



वार्षिक रिपोर्ट

ANNUAL REPORT

2016-17

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



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





- माननीय रक्षा मंत्री श्री मनोहर पर्रीकर को वर्ष 2015-16 का लाभांश चेक प्रदत्त।

Presentation of dividend cheque for the year 2015-16 to Hon'ble Raksha Mantri Shri Manohar Parrikar.

- जीआरएसई मॉरीशस- सीजीएस बाराकुडा, ऑफशोर पेट्रोल वेसल के लिए इन हाउस डिजाइन प्रयास में उत्कृष्टता हेतु 2015-16 के रक्षा मंत्री अवार्ड से सम्मानित।

GRSE received Raksha Mantri's Award for excellence 2015-16 on In-house Design effort for Offshore Patrol Vessel for Mauritius-CGS Barracuda.



- जीआरएसई ने भारत के माननीय राष्ट्रपति श्री रामनाथ कोविन्द के करकमलों से राजभाषा के सर्वश्रेष्ठ कार्यान्वयन हेतु राजभाषा कीर्ति पुरस्कार।

GRSE received Rajbhasha Kirti Puraskar from Hon'ble President of India, Shri Ram Nath Kovind.





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

AUTHENTICATED

RAKSHA RAJYA MANTRI



Vision

To become a Global Leader in Warship Construction

Mission

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

Objectives

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





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Board of Directors

Rear Admiral Vipin Kumar Saxena, IN (Retd.)



Radm Vipin Kumar Saxena, IN (Retd.) (DIN: 07696782), aged 55 years, was appointed as the Chairman & Managing Director of the Company w.e.f. 01 Mar 2017.

RAdm V K Saxena was commissioned in the Indian Navy on 05 Mar 1985 after completing BE (Electrical) from Jabalpur University. He underwent the staff course at Defence Services Staff College, Wellington and was awarded MSc in Defence Studies from Madras University. He has also done the prestigious Naval High Command Course in 2005.

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

As Principle Director Ship Production at Naval Headquarters, he has handled various aspects of shipbuilding while managing multiple major contracts for construction of a number of warships both at Indian Shipyards (DPSUs & Private) and foreign shipyards. On promotion to the Flag rank, RAdm V K Saxena was appointed as the Additional Director General, project Seabird, the largest infrastructure Project of the Indian Navy. He played a key role in planning the road map for time bound implementation of this mega project. During his tenure as Project Director (Submarine Construction) at HQ ATVP, he was closely associated with the construction of Strategic Submarines, a prestigious project of national importance.



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



Shri Ashwani Kumar Mahajan (DIN: 07483427), aged 54 years, was appointed as a Part-Time Official Director of the Company w.e.f. 02 Apr 2016.

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



Shri Swapan Kumar Mukherjee



Shri Swapan Kumar Mukherjee (DIN: 00011232), aged 65 years, was appointed as an Independent Director on the Board of the Company from 23 Jul 2014.

Shri Swapan Kumar Mukherjee is a qualified Cost and Management Accountant by profession (Year of Passing – 1975). After passing the final examination of the then Institute of Cost & Works Accountants of India, he joined Balmer Lawrie & Company Limited as a Trainee in Jan 1976 and superannuated as its Chairman & Managing Director in Dec 2011. Shri Mukherjee specializes in corporate treasury / finance function which, inter alia includes capital structuring, resource generation (equity and debt), optimizing cost of funds and forex risk management. Some of his major achievements during his tenure as Managing Director of Balmer Lawrie include achieving the highest ever turnover, profit, dividend, making Balmer Lawrie a debt free company and raising funds for the Company, its joints ventures and a wholly owned UK subsidiary company at the best terms.

His tenure with the Company completed on 22 Jul 2017.





Commodore Muthukrishnan Jitendran, IN (Retd.)

Cmde M Jitendran, VSM, IN (Retd.) (DIN: 00052956), aged 66 years, is an Independent Director on the Board of the Company w.e.f. 23 Jul 2014.

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

Cmde Jitendran's tenure with the Company completed on 22 Jul 2017.



Shri Ajay Bhattacharya, IAS

Shri Ajay Bhattacharya (DIN: 06952980), aged 64 years, was inducted to the Board of the Company as an Independent Director from 20 Aug 2014.

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

His tenure with the Company completed on 19 Aug 2017.



Commodore Ratnakar Ghosh, IN (Retd.)

Cmde Ratnakar Ghosh, VSM, IN (Retd.) (DIN: 05117526), aged 60 years, assumed charge as Director (Shipbuilding) of the Company w.e.f. 23 May 2011.

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

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

He superannuated from the Company w.e.f. 01 Jul 2017 after serving the Company for 6 years.





Shri Sarvjit Singh Dogra

Shri Sarvjit Singh Dogra (DIN: 07052300), aged 57 years, joined the Company as Director (Finance) on 31 Dec 2014.

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



Shri Asit Kumar Nanda

Shri Asit Kumar Nanda (DIN: 07506042), aged 57 years, was appointed as Director (Personnel) of the Company from 03 May 2016.

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

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



Independent External Monitors

Smt. Bulbul Sen

Shri Samar Ray

Company Secretary

Shri Sandeep Mahapatra

Bankers

State Bank of India

IDBI Bank

Allahabad Bank

ICICI Bank

PNB

HDFC Bank

Axis Bank

Registered Office

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

CIN No.: U35111WB1934GOI007891

Website: www.grse.nic.in

Auditors

G P Agrawal & Co.
Chartered Accountants

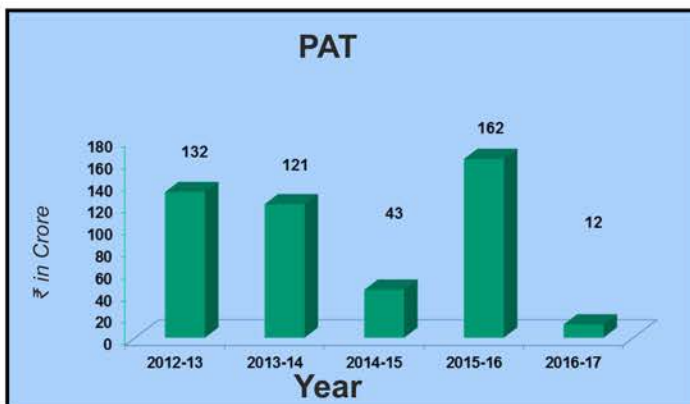
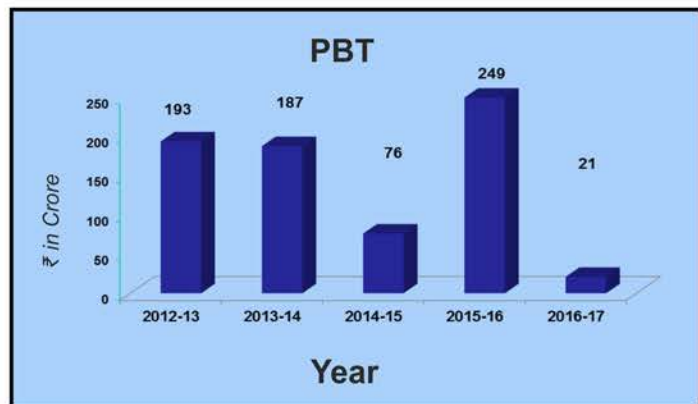
Branch Auditor

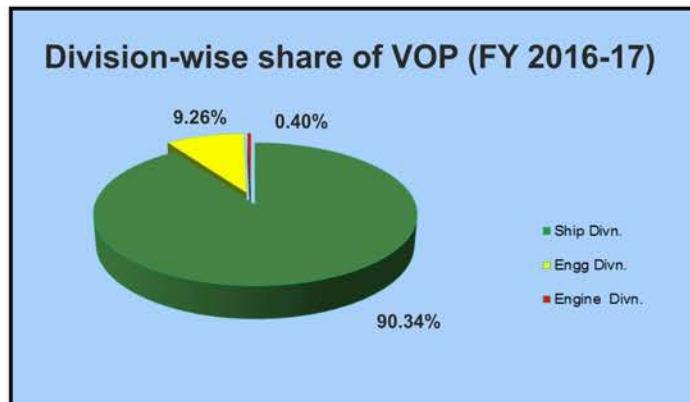
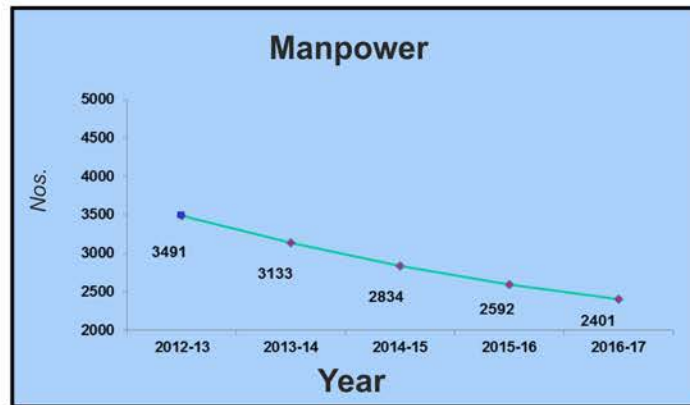
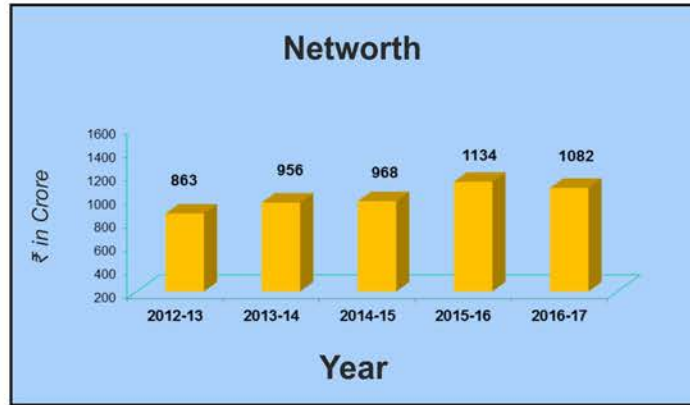
Sinha & Ghelani
Chartered Accountants



Senior Management

RAAdm. V K Saxena, IN (Retd.)	:	Chairman & Managing Director
Shri Sarvjit Singh Dogra	:	Director (Finance)
Shri AK Nanda	:	Director (Personnel)
Shri Arup Ratan Pal	:	Chief General Manager (ERP, YM & CM)
Capt. SKS Kushwaha, IN (Retd.)	:	Chief General Manager (C&CP)
Cmde P R Hari, IN (Retd.)	:	Chief General Manager (PP&C)
Shri D Vijayam	:	Chief General Manager (Engineering & DEP)
Shri D Maitra	:	Chief General Manager (Main Works)
Shri K S Verma	:	General Manager (IEP)
Shri Siddhartha Ray	:	General Manager (Finance)
Cdr. Soumya Choudhury, IN (Retd.)	:	General Manager (FOJ)
Capt. Jagmohan, IN (Retd.)	:	General Manager (Design)
Shri Venkatesh Murthy	:	General Manager (Material)
Cdr. B Sengupta, IN (Retd.)	:	General Manager (QA)
Shri AK Mohapatra	:	General Manager (HR)
DIG. Subrato Ghosh, ICG (Retd.)	:	General Manager (RBD)
Cdr. R N Chattopadhyay, IN (Retd.)	:	Addl. General Manager (Taratala Unit)
Shri Srikumar Ghose Choudhury	:	Addl. General Manager (Internal Audit)
Cdr. Shantanu Bose, IN (Retd.)	:	Addl. General Manager (P-17A)







Ten Years at a Glance

(₹ in lakh)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (IND AS)	2016-17 (IND AS)
FINANCIAL POSITION										
Equity Share Capital	12384	12384	12384	12384	12384	12384	12384	12384	12384	12384
Reserve & Surplus	36425	38692	47255	55947	63872	73948	83196	84391	101042	95767
Net Worth	48809	51076	59639	68331	76256	86332	95580	96775	113426	108151
Capital Employed	46017	45284	47610	55911	60062	75907	91667	90810	110613	98112
Gross Block	24406	25812	26224	29612	30829	42732	53387	56381	56640	60454
Net Fixed Assets	14488	15144	14897	17402	17481	27979	36548	36574	34370	35834
Working Capital	31529	30140	32713	38509	42582	47928	55119	54236	76243	62278
OPERATING RESULTS										
Sales	55665	74062	42427	54622	54506	46434	30819	230805	30668	22162
Cost of Production	47723	64325	80153	96405	110752	138105	146585	154452	156382	104842
Value of Production	57347	67269	87074	105330	129253	152915	161167	161266	166075	92784
Value Added	28075	23353	30771	37868	49613	49609	50463	47702	48182	30018
Profit/(Loss) Before Tax	11040	8898	13075	16276	16935	19315	18723	7602	24915	2089
Provision for Tax	3593	3733	1633	4705	6132	6161	6577	3257	8710	865
Profit/(Loss) after Tax	7447	5165	11441	11571	10803	13154	12146	4345	16205	1223
APPROPRIATION										
CSR Reserve	-	-	-	228	10	-	-	2	-	-
General Reserve	745	517	1144	1134	1079	1315	1215	435	1607	-
Proposed Dividend on Equity	2477	2477	2477	2477	2477	2631	2477	2477	5322	5408
Tax on Proposed Dividend	421	421	411	402	402	447	421	504	1083	1101
RATIOS										
Gross Profit/ Capital Employed	0.24	0.20	0.27	0.29	0.28	0.26	0.21	0.08	22.52	2.13
PBT/ Production (VoP)	0.19	0.13	0.15	0.15	0.13	0.13	0.12	0.05	15.00	2.25
Production (VoP)/ Capital Employed	1.25	1.49	1.83	1.88	2.15	2.01	1.76	1.78	150.14	94.57
Value Added/ Production (VoP)	0.49	0.36	0.35	0.36	0.38	0.32	0.31	0.30	0.29	0.32
No. of Employees	4971	4768	4345	4117	3792	3491	3133	2834	2592	2401



101st Annual General Meeting



CHAIRMAN'S STATEMENT



Dear Shareholders,

It gives me immense pleasure in welcoming all of you to this 101st Annual General Meeting of the Company. I took over as the Chairman & Managing Director of the Company on 01 Mar 2017 and it is a matter of honour that I have been assigned to lead this Shipyard as its 18th C&MD. I wish to place on record the significant contributions made by my predecessor RAdm A K Verma, IN (Retd.) during his tenure as C&MD of the Company. I would like to take this opportunity to share with you the current Industry Scenario, the Company's significant achievements during the past year and the future outlook for the Company.

