are under different appeal stage.



(₹ in lakh)
For the year ended
31-03-2012 For the year ended
 31-03-2011

2.20 Revenue from Operation

Sales Revenue

Ship Construction	30090.66	27268.96
Ship Repair	2584.32	7931.03
B & D Spares	11683.87	11094.29
General Engineering	5519.62	6963.91
Diesel Engine	4754.08	1363.67
	54632.55	54621.86

Add/Less :

Accretion / (Decretion) to WIP - Ship Construction & Repair	74747.48	50222.63
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Turnover

Less : Excise Duty	439.88	598.96
	128940.15	104245.53

Other Operating Revenue :

Scrap Sales	348.84	451.37
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Total **129288.99** 104696.90

(₹ in lakh)
For the year ended
31-03-2012 **For the year ended**
 31-03-2011

2.21 Other Income

Interest received on deposits with banks	3173.06	2094.76
Rent	10.68	11.62
L.D. Recovered from Suppliers	269.69	641.87
L.D. Waived by Customers	0.00	6067.55
Insurance Claim	4.42	4.58
Other Misc. Income	113.13	108.35
Total	3570.98	8928.73



	(₹ in lakh)			
	For the year ended 31-03-2012	For the year ended 31-03-2011		
2.22 CONSUMPTION OF RAW MATERIALS & COMPONENTS (INCLUDING STORES & SPARES)				
Consumptions - Material consumed	61989.93	46991.07		
Additional Information				
Raw Material Consumption - Manufacturing Company				
Steel	1798.32	3801.79		
Equipment	56033.10	39348.16		
Others	4158.51	3841.12		
	<u>61989.93</u>	<u>46991.07</u>		
Consumption of Imported & Indigenous Raw Materials, Spare Parts & Components and percentage of each to the total Consumption				
Imported	13985.52	23%	9482.30	20%
Indigenous	48004.41	77%	37508.77	80%
Total*	<u>61989.93</u>	<u>100%</u>	<u>46991.07</u>	<u>100%</u>
* (a) Value shown relates to Raw Materials, Spare Parts (including Stores) & Components				
Traded Goods Purchase -				
B & D Spares	10869.12		10322.48	
Traded Goods - Purchase of Imported & Indigenous B & D Spares and percentage of each to the total				
Imported	2224.61	20%	636.46	6%
Indigenous	8644.51	80%	9686.02	94%
Total	<u>10869.12</u>	<u>100%</u>	<u>10322.48</u>	<u>100%</u>
(₹ in lakh)				
Value of Import on C.I.F Basis	<u>2011-12</u>		<u>2010-11</u>	
1. Raw Materials	69.68		-	
2. Components & Spare Parts	23570.53		27276.84	
3. Capital Goods	315.28		-	
	<u>23955.49</u>		<u>27276.84</u>	
Payment in Foreign Currency				
1. Consultation / Service Fees	850.59		365.80	
2. Deferred payment to foreign suppliers	77.80		77.80	
3. Other Payments (for Equipment/ Materials, etc.)	21152.19		21159.78	
	<u>22080.58</u>		<u>21603.38</u>	



(₹ in lakh)

**For the year
ended
31-03-2012**For the year
ended
31-03-2011**2.23 Employee Benefits Expense**

Salaries And Wages	21869.52	19571.87
Contribution to Provident Fund & Family Pension Scheme	1364.91	1403.41
Contribution to ESI	9.49	9.71
Pension	38.26	34.84
Gratuity	1797.78	1690.25
Staff Welfare Expenses	2548.08	3293.57
Total	<u>27628.04</u>	<u>26003.65</u>

**For the year
ended
31-03-2012**For the year
ended
31-03-2012**2.24 Finance Cost**

Interest Expenses :		
Bank Borrowings	0.24	44.45
Interest Liability to Customer	0.00	98.66
Others	0.02	7.00
'Bank charges & Commission	18.63	35.18
Total	<u>18.89</u>	<u>185.29</u>



(₹ in lakh)