Industry Scenario

The global economic and industrial scene has gone through turbulent changes since the onset of Global Liquidity Crisis in the second half of 2008. The economic downturn and consequent reduction in international cargo traffic has seriously impacted the global shipbuilding industry. Though the global economic scenario has somewhat stabilized by now, the demand for commercial ships has still not revived. However, in the Indian context, the demand for warships by the Indian Navy and Indian Coast Guard has remained strong. Considering the complexity and multi-role capabilities demanded in warships, design and construction of such complete platforms has turned out to be a very technology intensive & challenging process.

Further, the Policy of Liberalisation, opening-up of economy and private sector participation in defense

preparedness are the factors which have a direct bearing on the market environment, performance imperatives and bottom line of GRSE. Acknowledging the situation, your Company has stepped up performance in terms of productivity, cost competitiveness, quality, timely delivery etc. Your Company is also in the process of upgrading processes and products in line with latest technology. GRSE is striving to set up new profit centers through diversification, product addition, adoption of latest processes & methods, envisaging modern shipbuilding requirements and self-reliance. GRSE is also looking at opportunities to promote and fruitfully implement the real objectives of 'Make in India' initiative of the nation to become totally self-reliant in the area of Maritime Security of the country and also to explore opportunities to export warships.

For GRSE to compete in the global arena, quality & cost of construction and build period of ships would be the key drivers. The new Defence Procurement Procedure promulgated by the Ministry of Defence and 'Make in India' initiative of the Government of India envision more private participation in the defence shipbuilding, which is set to have a direct bearing on the market environment and performance imperatives thereby impacting GRSE's order book position and bottom line. The need of the hour is to step-up performance in all areas of operations. The overall shipbuilding capacity of GRSE has almost doubled with the acquisition of Raja Bagan Dockyard and completion of major modernization at the Main Works of the Company, wherein a new Integrated Shipbuilding Facility for modular construction of warships has been created. The Company can now



build 14 ships concurrently. The newly created facilities at the Main Yard of your Company will enable the Shipyard to introduce Integrated Construction Technology, which will result in significant reduction in build period of ships. This approach will help GRSE to improve quality and reduce build period thereby meeting the stiff timelines as being achieved by leading global players in shipbuilding industry.

Financial Performance

During the Financial Year 2016-17, your Company has achieved a turnover of ₹930.41 crore. Your Company's Profit Before Tax (PBT) was recorded as ₹20.89 crore and the Net Profit (PAT) was at ₹12.23 crore. Your Company's Net Worth is ₹1081.51 crore. The dip in the net profits was mainly due to delay in delivery of the ships. Increase in contractors' cost by almost 40% also affected the financial performance of your Company. With greater thrust on enhanced productivity, improved quality control and dedicated human resources, your Company is determined to overcome this situation in the coming years.

The Directors are pleased to recommend highest ever Record dividend @ 43.665% on the Company's paid up equity capital amounting to ₹54.08 crore (approx.). During the year, the Company has made a contribution of ₹198.16 crore to the National Exchequer by way of payment of dividend, taxes and duties to various Government Agencies.

Disinvestment and IPO

The Cabinet Committee on Economic Affairs, on 12 Apr 2017, has approved disinvestment of your Company's shares through IPO and its subsequent listing. Since then, the Book Running Lead Managers and the Legal Counsels have been appointed. The Preliminary Due Diligence is in progress.

MoU Rating

In terms of parameters contained in the Memorandum of Understanding signed by your Company with the Government of India for the year 2016-17, your Company is expected to be rated as "Good" in its performance. However, the Company is targeting to improve its MoU rating during the year 2017-18.

Significant Milestones: 2016-17

(a) **Delivery of Ships:** During the year 2016-17, your Company delivered 04 warships to the Indian Navy – the 1st, 2nd and 3rd Follow On-Water Jet Fast Attack Craft, namely, 'Tarmugli',

'Tihayu' and 'Tillanchang' respectively and the 1st Landing Craft Utility 'L-51'.

It is worth mentioning here that the 4th Follow On-Water Jet Fast Attack Craft 'Tarasa' (Yard 2112) was delivered on 15 Jun 2017. Your Company has also delivered the 2nd Landing Craft Utility 'L-52' (Yard 2093) on 20 Jul 2017.

Further, your Company has the honour of being the first shipyard in the country to deliver a warship post successful completion of Weapon & Sensor Trials, known as the Part-IV trials. This is a new initiative as normally Part-IV trials are done post-delivery of the ships. This initiative would help the ships to join the Fleet soon after its commissioning.

- (b) **Portable Steel Bridges:** The Portable Steel Bridge Unit of your Company has supplied 74 bridges during the year under review amounting to ₹81 crore as against 70 bridges supplied in the previous year amounting to ₹80 crore. The sustained efforts initiated during previous years to increase business potential resulted in entering into an MoU & Rate Contract with Dte. Gen. of Border Roads for supply of Galvanized Bridges. In export business, your Company has received orders worth ₹4 crore from Bhutan and had fruitful discussions with Myanmar and expect to supply good number of bridges during 2017-18. The division is poised to cross a VoP figure of ₹100 crore during 2017-18.
- (c) **Deck Machinery:** The Deck Machinery Unit of your Company has supplied a total number of 25 different equipment and machinery to various new construction yards as well as operational ships of Indian Navy and Indian Coast Guard besides supplying 13 number pumps to Indian Naval Ships during FY 2016-17. The unit has registered a Value of Production worth ₹5 crore in FY 2016-17.
- (d) **Diesel Engine Plant (DEP), Ranchi:** During 2016-17, the VoP achieved by the Engine Division stood at ₹4 crore. Further, the Service Partner Agreement with MTU(India) had been operationalized and W6 routine of six engines have commenced in newly modernized assembly shop for Coast Guard Ships, ICGS Aruna Asaf Ali & ICGS Subhadra Kumari Chauhan. This year has also seen the commencement of production of Portable Steel Bridges from DEP Ranchi after completion of necessary infrastructure augmentation.



Order Book Position

The present order book position of your Company is around ₹21,501 crore including P-17A order of ₹19,286 crore. Your Company is continuing with its efforts for bagging more orders from Indian Navy and Indian Coast Guard.

Future Outlook – Vision 2025

Based on the long association and contribution of your Company towards indigenous warship design & construction program of the Indian Navy, the Govt. of India and the Indian Navy have awarded your Company the contract for construction of three ships under Project P-17A. Latest Modular Shipbuilding Technology would be adopted to build these ships at the new Integrated Shipbuilding Facility. P-17A Project poses immense challenge as well as a great opportunity for your Company. The Shipyard is certainly poised for further growth, when construction of P-17A gets underway in 2018.

In addition to infrastructure and technological growth, the key to being a successful shipbuilding company is to have a robust Vendor Base. Your Company has taken-up Vendor Development as a thrust area in recent years and has increased its Vendor Base from 1746 in 2014-15 to 1985 in 2016-17. As part of Govt. initiatives to encourage Public Private Partnership through Outsourcing, your Company has planned to further strengthen the Vendor Base to meet the challenges of building P-17A and future ships in coming years.

Your Company along with its customers (Indian Navy & Coast Guard) have partnered with many reputed Indian Firms (both Public & Private) for indigenous development and supply of equipment for various ships being built by the Shipyard. The major thrust was given on the equipment fit and material installed on ASW Corvettes (P-28) and the Landing Craft Utility (LCU) ships. Completion of the first two ships of P-28 class marks a significant stride made by the Indian Industry in indigenisation of several high-technology state-of-the-art equipment/ weapons/ sensors which have been fitted to fortify these ASW Corvettes. Your Company has planned to encourage the participation of Public & Private sector firms such as BEL, L&T, Wartsila, Koel Pielstick, Walchand Industries, Johnson Control India, OFB, BHEL, L3, Cummins, Elcome Marine and many others so that the out-fitting work pertaining to Setting to Work & Trials can progress concurrently on all ongoing and future projects.

Your Company has planned to deliver 15 warships in the next 02 Financial Years 2017-18 & 2018-19.

Your Company has set a very challenging target to increase its Value of Production from ₹1,350 crore in 2017-18 to about ₹3,600 crore over the next 6-7 years. The Shipyard has worked out a strategy in consultation with M/s. Fincantieri, Italy, to implement Integrated Construction Technology in Project (P-17A) and future warships. The Shipyard is pursuing with the Indian Navy and MoD for orders of New Generation Corvettes, additional P-17A advanced warships and Follow on Water Jet FACs. Your Company has also planned to upgrade and expand its business of Pre-fabricated Steel Bridges, Engines and Engineering Products.

Export Initiatives

Buoyed by the response for the first warship export CGS Barracuda to Govt. of Mauritius, your Company is seriously exploring the overseas market for its products. The Shipyard is exploring ship export opportunities with Bangladesh, UAE, Oman, Qatar, Malta and Guyana. Your Company has proposed two MoUs with Khulna Shipyard (KSY) & Chittagong Dry Dock Limited (CDDL) of Bangladesh and the matter is being pursued further. Your Company has submitted its RFI response for Design & Construction of an Offshore Patrol Vessel (OPV) for the Armed Forces of Malta. Your Company has submitted the RFI response issued by Exim Bank of India for export of 01 no. Passenger / Cargo Ferry for Govt. of Guyana under Govt. of India Grant & Line of Credit.

Your Company is exploring export opportunities of Pre-fabricated Steel Bridges at neighboring countries like Bhutan, Myanmar etc. and some Latin American countries. Your Company has recently secured an order of ₹4.65 crore for supply of Steel Bridge components for Myanmar Army through Ministry of External Affairs. Your Company also submitted a global Tender issued by United Nation for 66 Nos. Steel Bridges and associated equipment for Myanmar. Your Company is also exploring opportunities to export Engineering products like Deck Machinery items.

Research & Development

Your Company continues its efforts in working towards developing various concept designs for vessels that can cater to the future requirement of Indian Navy and Indian Coast Guard. Generic design of platforms are also being developed which can cater to requirements of auxiliary vessels like survey and research, pollution control, front-line warships like frigates, corvettes and also the vessels required for inland and coastal security. Your Company has been bestowed with an award on 'In-house Design Effort for Offshore Patrol Vessels for Mauritius – CGS Barracuda'.



Industrial Relations

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

HR Initiatives

Your Company has undertaken various HR initiatives like succession planning for officers, conducted study by XLRI for preparing a roadmap for effective management of contractors' labour and introduction of knowledge portal for sharing of knowledge and expertise amongst employees. Your Company has inducted CISF for security of the three major Production Units of our Shipyard viz. Main, FOJ and RBD Units. Your Company has also introduced 56(J) and 56(I) Rules for Officers & Supervisor in order to ensure probity and efficacy among employees.

Corporate Governance

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

Health, Safety, Security & Environment

Upholding the "Safety First Safety Must" Mantra, your Company continues to take Workplace Health, Safety, Security & Environment (HSSE) including Sustainable Development as an integral component of its business policies and strategic plans. To ensure smooth and safe operations across locations, each of the critical processes, system and their implementation methodology were reviewed and their monitoring and governance practice were strengthened alongwith bringing clarity, responsibility and accountability. Renewable Energy and Sustainability are the thrust areas for the Company. During the year, your Company has installed 200kWp grid interactive solar power plant increasing the total installed capacity of rooftop solar plant to 500 kWp thereby reducing the consumption of conventional electrical energy.

Corporate Social Responsibility

Your Company's Corporate Social Responsibility (CSR) initiatives have played a significant role in socio-economic development of the vast stretch of underprivileged inhabitants belonging mostly to minority community, in the vicinity of our production units. Since the promulgation of DPE Guidelines and amendments made to the Companies Act, your Company has assigned high priority to the ideals of CSR enshrined in the guidelines and the statute. The CSR strategies of our Company are aimed to improve the quality of life of the local community and aligned to the national priorities to meet the basic needs of the citizens. Your Company has undertaken various initiatives such as vocational training to unemployed youth, various skill development initiatives, supporting classes of differently abled children, providing aids and appliances to differently abled persons, cataract surgery and monthly health camps for the poor and needy persons and many Swachh Bharat initiatives.

Skill Development

Your Company is committed to the Government's initiative to promote 'Skill India' by undertaking various skill development programmes both within and outside the Company. The initiatives include adoption of a Women ITI in Kolkata for upgradation of training and infrastructure facilities in COPA and Electronic Mechanic trades, setting up of a Centre of Excellence for advanced training in Welder trade at ITI Tollygunge, Vocational Training to local unemployed youth through IEST, increasing intake of Apprentices under the Apprenticeship Act to 19.36% of manpower strength and donation of 15 numbers of spare equipment to ITI Howrah Homes.

In addition, your Company has arranged various training programmes on Project Management, Ergonomics, Welding distortion prevention and control etc. for upgradation of skill sets of the workforce. The Company has been sending its Officers to undergo training on Integrated Construction at Fincantieri, Italy, for the purpose of construction of P-17A ships. Your Company has imparted extensive training to its employees on ISO 9001:2015 QMS and Goods & Service Tax (GST) for successful implementation in the Shipyard.

Swachh Bharat

Swachh Bharat Mission (SBM) was launched on 02 Oct 2014 to fulfill the vision of a cleaner India by 02 Oct 2019 as a tribute to Mahatma Gandhi on his 150th birth anniversary. Taking cognizance of the



national mission and to meet the local needs of the community, your Company as a responsible corporate entity wanted to initiate interventions in the domain of Swachh Bharat by channelizing CSR funds. In this regard, the National CSR Hub, TISS, was engaged to conduct a study of Metiabruz area and identify possible areas of intervention by your Company as a part of CSR agenda at both community and school level. Your Company has undertaken various initiatives such as construction of 39 toilets in 5 local schools & providing them waste bins, training to approx. 5000 school children on hygiene and sanitation, improvement of 23 Anganwadi Centres of Metiabruz, contribution of ₹75 lakh to Swachh Bharat Kosh and ₹ 25 lakh to Clean Ganga Fund.

Further, your Company has undertaken various in-house initiatives like segregation of waste at source, selling scrap material and organizing Swachh Bharat Pakhwada to sensitize employees on the importance of cleanliness and hygiene.

ACKNOWLEDGEMENTS

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

Thanking you all,

Kolkata,
25th August, 2017

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



Notice of 101st Annual General Meeting

NOTICE is hereby given that the 101st Annual General Meeting of the Shareholders of Garden Reach Shipbuilders & Engineers Limited will be held on Friday, the 25th August, 2017 at 1400 hours at the Registered Office of the Company at 43/46, Garden Reach Road, Kolkata – 700 024 to transact the following businesses:

ORDINARY BUSINESS:

- (a) To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 Mar 2017 and the Reports of the Directors and Auditors thereon.
- (b) To declare Dividend for the financial year 2016-17.
- (c) To fix the remuneration of Auditors to be appointed by the Comptroller & Auditor General of India for the financial year 2017-18.

SPECIAL BUSINESS:

- (d) To ratify the remuneration payable to the Cost Auditors for the financial year ending 31 Mar 2018 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) therein or re-enactment thereof, for the time being in force), the remuneration payable, as set out in the Statement annexed to the Notice convening this Meeting, to the Cost Auditors appointed by the Board of Directors of the Company to conduct audit of the cost records of the Company for the financial year ending 31 Mar 2018, be and is hereby ratified.”

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

- (e) To amend the Memorandum of Association of the Company for Sub-Division of Shares and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolutions as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and Article 61 of the existing Articles of Association of the Company, the Authorised Share Capital of the Company of ₹ 1,25,00,00,000 (Rupees One Hundred and Twenty Five Crore) divided into 1,25,00,000 Shares of ₹ 100/- (Rupees Hundred Only) each, be and is hereby sub-divided into 12,50,00,000 Shares of ₹ 10/- (Rupees Ten Only) each, such that each share of ₹ 100/- be now 10 shares of ₹ 10/- per share.”

“RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof with the following new Clause V as under:

V. The Authorised Share Capital of the Company is ₹1,25,00,00,000/- divided into 12,50,00,000 shares of ₹10/- each.”

“RESOLVED FURTHER THAT the Chairman & Managing Director of the Company or any one of the Directors of the Company and the Company Secretary of the Company be and is hereby authorised to do all such things, acts, deeds and matters as may be considered necessary, usual, proper or expedient to give effect to the above resolutions, including but not limited to incorporation of amendment / suggestion / observation made by the Registrar of Companies, Kolkata, to the extent applicable, without being required to seek any further consent or approval of the Members of the Company or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”



- (f) Conversion of the Company from Private Limited to Public Limited by amending the Articles of Association of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolutions as Special Resolution:

“RESOLVED THAT pursuant to Sections 14, 18 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, consent of the Members be and is hereby accorded to the conversion of Garden Reach Shipbuilders & Engineers Limited from a private limited company to a public limited company and to consequently amend the Articles of Association of the Company in this respect.”

“RESOLVED FURTHER THAT subject to the approval of the President of India and pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and in order to align it with the requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Articles of Association of the Company be and is hereby altered in the manner and to the extent as hereunder:

(I) The existing regulations, as contained in the Articles of Association of the Company, be and are hereby deleted; and

(ii) The revised Articles of Association of the Company, as placed before the Meeting and initialled by the Chairman & Managing Director of the Company for identification purposes, be and are hereby approved and adopted as the Articles of Association of the Company and shall substitute its entirety the existing Articles of Association of the Company.”

“RESOLVED FURTHER THAT the Chairman & Managing Director or any one of the Directors of the Company and the Company Secretary of the Company be and is hereby authorised to do all such things, acts, deeds and matters as may be considered necessary, usual, proper or expedient to give effect to the above resolutions, including but not limited to incorporation of amendment / suggestion / observation made by the Registrar of Companies, Kolkata, to the extent applicable, without being required to seek any further consent or approval of the Members of the Company or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

By Order of the Board
Garden Reach Shipbuilders & Engineers Limited


(Sandeep Mahapatra)
Company Secretary

Date: 30th June, 2017
Place: Kolkata

Notes:

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



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

Item No. (d)

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s. Chatterjee & Co., Cost Accountants as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31 Mar 2018 at an audit fees of ₹ 75,000/- plus taxes and out of pocket expenses.

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

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

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

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

Item No. (e) & (f)

The Ministry of Defence, GOI, vide their letter No.23(60)/2015/D(NS-I) dated 28 Feb 2017 intimated its 'in-principle decision for disinvestment of equity shares of GRSE and subsequent listing of shares in the Stock exchange during the current financial year. Subsequently, the Inter Ministerial Group formed by DIPAM held its 1st Meeting on 20 Mar 2017 and inter alia advised for splitting of shares with face value of more than ₹ 10/- per share to a face value of ₹ 10/- per share. For sub-division of the shares, it would be necessary to amend Clause V of the Memorandum of Association ('MoA') setting out the Authorised Share Capital of the Company. The Board of Directors of the Company, at its meeting held on 31 Mar 2017, gave its in-principle approval for sub-division of the shares of the Company from face value of ₹ 100/- to ₹ 10/- per share alongwith necessary amendments required to be incorporated in the MoA.

Garden Reach Shipbuilders & Engineers Limited is a Private Limited Company within the meaning of Section 2(68) of the Companies Act, 2013. In line with the decision of listing of the Equity Shares of the Company, the Board at its Meeting held on 31 Mar 2017, also gave its in-principle approval for changing the status of the Company from a 'Private Limited' to a 'Public Limited' company, subject to the approval of the Members of the Company in the general meeting. Consequently, to meet the statutory requirements of conversion to a Public Limited Company, the present Articles of Association ('AoA') of the Company are proposed to be altered in the manner as set out in the above resolutions.

Further, the existing Articles of Association was based on the Companies Act, 1956 and several clauses / regulations in the existing AoA contained references to specific sections of the Companies Act, 1956. With the coming into force of the Companies Act, 2013, several regulations of the existing AoA of the Company requires alteration or deletions at several places. Accordingly, it is considered expedient to wholly replace the existing AoA by adopting them afresh.

As per the provisions of the Companies Act, 2013, a company can alter the Share Capital Clause of its Memorandum of Association and Articles of Association of the Company with the consent of Shareholders. The Resolutions seeks approval of members to sub-divide the Share Capital by amending the said Clause V of the MoA and for conversion of the Company from private limited to public limited by alteration of the existing AoA of the Company.

The existing Memorandum and Articles of Association of the Company along with the Memorandum and Articles of Association incorporating therein proposed alternations are available for inspection to all the members of the Company at the Registered Office of the Company during business hours till the completion of voting period and also at the Meeting.

The above amendments are subject to the approval of the President of India as per Articles of Association of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item Nos. (e) & (f) of the Notice.

The Board recommends the Special Resolutions(s) set out at Item Nos. (e) & (f) of the Notice for approval of the Shareholders.

By Order of the Board
Garden Reach Shipbuilders & Engineers Limited


(Sandeep Mahapatra)
Company Secretary

Date: 30th June, 2017
Place: Kolkata



Directors' Report

To
The Members,
Garden Reach Shipbuilders & Engineers Limited

1. Your Directors have great pleasure in presenting before you the Annual Report of your Company for the financial year 2016-17.
2. The Audited Financial Statements for the financial year 2016-17, together with the Report of the Statutory Auditors of your Company, are appended to this Report.

PERFORMANCE HIGHLIGHTS

3. **Turnover / Value of Production:** During the financial year 2016-17, your Company registered a Value of Production ('VoP') of ₹930.41 crore as against ₹1662.00 crore in the previous year.
4. **Profit Before Tax:** The Company recorded its Profit Before Tax of ₹20.89 crore for FY 2016-17 as against ₹249.15 crore in the previous year.

GRADING UNDER MEMORANDUM OF UNDERSTANDING WITH DPE

5. Your Company has been rated "Very Good" in the MoU 2015-16 by the Department of Public Enterprises. The composite score for the year 2015-16 was 74.84 out of 100.

6. The assessment for the year 2016-17 will be done by DPE on the basis of the Annual Report to be submitted after the Annual General Meeting. As per internal assessment, it is expected that your Company will be rated "Good" during this year.

AWARDS & RECOGNITIONS

7. Your Company has received the following awards and recognitions during the year:
 - (a) **GOLD Award at the International Convention on Quality Control Circle-2016 (ICQCC-2016):** GRSE's Quality Circle Team "ANANYA" participated in the International Convention on Quality Control Circle - 2016 (ICQCC-2016) held at Bangkok, Thailand and was conferred with GOLD Award in recognition of its outstanding performance on 'Quality Control' activities.
 - (b) **'Rajbhasha Kirti Puraskar':** GRSE has been awarded the prestigious Rajbhasha Kirti Puraskar – 1st Prize for the year 2015-16 for Excellence in Implementation of Official Language in the Company and the prestigious Rajbhasha Kirti Puraskar - 2nd Prize for the Company's Hindi Magazine





Rajbhasha Jagriti under Grih Patrika Puraskar for the year 2015-16. This is the Highest Award of the Govt. of India for excellence in implementation of Official Language. **GRSE is the proud winner of the Rajbhasha Kirti Puraskar for Excellence in Implementation of Official Language for four years in a row.**

- (c) **ISO 9001:2015 Certification:** The three major facilities - Design Office, Main Works Unit and Fitting Out Jetty Unit of GRSE's Shipbuilding Division have been accredited with ISO 9001:2015 Certification. It may be mentioned that other facilities of Shipbuilding Division are already ISO 9000 complied. With the completion of ISO 9001 certification of GRSE's Ship Building Division, the Shipyard is at par with the most advanced shipyards in the world. **The final certificate of ISO 9001:2015 conforming to the scope of Ship Design, Ship Building and Ship Repair was issued by IRQS.** Further, the other Units of GRSE, i.e. DEP Ranchi, Deck Machinery Unit Taratala and Bailey Bridge Unit 61Park are already ISO certified, and **with this, all divisions of GRSE are now ISO 9001 certified.**

SIGNIFICANT ACHIEVEMENTS DURING THE FINANCIAL YEAR 2016-17

Deliveries of Ships

8. During the year under review, your Company has delivered the first ship of Landing Craft Utility (LCU) class, 'L-51' (GRSE Yard 2092) to Indian Navy on 30 Sep 16. This ship was subsequently commissioned into the Indian Navy on 28 Mar 17 by Vice Admiral Bimal Verma, Commander-in-Chief, Andaman and Nicobar Command at Port Blair. The commissioning ceremony was attended by Vice Admiral Dilip Deshpande, Controller of Warship Production and Acquisition, RAdm V K Saxena (Retd.), C&MD, GRSE and other dignitaries.



9. Your Company has also delivered the first 03 ships of the highly maneuverable Follow-On Water Jet Fast Attack Craft (FO-WJFAC) class Ships, 'Tarmugli', 'Tihayu' & 'Tillanchang' to Indian Navy on 16 Apr, 30 Aug & 21 Dec 16 respectively.
10. The Indian Navy commissioned the Fast Attack Craft 'Tarmugli' on 23 May 16. 'Tihayu', the second ship of Tarmugli Class was commissioned at the Eastern Naval Command, Visakhapatnam on 19 Oct 16. Both of these ships were commissioned into the Indian Navy by Vice Admiral HCS Bisht, Flag Officer Commanding-in-Chief Eastern Naval Command at Visakhapatnam.
11. 'Tillanchang', the 3rd ship of the FO-WJFAC project, was commissioned into the Indian Navy by Vice Admiral Girish Luthra, Flag Officer Commanding-in-Chief Western Naval Command, at Karwar on 09 Mar 17.

Major Projects in Progress

12. Third ship of Anti-Submarine Warfare Corvette (ASWC) class, 'Kiltan' (GRSE Yard 3019) is in advanced stages of construction. GRSE is confident of handing over this ship to Indian Navy by Sep 2017.
13. The second ship of Landing Craft Utility (LCU) MK-IV class, 'L-52' (GRSE Yard 2093) is also being readied for delivery. The ship conducted its CST in Mar 2017 and is expected to be delivered by Jun 2017.



Inauguration of Modernised Facility at DEP, Ranchi

14. The modernised Diesel Engine Assembly Shop of Diesel Engine Plant, Ranchi of your Company was inaugurated on 25 Apr 2016. This modernisation was commenced during Jul 2014 at an estimated expenditure of ₹12 crore. The objective of modernisation was to create a new

state-of-the-art Diesel Engine Assembly Shop that would enable carrying out overhaul and assembly of engines under dust and moisture proof environment. With the commissioning of this "Modernised Diesel Engine Assembly Shop", your Company's DEP Ranchi Unit is poised to take up work on next generation of marine diesel engines and also move ahead on manufacture of marine diesel engines under 'Make in India' initiatives.

OPERATING RESULTS

15. The summarized operating results for the financial years 2016-17 and 2015-16 are given below:
(₹ in crore)

Particulars	2016-17	2015-16
Value of Production	930.41	1662.00
Profit Before Depreciation, Interest and Tax	56.66	281.34
Finance Cost	3.04	1.03
Finance Cost due to discounting	6.08	3.37
Depreciation	26.65	27.80
Profit Before Tax	20.89	249.15
Provision for Tax	8.65	87.09
Profit After Tax	12.23	162.05
Other Comprehensive Income (Net of Tax)	0.23	(4.80)
Total Comprehensive Income	12.46	157.25

16. The financial position of your Company as on 31 Mar 2017 and 31 Mar 2016 is shown below:
(₹ in crore)

Particular	As on 31 Mar 17	As on 31 Mar 16
Capital Employed	981.12	1106.13
Gross Block	604.54	566.40
Net Block	358.34	343.70
Working Capital	622.78	762.43
Net Worth	1081.51	1134.26
Value Added	302.74	483.07
Ratios: (%)		
Profit before interest and tax: Capital Employed (%)	2.44	22.62
Profit after tax : Net Worth (%)	1.15	13.86



VALUE OF PRODUCTION

17. During the financial year under review, your Company achieved VoP of ₹930.41 crore as against ₹1662.00 crore during the previous year.

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

(₹ in crore)

Year	Ship Division	Engineering Division	Engine Division	Total
2016-17	840.89	85.80	3.72	930.41
2015-16	1533.39	109.79	18.83	1662.00

PROFIT BEFORE TAX

19. Your Company earned Profit Before Tax of ₹20.89 crore as against ₹249.15 crore in the previous year.

NET WORTH

20. During the year under review, your Company reported Net Worth of ₹1,081.51 crore as at 31 Mar 17 against ₹1,134.26 crore as reported at 31 Mar 16.

VALUE ADDITION

21. The Value Added during the financial year under review was ₹302.74 crore as against ₹483.07 crore during the previous year. The Value Added per Employee was ₹12.61 lakh as compared to ₹18.64 lakh during the previous year.