2.25 Other expenses

	For the year ended 31-03-2012	For the year ended 31-03-2011
Consumption of Consumables	114.51	263.54
Power and Fuel	816.79	788.46
Rent	131.48	125.53
Repair to Buildings	555.67	448.23
Repair to Plant & Machinery	319.98	267.15
Other Repair	465.78	548.04
Insurance	33.41	79.61
Rates and Taxes	100.97	97.44
Marketing Expenses	128.65	200.15
Stores Clearing & Despatch Expenses	133.06	283.64
Liquidated Damages	2038.39	376.40
Travelling Expenses	337.29	276.22
Advertisements & Publicity	406.61	347.74
'Printing & Stationary	14.42	12.75
'Postage & Courier	8.35	13.09
Telephone & Fax	81.37	79.84
Loss in Exchange Rate Fluctuations	166.95	56.97
Legal Expenses	43.67	9.53
Corporate Social Responsibility	290.21	71.93
Auditors' Remuneration :		
(a) Statutory Audit	1.65	1.32
(b) Tax Audit	0.35	0.33
Prior period adjustment	0.64	57.18
Provision for bad debt	122.43	63.75
Service Tax	232.93	632.19
Other Miscellaneous Expenses	210.68	255.99
Total	6756.24	5357.02

2.26 Exceptional Items

	For the year ended 31-03-2012	For the year ended 31-03-2011
Written down value of Inventories	(549.46)	(97.15)
Profit on Sale of Fixed Assets	27.57	584.80
Profit on Sale of Retired Assets (net)	77.43	25.17
Liability/Provision written back	304.14	999.79
Total	(140.32)	1512.61



Additional Notes to Accounts - Informative

- 2.24.1** 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:
- In case of Shipbuilding and Ship Repair and Refit activities, normal operating cycle is considered vesselwise, as the time period from the effective date of contract/ Letter of Intent to the date of expiry of guarantee period.
 - In case of other Business Activities Normal Operating Cycle will be 12 months.
- 2.24.2** 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.
- 2.24.3** Post dated cheques, in favour of Kolkata Port Trust (KOPT) for rent for 13 years as per Estate Rules of KOPT were issued earlier and are pending on 31.3.2012 as under:
- In respect of lease of land of Taratalla Unit (each cheque dated 1st January due for presentation starting from the year 2009 and ending in the year 2021 aggregating to ₹ 343.26 lakhs (Previous Year ₹ 372.76 lakhs);
 - In respect of lease of open land (each cheque dated 1st December and 17th November due for presentation starting from the year 2008 and ending in the year 2020 aggregating to ₹ 180.49 lakhs and ₹ 64.07 lakhs respectively (Previous year ₹ 195.99 lakhs and ₹ 69.58 lakhs respectively).
- 2.24.4** Letters seeking confirmation of balances in the accounts of sundry creditors were sent to vendors constituting about 70% in value. On the basis of replies received from certain vendors, adjustments wherever necessary have been made in the accounts.
- 2.24.5 Russian (USSR) deferred State Credit**
An inter-governmental agreement between Russian Federation and Government of India was reached for restructuring of Russian deferred state credit in Rouble in connection with procurement of weapon systems for cost-plus P25 ships built and delivered by GRSE to Indian Navy. As per the said agreement, the outstanding debt in Rouble as on 01.04.1992 was converted to Indian Rupees at the difference in Rupee-Rouble exchange rate between 1.4.90 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 Exchange Fluctuation Suspense as at 31.03.2012 and aggregated to ₹ 1945.18 lakhs (Previous year ₹ 2022.99 lakhs). The amount of such Foreign Exchange Fluctuation Suspense, being receivable from Indian Navy and being contra in nature against the corresponding unsecured loan of deferred Russian (formerly USSR) state credit, has been disclosed by way of reduction from such unsecured loan.



2.24.6 Employees Benefits

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

- Gratuity Benefit
- Leave Encashment Benefit
- Post Retirement Medical Benefit

(a) Gratuity Benefits:

Gratuity liability is a defined benefit obligation and is administered by a Trust. Such Liability is determined on the basis of actuarial valuation done by Life Insurance Corporation of India. Gratuity Fund is maintained jointly with SBI Life and India First Life with a contribution of 10% each and balance with LIC by the Trust.

₹ in Lakh

Sl.No.	Assumptions as at	Valuation Date 31-03-2012	Valuation Date 31-03-2011
1	Discount Rate	8.00%	8.00%
	Rate of increase in compensation	5.00%	5.00%
2	Changes in present value of obligations		
	Present Value of Obligations at beginning of period	9560.22	8759.50
	Interest cost	764.82	700.76
	Current Service Cost	397.01	165.60
	Benefits Paid	(2021.10)	(2887.47)
	Actuarial (gain)/loss on obligation	1507.09	2821.83
	Present Value of Obligations at end of period	10208.04	9560.22
3	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of period	9980.06	8994.39
	Expected return on Plan Assets	852.61	717.08
	Contributions	1797.78	3156.07
	Benefit Paid	(2021.10)	(2887.47)
	Actuarial gain/(loss) on plan assets	Nil	Nil
	Fair Value of Plan assets at end of period	10609.35	9980.06
4	Fair Value of Plan Assets		
	Fair Value of Plan Assets at beginning of period	9980.06	8994.39
	Actual Return on Plan Asset	852.61	717.08
	Contributions	1797.78	3156.07
	Benefit Paid	(2021.10)	(2887.47)
	Fair Value of Plan Assets at end of period	10609.35	9980.06
	Funded Status	589.95	419.84
	Excess of actual over estimated return on Plan Assets	Nil	Nil



5	Actuarial Gain/Loss Recognized Actuarial (Gain)/Loss for the period (obligation) Actuarial (Gain)/Loss for the period – (Plan Assets) Total (Gain)/Loss for the period Actuarial (Gain)/Loss recognized for the period	(1507.09) Nil 1507.09 1507.09	(2821.83) Nil 2821.83 2821.83
6	Amounts to be recognized in Balance Sheet and Profit & Loss Account Present Value of Obligations at end of period Fair Value of Plan Assets at end of period Funded Status Unrecognized Actuarial (Gain)/Loss Net Asset/(Liability) recognized in the Balance Sheet	10208.04 10609.35 401.31 - (401.31)	9560.22 9980.06 419.84 - (419.84)
7	Expense recognized in the statement of Profit & Loss Account Current Service Cost Interest cost Expected Return on Plan Assets Net Actuarial (Gain)/Loss recognized for the period Expense recognized in the statement of Profit & Loss Account	397.01 764.82 (852.61) 1507.09 1797.78	165.60 700.76 (717.08) 2821.83 1690.25

(b) Leave Encashment Benefit

Leave liability has been provided in the accounts as per actuarial valuation as on 31.03.2012. The total provision as on 31.03.2012 is ₹ 4313.37 lakhs (Previous year ₹ 3964.09 lakhs). Leave liability Fund is maintained with Life Insurance Corporation of India based on actuarial valuation of the same as of 31.03.2011.

₹ in

Lakh

Sl.No.	Assumptions as at	Valuation Date 31-03-2012	Valuation Date 31-03-2011
1	Discount Rate Rate of increase in compensation	8.00% 5.00%	8.00% 5.00%
2	Changes in present value of obligations Present Value of Obligations at beginning of period Interest cost Current Service Cost Benefits Paid Actuarial (gain)/loss on obligation Present Value of Obligations at end of period	3964.09 291.12 350.18 (650.13) 358.10 4313.37	3575.53 254.37 465.57 (791.91) 460.53 3964.09



3	Changes in fair value of plan assets Fair Value of Plan Assets at beginning of period Expected return on Plan Assets Contributions Benefit Paid Actuarial gain/(loss) on plan assets Fair Value of Plan assets at end of period		
		(650.13)	(791.91)
4	Fair Value of Plan Assets Fair Value of Plan Assets at beginning of period Actual Return on Plan Asset Contributions Benefit Paid Fair Value of Plan Assets at end of period Funded Status Excess of actual over estimated return on Plan Assets		
		(650.13)	(791.91)
		(4313.37)	(3964.09)
5	Actuarial Gain/Loss Recognized Actuarial (Gain)/Loss for the period obligation Actuarial (Gain)/Loss for the period -Plan Assets Total (Gain)/Loss for the period Actuarial (Gain)/Loss recognized for the period		
		(358.10)	(460.53)
		-	-
		358.10	460.53
		358.10	460.53
6	Amounts to be recognized in Balance Sheet and Profit & Loss Account Present Value of Obligations at end of period Fair Value of Plan Assets at end of period Funded Status Unrecognized Actuarial (Gain)/Loss Net Asset/(Liability) recognized in the balance sheet		
		4313.37	3964.09
		-	-
		(4313.37)	(3964.09)
		-	-
		(4313.37)	(3964.09)
7	Expense recognized in the statement of Profit & Loss Account Current Service Cost Interest cost Expected Return on Plan Assets Net Actuarial (Gain)/Loss recognized for the period Expense recognized in the statement of Profit & Loss Account		
		350.18	465.57
		291.12	254.37
		-	-
		358.10	460.53
		659.50	910.65