APPROPRIATIONS & DIVIDEND

22. Considering the financial performance of your Company in the year 2016-17, the Directors are pleased to recommend the following appropriations from the disposable surplus:

(₹ in crore)

Profit After Tax	12.23
Less :	
Transfer to General Reserve	-
Dividend on the Paid-up Capital	54.08
Dividend Tax	11.01
Balance retained in Statement of Profit & Loss	(52.86)

CONTRIBUTION TO EXCHEQUER

23. Your Company has made a contribution of ₹144.08 crore to the National Exchequer during the financial year 2016-17 as detailed below:

(₹ in crore)

(a)	Income Tax, Wealth Tax & Dividend Tax	84.26
(b)	Customs Duty	1.90
(c)	Excise Duty	4.43
(d)	Sales Tax (Including Entry Tax)	47.30
(e)	Service Tax	6.19
TOTAL		144.08

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

CAPITAL STRUCTURE

24. The Authorized Equity Share Capital of your Company as on 31 Mar 17 was ₹125 crore. During the year under review, the Government of India did not make any fresh investments in the Share Capital of your Company. Consequently, the Paid-up Equity Share Capital as on 31 Mar 17 remained the same at ₹123.84 crore.

LOANS FROM THE GOVERNMENT

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

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

EXPENDITURE ON ENTERTAINMENT AND FOREIGN TRAVEL

27. Expenditure on business promotion abroad during the year was ₹97.59 lakh (approx.). An amount of ₹2.44 crore (approx.) was spent on foreign travel by your Company's Executives for export promotion and for business visits.



FOREIGN EXCHANGE EARNINGS & OUTGO

28. The information in respect of Foreign Exchange Earnings and Outgo is contained in Note 49 & 50 of the Financial Statements.

MICRO, SMALL AND MEDIUM ENTERPRISES

29. Your Company has been providing increased thrust on enhancing procurement from Micro, Small and Medium Enterprises (MSMEs) and has implemented the Public Procurement Policy for MSMEs issued by the Ministry of MSMEs. Your Company extends technical guidance and requisite support to these industries wherever required. Your Company is regularly conducting MSME Vendor Development programmes in association with CII and MSME Ministry, Govt. of West Bengal. Our quality control personnel visit these industries to assist and ensure that the quality of the products meet the requisite standards.
30. During 2016-17, your Company procured items worth ₹55.36 crore from the MSEs, which is approx. 27.27% of the total annual procurement value (considering exclusions as applicable for MSEs). List of items reserved for MSEs procurement is available on your Company's website at:
http://www.grse.nic.in/mse_notice_website.pdf.

AUDITORS

31. The Comptroller & Auditor General of India have, under Section 139(5) of the Companies Act, 2013, appointed M/s. G P Agrawal & Co., Chartered Accountants, Kolkata, as the Statutory Auditors for your Company and M/s. Sinha & Ghelani, Chartered Accountants, as Branch Auditors for the Diesel Engine Plant, Ranchi, for the year 2016-17.
32. The Comments of the C&AG u/s 143(6) of the Companies Act, 2013, on the Financial Statements of the Company for financial year 2016-17 will be appended on receipt.

COST AUDITORS

33. Pursuant to Section 148 of the Companies Act, 2013 and the Companies (Cost Record and Audit) Rules, 2014, the Board of Directors of your

Company has appointed M/s. Chatterjee & Co., Cost Accountants, Kolkata, as the Cost Auditors of your Company for the financial year 2016-17 to conduct audit of cost records maintained by your Company.

MANPOWER

34. The total Manpower strength on permanent roll of your Company as on 31 Mar 17 was 2401 including 504 Officers. During the previous quarter ended 31 Dec 16, a total of 2459 employees were borne in the roll of the Company including 01 employee on contractual service. Statements showing the representation of SC/ST/Women etc. as on 31 Dec 16 as well as the total recruitment made during the period from Jan to Dec 16 are given at **Appendix - "A" and "B"** respectively.
35. Your Company has no employee covered under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CORPORATE GOVERNANCE

36. Your Company is committed to maintain the highest standards of corporate governance in all spheres of business activity carried out by your Company and continues to lay strong emphasis on transparency, accountability and integrity. Your Company has implemented the Guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises (DPE) vide OM No. 18(8)/2005-GM dated 14 May 2010, both in letter and spirit. The Report on Corporate Governance along with Compliance Certificate from M/s. Maheshwari R & Associates, Practicing Company Secretaries, as required under the said Guidelines has been placed at **Appendix - "C"** hereto.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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



BOARD OF DIRECTORS

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

(a) Shri Ramesh Chandra Nautiyal
Director (Personnel)

(b) RAdm Anil Kumar Verma, IN (Retd).
Chairman & Managing Director

39. The Board of Directors of your Company placed on record its deep appreciation for the valuable contributions made by the outgoing Directors during the tenure of their association with your Company.

40. The Board welcomed the appointment of the following three new Directors during the financial year 2016-17:

(a) Shri Ashwani Kumar Mahajan
Addl. FA(AK) & JS
Part-Time Government Director

(b) Shri Asit Kumar Nanda
Director (Personnel)

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

41. Your Company has received declarations from all the Independent Directors of your Company confirming that they meet the criteria of independence as prescribed under both, the Companies Act, 2013 and the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises.

MEETINGS OF THE BOARD

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

DISCLOSURES

CSR & Sustainability Committee

43. The CSR & Sustainability Committee of the Board of Directors comprise of Shri Ajay Bhattacharya, Independent Director, as Chairman, Director (Shipbuilding) and Director

(Personnel) as Members. For further details, please refer to the Report on Corporate Governance placed at **Appendix - "C"** of this Report.

Audit Committee

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

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

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

Vigil Mechanism

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



EXTRACT OF ANNUAL RETURN

46. The extract of Annual Return of your Company for the financial year 2016-17 in Form MGT-9, as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Appendix-"E"** to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts for the year ended 31 March, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013, had been followed and there are no material departures from the same;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31 March, 2017 and of the profit of your Company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a 'going concern' basis; and
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all the applicable laws and that such systems are adequate and operating effectively.

RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROLS

48. Your Company has in place a Risk Management Policy in line with the DPE Guidelines on

Corporate Governance for CPSEs to ensure the integration and alignment of the risk management system with the corporate and operational objectives. The Policy is aimed at putting in place a comprehensive risk management system consisting of a defined process of risk management, the methodology of identification, assessment, response, monitoring and reporting of risk. The policy would provide assurance to the management and the Board that key risks are being properly defined and effectively managed. The Risk Management Steering Committee (RMSC) constituted under the Policy has been entrusted with the responsibility to identify and monitor the risks associated with the business of the Company and take mitigating actions for addressing those risks. The RMSC is assisted by various Risk Management Committees formed under the respective functional CGMs / GMs / In-charges, which evaluates the risks identified in their respective areas of operation.

49. Internal Control Systems in your Company are commensurate with the nature of its business and the size & complexity of its operations. These systems are routinely tested and certified by Statutory as well as Internal Auditors. Such controls along with complementary controls were tested and no reportable material weaknesses in process /operation were observed. An independent internal audit mechanism is in place for conducting audit in various operational and financial matters. C&AG also conducts propriety audits. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of your Company's internal control environment and monitors the implementation of audit recommendations.

PERFORMANCE OF SHIP DIVISION

50. Your Company has delivered 04 ships to the Indian Navy in the FY 2016-17, viz., the first of the LCU class, 'L-51' and the first three ships of FO-WJFAC class - 'Tarmugli', 'Tihayu' & 'Tillangchang'. With regard to the FO-WJFAC class ships, the RBD Unit, dedicated for production of small ships from Keel Laying to Delivery, has enabled the Company to achieve these deliveries.



51. The following cardinal events were achieved during the financial year 2016-17:

Delivered Ships

Sl. No.	Ship	Yard	Delivery
1	Tarmugli (1 st FO-WJFAC)	2109	16 Apr 16
2	Tihayu (3 rd FO-WJFAC)	2111	30 Aug 16
3	L-51 (1 st Landing Craft Utility)	2092	30 Sep 16
4	Tillanchang (2 nd FO-WJFAC)	2110	21 Dec 16

Ships ready for Delivery

Sl. No.	Ship	Yard	Status
1	L-52 (2 nd LCU)	2093	Ship conducted its CST in Mar 17. Will be delivered by Jun 17
2	Tarasa (4 th FO-WJFAC)	2112	Will be delivered by May 17
3	Kiltan (3 rd ASWC)	3019	Will be delivered by Sep 17

Ships Launched

Sl. No	Ship	Yard	Launch Date
1	Tarasa (4 th FO-WJFAC)	2112	30 Jun 16
2	L-57 (7 th LCU)	2098	24 Nov 16
3	L-58 (8 th LCU)	2099	16 Dec 16

Start Production

Sl. No.	Ship	Yard	Date
1	1 st FPV	2113	16 Apr 16
2	2 nd FPV	2114	05 Sep 16
3	3 rd FPV	2115	05 Nov 16
4	4 th FPV	2116	02 Dec 16

ENGINEERING DIVISION

52. The Value of Production achieved by the Engineering Division during the financial year 2016-17 amounted to ₹86 crore.

PORTABLE STEEL BRIDGE UNIT

53. The Portable Steel Bridge Unit of your Company has supplied 74 bridges during the year under review amounting to ₹81 crore as against 70 bridges supplied in the previous year amounting to ₹80 crore. The marginal growth is mainly because of increase in competition and most of the customers resorted to competitive bidding. In this business segment as on date registered competitors are 15 as against 4 about 3 years back.

54. The sustained efforts initiated during previous years to increase business potential resulted in entering into an MoU & Rate Contract with Dte. Gen. of Border Roads for supply of Galvanized Bridges. Against this, an order for supply of 12 Bridges to Project 'Himank' is under execution and 5 Nos. are already supplied.

55. During this year, the Bailey Bridge Unit had supplied 17 Nos. of Bridges to the Government of Odisha & Chhattisgarh under the prevailing MoU agreement and some more are in the process of supply.

56. In export business, the Company has received orders worth ₹4 crore from Bhutan and had fruitful discussions with Myanmar and expect to supply good number of bridges during 2017-18.



57. To enable to compete in the Global Market, the R&D team of the Unit had validated the bridge design (i.e. using both 5 ft. & 7 ft. Panel) to AASHTO Standards and efforts are in progress to further increase the bridge span. To confirm to the latest version of IRC-6, the Double Lane Bridge design for 7.5 m width (i.e. from the earlier 7 m width) is under validation followed by live load test scheduled in 2017-18.
58. At present, your Company's order book is about ₹65 crore, and the unit is poised to cross a VoP figure of ₹100 crore during 2017-18.
59. The Bailey Bridge unit of your Company has also commenced production of Portable Steel Bridges from DEP unit at Ranchi in Jul 2016 to meet extra demand after completion of necessary infrastructure augmentation.

DECK MACHINERY AND NAVAL PUMP UNIT

60. The equipment manufactured and supplied by Taratala Unit of your Company's Deck Machinery and Pump Department consists of Marine Fresh Water and Sea Water Pumps of different discharge and heads, Rail Less Helo Traversing Systems, Hydraulic and Conventional Boat Davits, Anchor and Warping Capstans, Ammunition and Rocket Launcher Davits, Survey Motor Boat Davits, Hydrographic Davits, Oceanographic Winches, Aft Anchor cum General Purpose Winch for beaching operations of flat bottom ships etc. for Indian Coast Guard and Indian Naval Ships.
61. A total number of 25 different equipment and machinery have been supplied to various new construction yards as well as operational ships of Indian Navy and Indian Coast Guard besides 13 number pumps supplied for SNF and SNM class of ships of Indian Navy during FY 2016-17. State-of-the-art electro-hydraulic boat davits with programmable logic circuits for attaining precise control in life boats operation at sea by auto tensioning has been manufactured and supplied after successful factory acceptance trials for replacement of Russian origin davits for Talwar Class of Ships. Harbour Acceptance Trials of 02 numbers RailLess Helo Traversing System on CGOPVs has been successfully completed at GSL.
62. The unit has registered a Value of Production worth ₹5 crore in FY 2016-17.

ENGINE DIVISION (RANCHI)

63. The VoP achieved by the Engine Division stood at ₹4 crore during 2016-17. The low VoP of the Unit is mainly due to non-finalization of work order for W6 routines of Main Engines of Ex-SCGS Topaz with ND(V) which is likely to be finalized in 2017-18.
64. During the year under review, the Service Partner Agreement with MTU(India) had been operationalized and W6 routine of six engines have commenced in newly modernized assembly shop for Coast Guard Ship, ICGS Aruna Asaf Ali & ICGS Subhadra Kumari Chauhan.
65. During this year, License Agreement with M/s. MTU(F), Germany for Assembly of MTU 12/16V4000M90 engine from SKD level to PKD & Local manufacturing of Parts up to 40% over next 4-5 years have been negotiated and was signed on 04 Mar 2017. Under this agreement, your Company plans to produce 12 Nos. of engines during 2017-18.

FUTURE OUTLOOK

Shipbuilding Division

66. As on 31 Mar 2017, your Company has orders for construction of 18 ships, namely 02 ASWCs, 07 LCUs, 01 FO-WJFAC, 03 P-17A ships and 05 FPVs. Out of them, 15 ships (02 ASWCs, 07 LCUs, 01 Follow-On WJFAC and 05 FPVs) are presently under construction. Of the 15 warships planned for delivery by mid-2019, 10 belong to the Indian Navy. These ships are in various phases of their outfitting activities. 06 ships are expected to be delivered in the current financial year and balance 04 ships in FY 2018-19. As regards to 05 Fast Patrol Vessels (FPVs), the construction of ships has commenced. These are planned for deliveries from beginning of 3rd quarter of 2018 and last ship by 2nd quarter of 2019.
67. Your Company has planned to deliver 15 warships in the next two financial years 2017-18 & 2018-19. The Company is confident to enhance its performance in the coming years, and your Company is targeting delivery of the 2nd LCU & the last FO-WJFAC in early part of next financial year. Your Company has set a very challenging target to increase its Value of Production to about ₹3000 crore over the next five years.