(c) **Post Retirement Medical Benefit:**

Post Retirement Medical Benefit Liability has also been actuarially assessed as at the end of Financial year, which stood at ₹ 572.32 lakhs (Previous year ₹ 651.95 lakhs) and has been provided in the accounts.



2.24.7 There is an ongoing infrastructure project being co-funded by Indian Navy. The status of the project execution is given below:

	As of 31.03.12	As of 31.03.11
a) Expenses Incurred	₹ 26937 lakhs	₹ 18782 lakhs
b) Amount received from Indian Navy	₹ 33127 lakhs	₹ 16382 lakhs

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

		(₹ in lakhs)
(i)	Contract revenue recognized for the year ended 31 st March 2012	107422.46
(ii)	Aggregate amount of costs incurred and recognized profit (less recognized losses) upto 31 st March 2012 for all contracts in progress as at that date.	209146.94
(iii)	Amount of customer advances outstanding for contracts in progress as at 31 st March 2012	331349.96
(iv)	Amounts retained by customers for contracts in progress as at 31 st March 2012	Nil

2.24.9 (a) Out of three docks and two slipways taken out from CIWTC Ltd. on 1st July 2006, Dry Dock No.2 has been capitalized. All other facilities are under extensive repair and have remained non-operational, due to which cost of acquisition of these assets and subsequent capital expenditure have been carried forward as capital work-in progress.

(b) The assets held for sale shown under other current assets include five residential flats having a total WDV of ₹ 41.39 lakhs as at 31st March 2012, which are vacant and currently not in use. A decision was taken by the management towards disposal of these flats in 2009-10. The process of disposal, although initiated, did not materialize till 31.03.12. However, for one of these flats agreement for sale has been reached with the highest bidder subsequently on 23.04.12 at an amount of ₹ 33 lakhs. An advance of 25% of sale consideration has also been received. Accordingly and as any impairment in value of these flats being of real estate in nature is unlikely, the said assets have been carried at WDV.

(c) The land for setting up Diesel Engine Plant at Ranchi was obtained free of cost from Heavy Engineering Corporation Ltd., Ranchi. Deed for transfer of land is yet to be executed and status quo is being maintained.

2.24.10 ICD to Hindustan Cables Ltd An amount of ₹ 457.75 lakhs (₹ 200 lakhs as Principal and ₹ 257.75 lakhs as interest) was outstanding as on 31st March 02 from Hindustan Cables Ltd (HCL), which is a sick PSU. As the case was registered by BIFR, full provision was made in the Accounts of 2003-04. As per directive of BRPSE, the revival scheme as prepared by HCL's consultants was put up before Dept. of Heavy Industry, BRPSE & BIFR. Dept. of Heavy Industries (DHI) made advertisement inviting expression of interest from interested PSUs for joint venture formation. In response, Rashtriya Ispat Nigam Ltd. (RINL) had shown interest in HCL's Hyderabad Unit. HCL has informed that recently Ordnance Factory Board (OFB) has shown keen interest for taking over all units of HCL and discussions are currently in progress both with OFB and RINL. No modalities



however, have been decided yet. HCL has confirmed that GRSE's dues will be taken care of in the Restructuring Scheme.

2.24.11 Details of the dues to Micro, Small and Medium Enterprises (MSME), as defined in the Micro, Small and Medium Enterprises Development Act, 2008, outstanding as on 31st March 2012 is ₹ 0.71 Lakh (Previous Year ₹ 153.64 Lakh).

2.24.12 Figures for the previous year have been re-grouped/re-arranged wherever necessary to correspond to those of the current year.

Sd/-

S. Mahapatra

Company Secretary

Sd/-

K.K.Rai

Director(Finance)

Sd/-

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

Chairman & Managing Director

For N. K. Poddar & Co.