68. Considering the performance of the Company in this financial year, it has been assessed that improvement in VoP in the coming years would majorly be contributed from the P-17A Project. Accordingly, it has been decided to advance start production of P-17A ship from Sep 2017. The Shipyard has accordingly commenced tendering action for subcontracting work for the P-17A Project.
69. Given that Project P-17A is to be completed in unprecedented challenging timelines, it needs to be handled with advanced planning and production methodologies employing innovative ideas. Towards this end, the Shipyard has worked out a strategy in consultation with M/s. Fincantieri, Italy, to implement Integrated Construction Technology in P-17A Project and future warships. Several teams of officers have already undergone training in Integrated Construction concepts at Fincantieri, Italy, for this purpose.
70. The primary focus of Design and R&D teams is to develop new state-of-the-art ships for the Indian Navy and Indian Coast Guard. R&D is also being undertaken to develop new Engineering products primarily in the Portable Steel Bridges segment, Deck Machineries, RailLess Helicopter Handling System and Marine Pumps considering the increase in requirements of our customers viz. Indian Navy. As regards to more definitive validations of new designs at tendering stage, your Company had entered into an MoU with IIT Kharagpur, being a premier institute in the country and R&D centre in Naval Architecture, for undertaking such specialized analysis and validation. This MoU also extends to various specialized design analyses for ongoing projects. This will enable your Company to avail necessary expertise and specialized technical services in hydrodynamic, aerodynamic, structural design & analysis from the Institute.
71. The modernised facilities at Main Yard of your Company have enhanced facilities for Integrated Construction which will result in considerable reduction in build period of ships. This will pave the way for adoption of this technology for all future warship construction in the Shipyard and enable your Company to improve quality and reduce build period, thereby meeting the stiff timelines as being achieved by leading global players in shipbuilding industry.
72. After creating world class modern infrastructure facilities, your Company has now embarked upon new measures for modernization to upgrade the machines / tools in various workshops, up-gradation in planning software, design tools, networking & e-mailing software etc. to achieve higher productivity.
73. Your Company is fully committed to build quality ships for Indian Navy, Indian Coast Guard & also for export orders. Rajabagan Dockyard (RBD) has been refurbished and converted into a full-fledge- shipyard from where a number of ships have already been delivered to Indian Navy & Indian Coast Guard. With this, your Company is the only DPSU Shipyard established with three independent production lines for big ships as well as small ships.
74. At the same time, the Shipyard is also developing the RBD unit as a major hub for undertaking fabrication and outfitting work such as plumbing, cabling, hull outfit etc. by sub-contractors. Towards this, demolition of old buildings has been completed and development of identified areas is underway. Further, your Company has planned to set up an additional plate cutting and plate storage facilities in this unit.
75. Your Company is also developing the outsourcing base with adequate quality assurance coverage for hull fabrication, plumbing, cabling and hull outfit etc. to further strengthen the efforts being made by your Company for meeting delivery schedules and to achieve higher customer satisfaction. Your Company is extensively outsourcing non-core activities of shipbuilding to the locally developed vendors. Activities like detailed drawing preparation, block fabrication, pipe installation, cable laying & connectorisation, insulation work, blasting & painting, ship cleaning etc. are outsourced and undertaken with the help of private participation.
76. By adopting the above strategies with enhanced shipbuilding capacity and keeping in view the expertise of your Company in building variety of warships for Indian Navy and Indian Coast Guard and also looking at the Maritime Capability Perspective Plan (MCPP) of Indian Navy upto 2027, your Company is confident to bag orders of warships from both Indian Navy and Indian Coast Guard as well as Export Orders for optimization of capacity utilization.
77. A summary of your Company's future plan for the shipbuilding and engineering divisions for a steady business growth is given below:



- (a) Optimum utilization of the Shipyard's capabilities & capacity and cutting down cost for shipbuilding projects of Indian Navy & Indian Coast Guard.
- (b) Explore Non-Defence shipbuilding market for building special ships like Pollution Control Vessels, Air Cushion Vehicles, Research Vessels, Dredgers, Boats for MHA, River crafts for Inland Waterways Authority of India etc.
- (c) Impetus to Ship Repair business to tap potential orders from Indian Navy & Indian Coast Guard.
- (d) Upgrade and expand business of Pre-fabricated Steel Bridges, Engine & Engineering products.

Portable Steel Bridges Division

78. The present capacity of Bailey Bridge unit is 06 bridges per month on an average, as assessed by Controllerate of Quality Assurance – Engineering Establishment [CQA (EE)]. The Bailey Bridge Unit's Design & Development Department is involved in continuous upgradation of the product to meet the changing market requirements. The Unit has 4 Nos. of Patented designs to its credit. The latest being, a bridge with higher spans and load capacity which meets international AASHTO standards too. This has enabled the Company to participate actively in global market. Through R&D efforts, the Company is planning to further reduce the weight of Portable Steel Bridge and also the cost which shall help in further enhancing its order book to double in next 2 to 3 years. The Company has further planned to upgrade and expand its business of Pre-fabricated Steel Bridges, Engine and Engineering products.
79. Your Company is also exploring the possibility of exporting Pre-fabricated Steel Bridges to Peru and Myanmar apart from Bhutan. During the past 6 years, your Company has supplied good number of Portable Steel Bridges to Bhutan, Myanmar and Sri Lanka. Efforts are being made to bag some supply orders from other SAARC countries and also from a Latin American nation namely PERU.

CONSERVATION OF ENERGY

80. (a) Steps taken for Conservation of Energy

As a part of commitment of your Company towards energy conservation for reducing the impact of atmospheric climate change,

continuation of various measures as implemented by your Company during FY 2016-17 are listed in the succeeding paragraphs. All these actions have facilitated in reducing consumption of electrical energy (i.e. conventional energy) as well as reduction in emission of greenhouse gases:

- (i) Replacement of conventional T8 (36 Watt) lamp with energy efficient T5 (18 watt) LED light (total 180 nos.). Further, 18 watt CFL light have been replaced by 9 watt LED light (total 90 nos.) without changing luminous intensity. This has effectively reduced the electricity consumption from CESC grid, which works out to 17,858 kWh annually and there by saving of about ₹1.6 lakh annually.
- (ii) Replacement of 250 watt High Bay light and Flood Light with 100 watt LED High Bay and Flood Light (total 25 nos. each) without changing luminous intensity. This works out to 28,080 kWh annually and thereby saving of about ₹2.53 lakh annually.
- (iii) The Shipyard is continuing its endeavour towards optimum utilization of energy on progressive basis by using star rated air-conditioners accredited by Bureau of Energy Efficiency. Using battery operated material handling equipment is also a part of the energy conservation initiative.
- (iv) Your Company is maintaining the accreditation on Integrated Management System harmonizing ISO 14001:2004 (Environment Management System), BS OHSAS 18001:2007 (Occupational Health & Safety Assessment Standard), and EN ISO 50001:2011 (Energy Management System) by certification body TUV NORD, Germany.
- (v) IMS stage audit for ISO certification was completed in early Mar 17 and there was no Non-conformity on energy conservation.

(b) Steps taken by your Company to utilise Alternate Sources of Energy

- (i) Being committed to promote green energy under sustainable development on long term basis, your Company has installed 200 kWp grid interactive solar



power plant on the roof top of Modern Hull Shop in end Jan 17 to provide electrical power to the shop.

- (ii) With the above new plant, the total installed capacity of rooftop solar plant is 500 kWp and its present generation capacity is about 6.5 lakh units annually. This enables GRSE to reduce consumption of conventional electrical energy and saving in electricity bill. Further, this facilitates reduction in emission of greenhouse gas by about 550 ton per annum.
- (iii) As per the commitment to Ministry of Defence, total installed capacity of rooftop solar plant in your Company will be 1000 kWp (i.e. 1 MW) by FY 2021-22.

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

Capital investment made by the Company for installing the 200kWp grid interactive solar power plant is ₹1.2 crore.

TECHNOLOGY ABSORPTION

81. Your Company has a robust Research & Development Plan. In the Central Design Office (CDO) a dedicated multi-disciplinary team is continuously working towards developing various concept designs for vessels that can cater to the future requirement of Indian Navy. Generic design platforms are also being developed which can cater to requirements of auxiliary vessels like survey and research, pollution control etc., front-line warships like frigates, corvettes and vessels required for inland and coastal security. The total Research & Development expenditure during the year 2016-17 was ₹ 8,66,16,114/-.

ERP & IT

82. The highlights of the year under review in the area of ERP & IT are as follows:
- (a) **Biometric Attendance System:** The attendance system for all GRSE employees has been transformed to Biometric (Smart Card + Finger Print) in place of existing Smart Card System for more secure and personalized attendance system. Biometric for Contract Labours has also been implemented.
 - (b) **Development of MIS Dashboard** with analytical reports for Senior Management has been implemented.

- (c) **Visitor Gate Pass Management System** has been implemented to computerize total visitor management from any Gate with minimum waiting time for visitors.
- (d) **High Quality Video Conferencing System** has been implemented to facilitate communication within as well as outside of GRSE premise.
- (e) Process has been initiated to digitize the existing Paper Files to searchable e-Documents with **online Document Management System**.

e-PROCUREMENT & REVERSE AUCTION

83. e-Procurement is the key component of "Mission Mode Project" under National e-Governance Plan. It has several advantages such as cost saving, saving in time, safety, security, speed and above all, transparency in achieving efficiency in procurement. The following milestones were achieved during the year under review:
- (a) Value of materials procured through e-mode has been ₹1,578.33 crore. The Materials Department of the Company achieved 98.86% of its total procurement through e-procurement mode.
 - (b) Wider participation of vendors in e-procurement has been achieved. Number of Vendors registered with your Company's e-procurement system rose from 1870 to 1990 during 2016-17, an increase of nearly 6.42%.
 - (c) 650 nos. of tenders have been floated through e-procurement mode during the financial year 2016-17.
 - (d) Approximately 550 nos. of vendors obtained on-line training on e-procurement procedure during the year.

QUALITY ASSURANCE

84. The performance of the Quality Assurance (QA) Department of your Company during the financial year 2016-17 has been outstanding. During the said period, QA Department has efficiently and effectively handled the inspection load upto the satisfaction of Naval Inspection Agencies like WOT, MTU, ETMU, ICG and Class Inspection Authorities like ABS, IRS, DNV for 16 ships all together at different units of your Company. During this period, CST of five ships viz. FO-WJFACs - Tillanchang (Yard 2110), Tihayu (Yard 2111) & Tarasa (Yard 2112) and LCUs - L-51 (Yard 2092) & L-52 (Yard 2093) were successfully conducted that proved the efficacy and strength of the QA Team of your Company.



85. The third ASWC (P-28 ships), 'Kiltan' (Yard 3019), has been fitted with Composite Superstructure (CSS) instead of steel superstructure. Bulkheads and Decks of CSS are of FRP sandwich construction made up of a Core Resin layer re-enforced by two outermost layers of CFRP (Carbon Fibre Re-enforced Plastic) material. It was a new challenge for your Company to complete the complex and first-of-type activities like installation and lamination of CSS module with main ship hull mounting of outfit items on CSS. Throughout this period, the QA department of your Company focused on the quality of the outfitting work on CSS of Kiltan (Yard 3019).
86. Your Company achieve another milestone by acquiring ISO 9001:2015 certification in Shipbuilding, Ship Repair & Ship Design.

VENDOR DEVELOPMENT

87. Your Company has analysed complete production activities, identified core and strategic operations and undertaken comprehensive mapping of activities to be outsourced. Accordingly vendor development initiatives like organizing Vendor Meet, participation in Vendor Fairs / Melas, programs / seminars / conferences / conclaves organized by CII, FICCI, BCCI, NSIC, FOSME, other Defence Shipyards, State / Central Governments, Industry Defence Linkage, etc. has been undertaken to induct technically competent and financially capable vendors from across the country for outsourced jobs. Long term association, joint ventures, strategic partnership etc. with interested business associates is being explored. The net outsourcing content of the Shipyard has been recorded as 49% confirming achievement of fairly high indigenization levels in warship construction projects executed by the Shipyard in FY 2016-17.



88. Your Company in association with CII organized "Make in India" seminar on Indigenous Diesel Engines for Naval Platforms on 16 Sep 2016 at New Delhi to promote development of indigenous manufacturing of Diesel Engines for Naval Platforms and fulfillment of the "Make in India" concept of the Government of India.
89. Your Company also participated in the "Vibrant Gujarat" organized together by Government of Gujarat and CII under the aegis of Government of India at Gandhinagar, Gujarat from 08 – 12 Jan 2017. In the said event, Business Collaboration Agreement was signed with a private business house towards indigenous design collaboration.
90. During the year, your Company has registered 113 new permanent vendors and as on 31 Mar 2017 the Shipyard has 1985 available vendors. The manufacturing vendor base, as directed by Ministry of Defence ('MoD') has been increased by more than 6% in 2016-17. In FY 2016-17 the Shipyard has inducted 20 interested new competent solvent vendors, registered with other Defence shipyards.
91. Your Company participated in the Defence Conclave linking MSMEs at Balasore, Odisha, National Level Vendor Development Programmes of SMEs at New Delhi, Kolkata, Durgapur organized by Ministry of MSME. Your Company has been actively promoting development and participation of SMEs in outsourcing programs for goods and services which are low in cost, generic in nature and less technology intensive as part of its outsourcing policy. The contribution by SME vendors is measured in terms of financial values and it is approximately 27% of total value of non-core products procured by the Shipyard in 2016-17.
92. Your Shipyard organized a special Vendor Development Programme exclusively for MSME SC/ST entrepreneurs on 03 Aug 2016. The executives from MSME Development Institute, Kolkata and the West Bengal President of Dalit Indian Chamber of Commerce & Industry attended the said event represented by large number of business houses from different fields giving positive responses.

QUALITY CIRCLE ACTIVITIES

Quality Circle

93. The concept of Quality Circle is being implemented in various departments of your Company by the IE&P Department. This year 6 (Six) Quality Circle Teams from the Company had



participated in Chapter Convention on Quality Circles 2016 organized by QCFI, Kolkata Chapter. All the six teams were ranked GOLD Category.

94. National Convention on Quality Concepts 2016 organized by QCFI Head Quarter was held at Raipur, Madhya Pradesh where 6 (six) Quality Circle teams from the Company participated. Performances of four teams were judged in PAR EXCELLENCE Category and two teams were judged in EXCELLENT Category.



95. ICQCC - 2016 was held at Bangkok, Thailand where one QC team from GRSE had participated and was judged in the "Gold" Category.

"5-S" Activities of your Company

96. The drive for improving housekeeping at your Company has been undertaken by the IE&P Department under the initiative of workplace Management applying "5-S" principles. The three best shops / departments in each area of Production, Production Support and Service Group considering all the units including DEP, Ranchi were awarded the Prizes based on their performance during 2016 on GRSE Day. During 2016, the 5-S Audit was also conducted by engaging CII experts, which shows that there was coherence in the observations made by external team.

TPM Activities

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

SAFETY AT WORK

98. Like earlier years, this year the 46th National Safety Week was celebrated in all Units of your Company w.e.f. 04 to 10 Mar 17. On this occasion, Safety & Health Pledge, as promulgated by National Safety Council, was administered including display of Safety Banners at different Units of GRSE. Various Safety Competitions (self-composed Safety Poem, Safety Speech, Safety Quiz and Safety Laghu Natika) were also organised for the Company's employees. As a part of observance of National Safety Week 2017, one day Workshop on "Safety Awareness" was also organised on 09 Mar 17 at FOJ Conference Hall in collaboration with Directorate of Factories, Govt. of West Bengal and National Safety Council, West Bengal Chapter.
99. The Shipyard has achieved a safety frequency rate of 5.98 during FY 2016-17.
100. Your Company continues its endeavor to maintain high standard of safety all around the yards. Fire and safety training programmes are conducted regularly in the Yard for all categories of employees including business associates to invoke safety awareness.
101. Publication of quarterly Safety Bulletin has been started from the 2nd quarter of 2016-17 to improve safety awareness amongst the employees.



HUMAN RESOURCE & ADMINISTRATION

Industrial Relations

102. During the period under review, Industrial Relations situation across all units of your Company, including DEP, Ranchi, has been generally peaceful and harmonious barring few incidents. There has been no major incident influencing Industrial Relations of your



Company reported during the period. Your Company initiated proactive action to address conflict situation thereby reducing the threat of Industrial unrest.

Trade Union Election

103. Election for recognition of Trade Union as 'Sole Bargaining Agent' in respect of Operative category of employees was held on 08 Dec 16 by the Government Machineries through secret ballot. GRSE Ltd. Workmen's Union had secured highest votes. Accordingly, in terms of the certificate issued by the Registrar of Trade Unions, West Bengal, the above Union has again been recognized as the 'Sole Bargaining Agent' for a period of two years with effect from 09 Dec 16.

Visit of Parliamentary Committee

104. A Parliamentary Committee on the Welfare of Other Backward Classes (OBCs) during their visit to Shilong, Kolkata and Gangtok from 23 to 28 Jun 16 had a meeting with the Company's Management on 25 Jun 16 and reviewed the implementation of Reservation Policy for OBCs at the Company.



Major HR Initiatives

105. In order to give focus on Human Resource Development, your Company has taken various initiatives during the year. The following HR initiatives were taken during the year:
- (a) Knowledge portal has been introduced with the objective of sharing of knowledge and expertise amongst employees. The employees can access the knowledge portal from any system and can go through the information uploaded in knowledge portal as per their area of interest.

- (b) In order to ensure probity and efficacy among employees, your Company has modified premature retirement scheme for officers and introduced periodical review in line with the provisions of FR 56(J) following a quarterly calendar. Periodical review under FR 56(I) has also been implemented in respect of non-unionized supervisors.

- (c) Skill Development Initiatives: A MoU on Strategic Partnership on Skill Development between Ministry of Defence (MoD) and Ministry of Skill Development & Entrepreneurship was signed on 13 Jul 15. Various action points for implementation by DPSUs/OFB during 2016-17 were set in accordance with the said MoU. The achievements in respect of the action points in FY 2016-17 are given below:

- (i) **Adoption of ITI** : Govt. Women ITI, Kolkata was adopted in FY 2016-17 and ₹17.35 lakh has been spent under CSR for upgradation of training and infrastructure facilities of COPA and Electronic Mechanic Trades.

- (ii) **Setting up of Centre of Excellence (CoE) for advanced training in identified skill deficient area**: A Centre of Excellence (CoE) in Welding trade has been set up at Govt. ITI, Tollygunge. ₹32.11 lakh has been spent under CSR for setting up the COE.

- (iii) **Spending upto 20% of CSR Funds on skill development activities**: 25.14% of CSR Budget for FY 2016-17 has been spent on various skill development initiatives.

- (iv) **Increasing the intake of Apprentices under the 'Apprenticeship Act' from 2.5% to 10% of total manpower**: As on 31 Mar 17, your Company has engaged 465 apprentices which is 19.36% of manpower strength including the strength of contract labours whom the Company is paying directly.

- (v) **Donation of spare equipments in working condition to ITIs for training purposes**: 15 Nos. spare equipment / machines in working condition viz. Lathe, Milling machines, Welding machine etc., available in production departments were donated to Government ITI Howrah Homes for utilizing them for training purpose.



(d) Swachh Bharat Mission: Hon'ble Prime Minister of India gave a call for "Swachh Bharat" as a mass movement to realize Mahatma Gandhi's dream of a Clean India. The Company has joined the call of the Prime Minister for Swachh Bharat Mission and following actions were taken during the year:-

- (i) The Swachh Bharat Campaign was implemented across GRSE by organizing a series of activities like 'mass pledge on Swacchta' by the employees, cleanliness drive, carrying out inspection and repair work of all sanitary facilities in office premises, weeding out of old files, disposal of old items including furniture.
- (ii) A fortnight-long Swachh Bharat Pakhwada (Fortnight) was celebrated from 1- 15 May 16 across the Company. The Pakhwada started with administration of Swachhta pledge by C&MD to all the employees. During the Pakhwada, various events such as march past and mini marathon in the Corporate Office, intensive cleanliness drive in public places such as local park and bus stand, painting and essay competition and seminar for school children, tree plantation inside the company premises etc. were organized for spreading awareness on cleanliness and hygiene.
- (iii) The 2nd Anniversary of Swachh Bharat Mission was celebrated in front of Administrative Building of FOJ unit on 02 Oct 2016 in the presence of C&MD, Directors, senior officers and other employees. C&MD addressed the employees on the relevance of Swachh Bharat and ideologies of Mahatma Gandhi. The Swachhta pledge was administered by C&MD to the employees followed by an intensive cleanliness drive inside and outside FOJ unit.

Welfare Activities

106. **Celebration of GRSE Day:** The 58th GRSE Day was celebrated on 19 Apr 17. The morning function was held at the Main Unit of the Company. The function started from 1000 hrs. with lighting of the ceremonial lamp by C&MD, Directors and CVO. The retired employees of the Company who had served the Company for 40 years or more were felicitated on this occasion. GRSE Shri was conferred to 01

employee and C&MD's Commendation to 71 employees for their excellent performance during 2016. GRSE Merit Awards were conferred to 39 employees' children for their outstanding academic performance in 2016.



Persons with Disabilities

107. Your Company has extended all the relaxation / concessions to the employees with disabilities as per the Government Directives. In addition to the normal Transport Allowance of ₹18/- per day of physical attendance, separate Transport Allowance is presently being paid for blind, orthopedically handicapped with disability of lower extremities, deaf and dumb employees @ ₹1000/- per month.
108. During the year 2016, your Company has recruited three persons with disabilities out of total recruitment of 92 employees.

Empowerment of Women

109. During 2016-17, a total 92 officers have been appointed out of which the employment rate of female employees is 06 i.e. 6.5%.



110. In order to strengthen the women empowerment of the Company, GRSE WIPS (Women in Public Sector) Chapter has been constituted. The GRSE WIPS Chapter has members from all cadres of employees and is actively supported by the Management so that the female employees can meet periodically and freely exchange their views. The WIPS members and Coordinator are sponsored to attend the WIPS National Meet as well as Regional Meets.

111. A common Email ID has been created comprising all the women employees for better communication.

CORPORATE SOCIAL RESPONSIBILITY

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

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

OFFICIAL LANGUAGE

Official Language Implementation Committee

114. Official Language has been implemented spiritedly during the period under review. All

quarterly meetings of Official Language Implementation Committee were held under the chairmanship of Chairman & Managing Director to review the progress made by various departments.

Rajbhasha Awards

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

- (i) 1st Prize in the National Award 'Rajbhasha Kirti Puraskar' for the year 2015-16 from the Honorable President of India, which is being awarded to the Company for the fourth time in a row.



- (ii) Rajbhasha Shield for the year 2015-16 by Town Official Language Implementation Committee which was presented by the Honorable Governor of West Bengal.
- (b) Company's Hindi Magazine "Rajbhasha Jagriti" was conferred two prestigious awards as follows:
 - (i) 'Rajbhasha Kirti Puraskar' from the Honorable President of India.
 - (ii) 1st prize by Town Official Language Implementation Committee presented by Honorable Governor of West Bengal.
- (c) DGM (OL), GRSE, received appreciation letters by Honorable Governor of West Bengal for her contributions in editing the Rajbhasha Jagriti Magazine and for excellence in implementation of Official Language in the Company.



Efforts to Promote Use of Official Language

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

- (a) Celebration of Hindi Day / Month
- (b) Publication of 13th & 14th edition of Hindi Magazine, "Rajbhasha Jagriti"
- (c) Hindi Computer Workshops
- (d) In-House Hindi Training
- (e) Implementation of various incentive schemes
- (f) Books for Hindi Library
- (g) Hindi competition in schools.

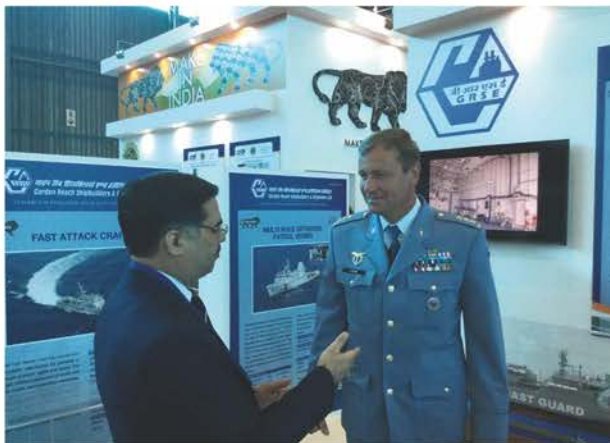
Preparation of GRSE Shipyard Glossary

117. Action has been initiated with the help of Commission for Scientific and Technical Terminology for preparation of Shipyard Glossary.

PUBLICITY & PUBLIC RELATIONS

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

- (a) Participated in the Eurosatory - 2016 exhibition from 13 to 17 Jun 16 held at Paris, France.



- (b) Participated in the Africa Aerospace & Defence - 2016 exhibition from 14 to 18 Sep 16 held at Pretoria, South Africa.
- (c) Participated in the Vibrant Gujarat 2016 exhibition from 09 to 13 Jan 17 held at Gandhinagar, Gujarat.

- (d) Organised a Vendor Meet for MSME entrepreneurs of SC/ST category (03 Aug 2016) - In pursuance of the Company's objective to explore the opportunity of increasing the vendor base for SC/ST category MSME Vendors, a Special Vendor Development Programme exclusively for MSME entrepreneurs belonging to SC/ST category was organised by your Company on 03 Aug 2016. The meet was inaugurated by Chairman & Managing Director, GRSE. The President of West Bengal Chapter of Dalit Indian Chamber of Commerce & Industry and officials of MSME Development Institute, Kolkata, also attended the programme. Representatives from more than Forty (40) business houses attended the event and evinced keen interest in pursuing business opportunities with your Company. Spot Registration of prospective vendors was also conducted for the participating firms.

- (e) 'Make in India' seminar on Indigenous Diesel Engines (16 Sep 16) - A full day seminar on the theme "Make in India Seminar on Indigenous Diesel Engines for Naval Platforms / Armoured Tanks and Fighting Vehicles" was organized jointly by your Company and Confederation of Indian Industry (CII) on 16 Sep 2016 at New Delhi. There was wide participation in the Seminar from Indian Navy, Indian Army, Indian Industry and Global OEMs. Detailed deliberations were held during the seminar on User Perspective on Captive demand for diesel engines, perspective of Indian manufacturer / Global OEMs and Way Ahead for Indigenisation of diesel engines suitable for defence applications.

- (f) Conducted an Interactive Vendor Development Programme for P-17A Project at GRSE, Kolkata (29 Nov 16) - A day long Special Interactive Vendor Development Programme was conducted by the Company at Main Works, Kolkata, on 29 Nov 16. The event was inaugurated by the Chairman & Managing Director of the Company. Director (Shipbuilding) along with other senior Management officials of the Company interacted with the business houses from different parts of the country present in the said event. The discussion was focused on Integrated Construction of Mega Blocks with pre-outfitting for P-17A Project. Representatives from Twelve business houses attended the event and gave positive responses.

IMPLEMENTATION OF RTI ACT

119. Implementation of RTI matters is being complied in line with the Right to Information Act, 2005. During the year 2016-17, a total of 92 RTI requests were received, while the opening balance from previous year was 17 RTI Applications. A total of 101 RTI applications were replied to during the year, and remaining 8 RTI Applications were taken as carry forward for the year 2017-18. In case of RTI appeals, 13 appeals were received during 2016-17 and 1 appeal was as opening balance from previous year. A total of 10 RTI appeals were decided and replied to, while 4 RTI appeals were carried forward for the year 2017-18. The Quarterly Returns have been uploaded on the CIC's website within due date by the CPIO and Assistant CPIO. Also, the quarterly returns in the DOPT website are being uploaded as per schedule.

PUBLIC GRIEVANCES

120. Prompt acknowledgement is issued upon receipt of Public Grievances and the matter is resolved by thorough examination of facts of the case with due diligence. During the year under review, a total of 21 Public Grievances were received and 20 were resolved, while 1 public grievance was carried forward for the year 2017-18 for its resolution. Details of the Grievance Committee have been uploaded on the Company's website with the provision of a link to the PG Portal to enable the citizen to file grievances online.

VIGILANCE ACTIVITIES

121. The main thrust of the Vigilance Department is to ensure transparency, fairness & probity in all spheres of activities of the Company. Towards this end, focus of the department was on both, predictive & preventive vigilance during the year. Many spheres of activities were taken up and various processes were carefully observed, analysed and scrutinised to ensure that the systems of checks & balances are working as per the required parameters and there are no leakages and loopholes in the system. In many cases, the officers were counselled and advised to improve their behaviour and manner of carrying out various official activities instead of going for harsher punitive measures. Apart from the above, the following activities were also carried out by the Vigilance Department during the year:

(a) Investigations were conducted regarding complaints received from various sources and appropriate actions were taken.