Chartered Accountants

Sd/-

(Padam Kumar Poddar)

Partner

Membership No.50125

Firm Registration No.308054E

Kolkata,
16th July 2012



ANNEXURE - A

SEGMENT REPORTING

(₹ in lakh)

Year : 2010-2011

	Total Company	Ship	B&D Spares	Engg	Engine
	54621.86	35199.99	11094.29	6963.91	1363.67
	50222.63	50222.63	-	-	-
	104844.49	85472.61	11094.29	7508.90	1254.38
	-	-307.86	-	10.18	297.68
	104844.49	85472.61	11094.29	6913.92	1363.67
	95919.44	79595.12	10322.48	4955.42	1046.42
	8925.05	5877.49	771.81	1958.50	317.25
	640.31	312.88	-	309.30	18.13
	8284.74	5564.61	771.81	1649.20	299.12
	8928.73				
	1512.61				
	451.37				
	8284.74				
	19177.45				
	2715.85				
	185.29				
	2901.14				
	16276.31				

(₹ in lakh)

Year : 2011-2012

	Total Company	Ship	B&D Spares	Engg	Engine
A SEGMENT REVENUE					
Sales to External Customers	54632.55	32674.98	11683.87	5519.63	4754.08
+/- Increase/Decrease in WIP	74747.48	74747.48			
Turnover (VOP)	129380.03	107422.46	11683.87	5519.63	4754.08
Inter Transfer		-995.34		889.94	105.40
B SEGMENT RESULTS					
Turnover (VOP)	129380.03	107422.46	11683.87	5519.63	4754.08
Less : COP	110878.55	91978.45	10869.12	3806.33	4224.66
Less Segment Expenses/Prov/ Adj (Net)	18501.48	15444.01	814.75	1713.30	529.42
Segment Results	2456.42	2101.49	-	290.48	64.45
	16045.06	13342.52	814.75	1422.82	464.97
C PROFIT BEFORE TAX					
Other Revenues	3570.98				
Exceptional Items	-140.32				
Scrap Sale	348.84				
Segment Result Profit/Loss	16045.06				
	19824.56				
Less Unallocated Expenses (Net)	2870.57				
Finance Cost	18.89				
	2889.46				
Profit Before Tax	16935.10				



SEGMENT REPORTING

ANNEXURE - A

	Year : 2011-2012 (₹ in lakh)				Year : 2010-2011 (₹ in lakh)					
	Total Company	Ship	B&D Spares	Engg	Engine	Total Company	Ship	B&D Spares	Engg	Engine
D SEGMENT ASSETS @										
NET BLOCK	17592.46	16587.60		438.66	566.20	17402.14	16447.66		560.46	394.02
CAPITAL WIP	6048.88	6048.88				3266.73	3266.73			
FIXED ASSETS**	23641.34	22636.48		438.66	566.20	20668.87	19714.39		560.46	394.02
NON CURRENT ASSETS	11005.49					12649.70				
CURRENT ASSETS	468359.45					331634.15				
TOTAL INVESTMENT	503006.28					364952.72				
	0.44					0.44				
E SEGMENT LIABILITIES										
NON CURRENT LIABILITIES	1155.46					1181.43				
CURRENT LIABILITIES	425595.56					295440.32				
F CAPITAL EMPLOYED	60356.35					53595.97				
G ADDITION TO SEGMENT ASSETS										
ADDITION TO GROSS BLOCK (Net)	1521.62	1312.62		6.53	202.47	3774.89	3774.11		0.10	0.68
ADDITION TO CAPITAL WIP (Net)	2782.15	2782.15		0.00	0.00	924.03	924.04		-0.01	0.00
ADDITION TO FIXED ASSET**	4303.77	4094.77		6.53	202.47	4698.92	4698.15		0.09	0.68

@ including Corporate, Delhi & Mumbai Office

** includes assets of Corporate Office and other assets not specific to Activities

NOTES

1. Generally liabilities are managed at Corporate Office, except for some discharge of liabilities from Ranchi. Control on Debtors/Suppliers' payments in general are exercised by corporate office located at Kolkata.
2. Labour and other expenses are allocated to jobs on the basis of predetermined recovery rates computed on the basis normal cost accounting principles and subject to revision as appropriate.
3. Transfer price is the price accepted by the internal customer.
4. Addition to Gross Block (Net) is exclusive of assets retired.