- (b) As a preventive measure, regular & surprise inspections and verification of files were carried out. Annual Property Returns filed by the officers were scrutinized. Vigilance status of officers was assessed at various stages.
- (c) Structured meetings with C&MD were held at regular interval to appraise the status of vigilance cases.
- (d) Agreed List was also drawn up with the CBI and close liaison was maintained with the CBI.
- (e) Suggestions for system improvements have been made to the management and the same are being followed up to ensure that they are implemented.
- (f) ID and digital signatures provided to all officers of e-Procurement Cell so that they can independently access the portal.
- (g) Security of your Company has now been entrusted to CISF. Employees of Contractors & Sub-contractors are being screened & security checked by the CISF.
- (h) Training was imparted to newly joined officers in Vigilance Department in the field of Departmental Proceedings, Contract Management and CDARules.
- (i) Your Company observed Vigilance Awareness Week during 31 Oct to 05 Nov 2016. Shri Manoj Kumar (IAS), Coal India Ltd., presented his valuable comments in the seminar organised on 02 Nov 2016.
- (j) Your Company took active part in the Vigilance Study Circle, Kolkata Chapter held in the month of Oct 2016. The overall objective of vigilance activities had been to encourage transparency in the organization.





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

GENERAL

123. Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

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

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

124. In pursuance of Section 4 of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the Internal Complaints Committee operating in the Company has been reconstituted on 06 Aug 14 with an outside NGO representative.
125. Awareness programme on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was conducted by the NGO representative on 22 Mar 17 to sensitize female employees including newly joined ladies about the provisions of the Act. A total 26 female employees had attended the workshop.
126. The following is the summary of sexual harassment complaints received and disposed off during the calendar year 2016:

- No. of complaints received : One
- No. of complaints disposed of : One

ACKNOWLEDGEMENTS

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

For and on behalf of the
Board of Directors

(V K Saxena)

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

Kolkata,
Dated: 30th June, 2017

**APPENDIX - A****STATEMENT SHOWING REPRESENTATION OF SC / ST / OBC / EX-SERVICEMEN / PHYSICALLY CHALLENGED AND WOMEN EMPLOYEES AS ON 31 DEC 16 UNDER PERMANENT & CONTRACT CATEGORIES**

Group/Category	Total Strength	SCs	STs	OBCs	Ex-Servicemen	Physically Challenged	Women Employees
Group-A	493	90	28	106	53	10	37
Group-B	22	3	-	5	5	-	-
Group-C	1534	327	61	110	65	20	31
Group-D (Excluding Safaiwalas)	369	82	21	44	35	19	49
Group-D (Safaiwalas)	41	38	-	-	-	-	-
Total	2459	540	110	265	158	49	117

APPENDIX - B**DETAILS OF RECRUITMENT MADE DURING 2016 UNDER PERMANENT CATEGORY**

Group/Category	Total Recruitment	SCs	STs	OBCs	Ex-Servicemen	Physically Challenged	Women Employees
Group-A	88	12	6	24	10	3	6
Group-B	4	1	-	2	2	-	-
Group-C	-	-	-	-	-	-	-
Group-D (Excluding Safaiwalas)	-	-	-	-	-	-	-
Group-D (Safaiwalas)	-	-	-	-	-	-	-
Total	92	13	6	26	12	3	6



APPENDIX – “C”

CORPORATE GOVERNANCE REPORT

(For the Financial Year 2016-17)

Philosophy on Corporate Governance

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

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

Board of Directors

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

Size and Composition of the Board

4. The Board of your Company consists of an optimum combination of Executive and Non-Executive Directors, which is in line with the Guidelines on Corporate Governance issued by the Department of Public Enterprises, Govt. of India. As on 31 Mar 17, the Board of Directors consists of 8 Directors comprising 4 Whole-Time Directors, including the Chairman & Managing Director, 1 Part-Time Official Director and 3 Part-Time Non-Official / Independent Directors.
5. The details of the Members of the Board of Directors of your Company during the period from 01 Apr 16 to 31 Mar 17 are given below:

Name of the Directors	Period of Association during the year	No. of other Directorship	No. of Committee position held in other Companies	
			Chairman	Member
Whole-Time Directors				
RAdm Anil Kumar Verma, IN (Retd.) ^[1] <i>Chairman & Managing Director</i>	01.04.16 to 31.12.16	1	-	-
RAdm Vipin Kumar Saxena, IN (Retd.) ^[2] <i>Chairman & Managing Director</i>	01.03.17 to 31.03.17	-	-	-
Cmde Ratnakar Ghosh, IN (Retd.) ^[3] <i>Director (Shipbuilding)</i>	01.04.16 to 31.03.17	-	-	-



Name of the Directors	Period of Association during the year	No. of other Directorship	No. of Committee position held in other Companies	
			Chairman	Member
Shri Ramesh Chandra Nautiyal ^[4] <i>Director (Personnel)</i>	01.04.16 to 30.04.16	-	-	-
Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	01.04.16 to 31.03.17	-	-	-
Shri Asit Kumar Nanda ^[5] <i>Director (Personnel)</i>	03.05.16 to 31.03.17	-	-	-
Part-Time Official Director (Government Nominee)				
Shri Ashwani Kumar Mahajan ^[6] <i>Addl. FA (AK) & JS</i>	02.04.16 to 31.03.17	1	-	-
Part-Time Non-Official Directors (Independent Directors)				
Shri Swapan Kumar Mukherjee	01.04.16 to 31.03.17	1	-	-
Cmde M. Jitendran, IN (Retd.)	01.04.16 to 31.03.17	-	-	-
Shri Ajay Bhattacharya	01.04.16 to 31.03.17	-	-	-

^[1] Superannuated as Chairman & Managing Director of the Company w.e.f. 01 Jan 17.

^[2] Appointed as Chairman & Managing Director of the Company w.e.f. 01 Mar 17.

^[3] Additional Charge as Chairman & Managing Director of the Company from 01 Jan 17 to 28 Feb 17.

^[4] Superannuated as Director (Personnel) of the Company w.e.f. 01 May 16.

^[5] Appointed as Director (Personnel) of the Company w.e.f. 03 May 16.

^[6] Appointed as Part-Time Official Director of the Company w.e.f. 02 Apr 16.

6. Three new Directors have been inducted to the Board of Directors during the year under review. Brief Resumes of the three newly appointed Directors are provided below:

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

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

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

Other Directorships:

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

Committee Membership of other Companies: Nil

Shri Asit Kumar Nanda

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



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

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

Other Directorships: Nil

Committee Membership of other Companies: Nil

Radm V K Saxena, IN (Retd.)

RAAdm V K Saxena, IN (Retd.) was appointed as the Chairman & Managing Director of the Company w.e.f. 01 Mar 2017 after the superannuation of RAdm A K Verma, IN(Retd.), on 31 Dec 2016.

Rear Admiral V K Saxena was commissioned in the Indian Navy on 05 Mar 1985 after completing BE (Electrical) from Jabalpur University. He underwent the staff course at Defence Services Staff College, Wellington and was awarded MSc in Defence Studies from Madras University. He has also done the prestigious Naval High Command Course in 2005.

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

He has the distinction of serving over twelve years in both the premier Naval Dockyards of the Indian Navy at Mumbai and Visakhapatnam in various ranks and capacities including as the General Manager (Refits) of Naval Dockyard, Mumbai. During these tenures, he was responsible for installation, commissioning and repairs of varied technology equipment on board ships/submarines, planning, scheduling and management of refit/repair of multiple warships for their optimal availability.

As Principle Director Ship Production at Naval Headquarters, he had handled various aspects of shipbuilding while managing multiple major contracts for construction of a number of warships both at Indian Shipyards (DPSUs & Private) and foreign shipyards, achieving delivery of 08 warships and 19 Fast Interceptor Crafts (FICs) / Yard Craft. He was instrumental in initiating the cases for construction of Anti-Submarine Shallow Water Craft (ASW-SWC) and Floating Dry Dock besides formulation of 'Long Term Yard Craft Induction Plan' for construction of over 105 Yard Craft for the Indian Navy.

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

Other Directorships: Nil

Committee Membership of other Companies: Nil

Board Procedure

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



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

Sl. No.	Date	Board Strength	No. of Directors Present
1	25 Apr 16	8	6
2	16 Jun 16	8	7
3	10 Aug 16	8	7
4	27 Aug 16	8	7
5	28 Sep 16	8	8
6	30 Nov 16	8	8
7	28 Dec 16	8	7
8	20 Jan 17	7	6
9	31 Mar 17	8	8

Meetings and Attendance

9. During the year 2016-17, nine (09) Board Meetings were held, as follows:

10. The maximum interval between any two Board Meetings held during the year was 69 days. Details of Directors' attendance at the Board Meetings and Annual General Meetings held during the FY 2016-17 are given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors										% of attendance	Attendance at the last AGM held on 28 Sep 16
	25 Apr 16	16 Jun 16	10 Aug 16	27 Aug 16	28 Sep 16	30 Nov 16	28 Dec 16	20 Jan 17	31 Mar 17			
Whole-Time Directors												
RAdm Anil Kumar Verma ^[1]								-	-		100	
RAdm Vipin Kumar Saxena ^[2]	-	-	-	-	-	-	-	-			100	-
Comde Ratnakar Ghosh	x										88.88	
Shri Ramesh Chandra Nautiyal ^[3]		-	-	-	-	-	-	-	-		100	-
Shri Sarvjit Singh Dogra											100	
Shri Asit Kumar Nanda ^[4]	-										100	
Part-Time Official Director (Government Nominee)												
Shri Ashwani Kumar Mahajan ^[5]	x	x	x	x			x	x			33.33	
Part-Time Non-Official Directors (Independent Directors)												
Shri Swapan Kumar Mukherjee											100	
Comde M Jitendran											100	
Shri Ajay Bhattacharya											100	

Present x - Absent

^[1] & ^[3] Ceased to be Director w.e.f. 01 Jan 17 and 01 May 16 respectively.

^[2], ^[4] & ^[5] Appointed as Director w.e.f. 01 Mar 17, 03 May 16 and 02 Apr 16 respectively.



Committees of the Board

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

Audit Committee

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

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

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

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

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

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

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

18. The Chairman of the Audit Committee apprises the Board about the observations of the Audit Committee during the Board Meetings. The Minutes of the Audit Committee Meetings are placed before the Board of Directors at their subsequent meetings for information.

19. During the financial year 2016-17, eight (08) Meetings of the Audit Committee were held on 15 Jun 16, 09 Aug 16, 27 Aug 16, 27 Sep 16, 29 Nov 16, 27 Dec 16, 28 Feb 17 and 30 Mar 17. The attendance of the Members at the Audit Committee meetings during the financial year 2016-17 is given below :

Name of the Director	Meeting held and attended during respective Tenure of Directors								% of attendance
	15 Jun 16	09 Aug 16	27 Aug 16	27 Sep 16	29 Nov 16	27 Dec 16	28 Feb 17	30 Mar 17	
Shri Swapan Kumar Mukherjee									100
Shri Ajay Bhattacharya									100
Cmde M Jitendran									100
Cmde Ratnakar Ghosh		x							87.5

Present

x- Absent



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

HR & Remuneration Committee

21. The composition of the HR & Remuneration Committee is in line with the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises.

22. The HR & Remuneration Committee consists of three Independent Directors. The composition of the HR & Remuneration Committee as on 31 Mar 17 is as under:

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

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

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

(a) To decide the annual bonus / variable pay pool Performance Related Pay (PRP) and policy for its distribution across the executives (including Board Level executives) and non-unionised supervisors within the prescribed limits for each financial year.

(b) To examine all the proposals related to HR issue and give its recommendations.

(c) The recommendations of the HR & Remuneration Committee are placed before the Board of Directors for approval.

25. During the financial year 2016-17, six (06) Meetings of the HR & Remuneration Committee were held on 24 Apr 16, 14 Jun 16, 09 Aug 16, 26 Sep 16, 27 Dec 16 and 30 Mar 17. The attendance of the Members at the HR & Remuneration Committee meetings during the financial year 2016-17 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors						% of attendance
	24 Apr 16	14 Jun 16	09 Aug 16	26 Sep 16	27 Dec 16	30 Mar 17	
Shri Ajay Bhattacharya							100
Shri Swapan Kumar Mukherjee							100
Cmde M Jitendran							100

Present

Procurement Committee

26. The composition of the Procurement Committee of the Board of Directors as on 31 Mar 17 is as follows:

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

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

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

(a) Approval of proposals in excess of ₹30 crore for placement of orders for procurement of materials, equipment, tools, stores and spares, imports including from Russian Sources, approval of works, sub-contracts and facility hire etc. for sanctioned projects.



- (b) Approval of proposals for capital expenditure in excess of ₹5 crore in respect of the items provided for in the Capital Budget approved by the Board / Government.
- (c) The Procurement Committee examines all the procurement proposals in conformity with and compliance of the Purchase Manual of your Company, CVC Guidelines, Government Regulations etc. and give its approval for such proposals. In the event of any deviations from procedures, the proposal with the recommendations of the Committee is placed before the Board for approval. However, if the Committee feels that a particular proposal requires consideration by the Board, same is

submitted to the Board with recommendation(s) of the Committee.

- (d) All the procurement proposals approved by Procurement Committee are placed before the Board for information.
29. The Chairman of the Procurement Committee appraises the Board about the observations of the Procurement Committee during the Board Meeting.
30. During the financial year 2016-17, two (02) Meetings of the Procurement Committee were held on 27 Sep 16 and 20 Jan 17. The attendance of the Members at the Procurement Committee meetings during the financial year 2016-17 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors		% of attendance
	27 Sep 16	20 Jan 17	
RAdm Anil Kumar Verma ^[1]		-	100
RAdm Vipin Kumar Saxena ^[2]	-	-	-
Shri Swapan Kumar Mukherjee			100
Cmde Ratnakar Ghosh			100
Shri Sarvjit Singh Dogra			100

Present ^[1] Ceased to be Director w.e.f. 01 Jan 17 ^[2] Appointed as Director w.e.f. 01 Mar 17

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

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

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

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility and Sustainability Policy which shall indicate the activities to be undertaken by your Company

as specified in Schedule - VII of the Companies Act, 2013.

- (b) Recommend amount of expenditure to be incurred on CSR activities.
- (c) Monitor the Corporate Social Responsibility and Sustainability Policy of your Company and its effective implementation from time to time.
33. The composition of the CSR & SD Committee of the Board of Directors as on 31 Mar 17 is as follows :-

(a)	Shri Ajay Bhattacharya <i>Independent Director</i>	Chairman
(b)	Cmde Ratnakar Ghosh <i>Director (Shipbuilding)</i>	Member
(c)	Shri Asit Kumar Nanda <i>Director (Personnel)</i>	Member



34. The Company Secretary is Secretary to the Committee.

held on 28 Apr 16, 08 Aug 16, 20 Sep 16, 26 Dec 16 and 27 Feb 17. The attendance of the Members at the CSR & SD Committee meetings during the year 2016-17 is given below:

35. During the financial year 2016-17, five (05) Meetings of the CSR & SD Committee were

Name of the Director	Meeting held and attended during respective Tenure of Directors					% of attendance
	28 Apr 16	08 Aug 16	20 Sep 16	26 Dec 16	27 Feb 17	
Shri Ajay Bhattacharya						100
Cmde Ratnakar Ghosh						100
Shri Ramesh Chandra Nautiyal ^[1]		-	-	-	-	100
Shri Asit Kumar Nanda ^[2]	-					100

Present ^[1] Ceased as Director w.e.f 01 May 16 ^[2] Appointed as Director w.e.f. 03 May 16

MoU Committee

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

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

37. The composition of the MoU Committee of the Board of Directors as on 31 Mar 17 is as follows :-

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

39. During the year 2016-17, four (04) Meetings of the MoU Committee were held on 26 Sep 16, 27 Dec 16, 20 Jan 17 and 30 Mar 17. The attendance of the Members at the MoU Committee meetings during the financial year 2016-17 is given below :

Name of the Director	Meeting held and attended during respective Tenure of Directors				% of attendance
	26 Sep 16	27 Dec 16	20 Jan 17	30 Mar 17	
Shri Swapan Kumar Mukherjee					100
Cmde M Jitendran					100
Cmde Ratnakar Ghosh					100
Shri Sarvjit Singh Dogra					100

Present



Project Review Sub-Committee

40. The Project Review Sub-Committee of the Board of Directors has been constituted to review all projects of your Company in a structured manner and to focus on the improvement of the system and augmentation of the infrastructure. The Committee, while reviewing, analyses the reasons for delay and finds out the ways and means to rectify the same. The Committee submits its report to C&MD and the Board from time to time.

41. The composition of the Project Review Sub-Committee of the Board of Directors as on 31 Mar 17 is as follows :-

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

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

43. During the year 2016-17, three (03) Meetings of the Project Review Sub-Committee were held on 15 Apr 16, 21 Sep 16 and 27 Feb 17. The attendance of the Members at the Project Review Sub-Committee meetings during the financial year 2016-17 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors			% of attendance
	15 Apr 16	21 Sep 16	27 Feb 17	
Cmde M Jitendran				100
Cmde Ratnakar Ghosh				100
Shri Sarvjit Singh Dogra				100

Present

Business Strategy and Capacity Augmentation Committee

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

45. The composition of the Business Strategy and Capacity Augmentation Committee of the Board of Directors as on 31 Mar 17 is as follows :-

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

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

47. The Committee has been tasked with :

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

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

49. During the financial year 2016-17, two (02) Meetings of the Business Strategy and Capacity Augmentation Committee were held on 15 Apr 16 and 21 Sep 16. The attendance of the Members at the Business Strategy and Capacity Augmentation Committee meetings during the financial year 2016-17 is given below:



Name of the Director	Meeting held and attended during respective Tenure of Directors		% of attendance
	15 Apr 16	21 Sep 16	
RAdm Anil Kumar Verma ^[1]			100
RAdm Vipin Kumar Saxena ^[2]	-	-	-
Cmde M Jitendran			100
Cmde Ratnakar Ghosh			100
Shri Sarvjit Singh Dogra			100

Present

^[1] Ceased to be Director w.e.f. 01 Jan 17^[2] Appointed as Director w.e.f. 01 Mar 17**Legal Committee**

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

51. The composition of the Legal Committee of the Board of Directors as on 31 Mar 17 is as follows :-

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

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

53. During the year 2016-17, three (03) Meetings of the Legal Committee were held on 02 Apr 16, 26 Sep 16 and 08 Feb 17. The attendance of the Members at the Legal Committee meetings during the year 2016-17 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors			% of attendance
	02 Apr 16	26 Sep 16	08 Feb 17	
Shri Swapan Kumar Mukherjee				100
Shri Ajay Bhattacharya				100
Shri Ramesh Chandra Nautiyal ^[1]		-	-	100
Shri Asit Kumar Nanda ^[2]	-			100

Present

^[1] Ceased as Director w.e.f 01 May 16^[2] Appointed as Director w.e.f. 03 May 16



Annual General Meetings

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

Financial Year	Date and Time	Venue	Special Resolution Passed
2013-14	25 Aug 14 1330 Hrs.	Registered Office at 43/46, Garden Reach Road, Kolkata - 700 024	No special resolution passed in the meeting
2014-15	24 Sep 15 1300 Hrs.	Registered Office at 43/46, Garden Reach Road, Kolkata - 700 024	No special resolution passed in the meeting
2015-16	28 Sep 16 1300 Hrs.	Registered Office at 43/46, Garden Reach Road, Kolkata - 700 024	No special resolution passed in the meeting

Annual General Meeting for the financial year 2016-17

Date	25 th August, 2017
Venue	Registered Office of the Company at 43/46, Garden Reach Road, Kolkata 700 024
Time	1400 Hrs.

Remuneration of Whole-Time Directors

55. Being a Central Public Sector Enterprise, the appointment of Chairman & Managing Director and Whole-Time Directors is made by the Government of India indicating the tenure, remuneration package and other terms and conditions of appointment.

56. The Functional Directors are generally appointed for a period of 5 years with effect from date of assumption of charge of the post or till the date of his superannuation or until further orders whichever occurs the earliest. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice period, 3 months' pay be remitted.

57. The details of remuneration of Whole-Time Directors during the year 2016-17 are given below:-

(₹ in lakh)

Name of Director	Salary*	Company Contribution to PF & Gratuity	Commission	Total
RAdm A K Verma ^[1] , IN (Retd.), C&MD	25.97	2.10	-	28.07
RAdm V K Saxena ^[2] , IN (Retd.), C&MD	2.23	0.20	-	2.43
Cmde R Ghosh, IN (Retd.), D(S)	29.19	2.34	-	31.53
Shri R C Nautiyal ^[3] , D(P)	12.52	0.18	-	12.70
Shri S S Dogra, D(F)	27.84	2.19	-	30.03
Shri A K Nanda ^[4] , D(P)	23.20	1.56	-	24.76

*Salary includes Perquisites, Arrears

^[1] Upto 31 Dec 16 ^[2] From 01 Mar 17 ^[3] Upto 30 Apr 16

^[4] From 03 May 16

Remuneration of Part-Time Directors

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

59. The sitting fee paid to the Independent Directors during the year 2016-17 is as follows:-

(₹ in lakh)

Sl. No.	Name of Independent Director	Board Meetings	Committee Meetings	Total Remuneration
1	Shri Swapan Kumar Mukherjee	1.80	3.45	5.25
2	Cmde M Jitendran	1.80	3.45	5.25
3	Shri Ajay Bhattacharya	1.80	3.30	5.10



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

60. The Board of Directors of your Company has formulated a "Code of Business Conduct and Ethics for Board Members and Senior Management" for better Corporate Governance and fair & transparent practices as per Guidelines issued by the Department of Public Enterprises. A copy of the same has been circulated to all concerned and posted on your Company's website. The Board members and senior management personnel to whom the said Code is applicable have affirmed compliance of the same for the year ended 31 Mar 17. A declaration to this effect signed by the Chairman & Managing Director of your Company is appended at the end of this Report.

Disclosures

61. (a) **Conflict of Interest:** During the year 2016-17, your Company has not entered into any transactions with the Directors that may have potential conflict with the interests of your Company at large. The members of the Board, apart from receiving Directors' remuneration (wherever applicable), do not have any material pecuniary relationship or transaction with your Company which, in the judgment of the Board, may affect independence of judgment of the Directors.

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

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

(d) **Integrity Pact:** The Central Vigilance Commission (CVC) issued a circular on 04 Dec 07 recommending adoption and implementation of the Integrity Pact (IP) in

respect of all major procurements of the Government Organisations. Accordingly, your Company adopted Integrity Pact in procurement of material and / or service for a value above ₹100 crore initially. Subsequently, the value has been reduced to ₹20 crore and further reduced to ₹2 crore from 01 Jan 14. The Pact essentially envisages an agreement between the prospective vendors / bidders and the Principal (GRSE), committing the Persons / officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors / bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

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

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

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



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

(₹ in crore)

Sl. No.	Particulars	2016-17	2015-16
(a)	Total Expenditure (Other than materials)	663.70	591.54
(b)	Administrative & Office Expenses	14.88	13.06
(c)	Percentage of (b) on (a)	2.24	2.21

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

(g) **Compliance to Accounting Principles:** Your Company continuously strives to maintain accounts in transparent, true and fair manner in conformity with the accounting principles generally accepted in India. During the last fifteen years (2000-01 to 2015-16) there have been no audit qualifications. Your Company has also received "Nil" comments from the CAG during these years.

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

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

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

DECLARATION

Pursuant to the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE OM No. 18(8)/2005-GM dated 14 May 2010, it is hereby declared that all Board Members and Senior Management Personnel of your Company have affirmed compliance with the Code of Conduct & Ethics for Board Members and Senior Management Personnel of Garden Reach Shipbuilders & Engineers Limited for the year ended 31st March, 2017.

For Garden Reach Shipbuilders & Engineers Limited

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

Kolkata
30th June, 2017



Maheshwari R & Associates
Company Secretaries

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

CORPORATE GOVERNANCE

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

We have examined the relevant records of Garden Reach Shipbuilders & Engineers Limited for the financial year ended 31st March, 2017 for the purpose of certifying compliance of the conditions of Corporate Governance as stipulated in Department of Public Enterprises (DPE), Guidelines 2010 on Corporate Governance for Central Public Sector Enterprises. We have obtained all the information and explanations which to the best of our knowledge and belief as were necessary for the purpose of certification.

The Compliance of the conditions 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 conditions of the guidelines on Corporate Governance.

On the basis of our examination and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of the DPE Guidelines 2010 on Corporate Governance for Central Public Sector Enterprises for the financial year ended on 31st March 2017.

For Maheshwari R & Associates
Company Secretaries

Place: Kolkata
Date: 30th June, 2017

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



APPENDIX – “D”

Management Discussion and Analysis Report

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

Industry Structure & Development

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

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

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

SWOT Analysis

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

Strengths

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



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

Weaknesses

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

Opportunities

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

Threats, Challenges, Risks and Concerns

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

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

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

Major initiatives undertaken and planned to ensure sustained performance and growth

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

Research & Development and Technology Absorption, Adaptation & Innovation

12. Your Company continues its efforts in the field of development of design of warships as also development of its engineering products. The core strength of the Company lies in its own in-house design capability. Recently the Company has given an impetus to Research and Development (R&D) activities in indigenous shipbuilding by successfully inducting Water Jet Fast Attack Crafts in the service of Indian Navy. In the area of Ship Design, the Company has made major contribution to the design of ASW Corvettes being built for the Indian Navy.

13. In furtherance of the research and development initiative of the Company, the R&D team of the Company had live load tested an upgraded version of Portable Steel Bridge 220 ft span & 70R Load Class, with the use of improved "Panel 10'x7'



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

14. The Company is also working on a R&D project in Collaboration with IIT KGP towards design of shallow water ASW craft for Indian Navy with reduced acoustic and radar signature. Concept design of Large Survey Vessel with reduced power and fuel consumption requirement is being developed in-house simultaneously. In addition, Pollution Control Vessel (PCV) design has been taken up jointly with M/s. Rolls Royce and development of suitable platform for High Speed Patrol Boats that will be useful for operation in inland and coastal region has been taken up with internationally renowned design firms who have extensive experience and proven track record towards design of such boats.

IT Initiatives – ERP System

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

Marketing & Business Development

16. Your Company for the past few years has been expanding both internally and externally. Both these developments have been possible because of increased productivity. It has resulted in a healthy Order Book position when seen in the long term, primarily due to Project P-17A contract.
17. The Central Design Office of your Company has been the core area of all round shipbuilding activities and the Company has, over the years, been in a constant process of upgrading the technology. This up-gradation of technology through design efforts has brought laurels as well as capturing of order from Navy with in-house design efforts.

18. Your Company has also established a separate department for looking after business development and marketing activities and the main thrust area of the department is as follows:
- Development of business opportunities in India and abroad, including Market Survey for assessing business prospect in India and abroad.
 - Interaction with customers, including broadening of customer base and Customer Relationship Management.
 - Selection and Appointment of Marketing Representatives in India and abroad to explore new market for launching the products of your Company.
 - Publicity and advertisement for projecting entity profile and product profile of the Company.

Customer Satisfaction

19. Your Company has received 'Excellent' grading in all segments of Customer satisfaction for the 03 ships delivered in this financial year.

Quality Assurance

20. Your Company continues to accord utmost importance to Quality Assurance activities, reflecting its strong commitment for product quality and customer satisfaction. The Yard has an established Quality Assurance Department with well experienced Inspection team, who are continuously trained in adopting updated inspection methodologies and best practices. The Quality Assurance (QA) team monitors the quality at each stage of shipbuilding from Plate preparation, Block fabrication, Erection, Plumbing, Cabling, Machinery installation, setting to work, HATs as per predetermined QAP ensures quality performance of the ship. Ships were built to meet different Naval Standards, Classification Rules and to the utmost satisfaction of Warship Overseeing Team, MTU, ETMU and other Naval Statutory Inspection Agencies, American Bureau of Shipping, Indian Register of Shipping as applicable and Third Party Inspection by RINA Services S.p.A. ISO Surveillance Audits were successfully complied.



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

Risk Management

21. Your Company has in place a Risk Management Policy in line with the DPE Guidelines on Corporate Governance for CPSEs to ensure the integration and alignment of the risk management system with the corporate and operational objectives. Risks identified are entered in the risk register. During the year under review the risk identified and reported were assessed and the response plan evaluated by the Risk Management Steering Committee. The risk register was reviewed by the Audit Committee of the Board.

Cost Reduction

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

Import Substitution / Indigenisation

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

Internal Control System and their adequacy

24. 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.

25. 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.

26. The Internal Control System in vogue in the Company ensures that the resources of the Company are optimally used for the business

purpose and are safeguarded from loss, misuse and physical impairment. It also ensures that the accounting records reflect the true picture and that the financial information is reliable.

27. The role and scope of the Internal Audit is reviewed by the Audit Committee of the Board of Directors. All findings and suggestions are reported to the Audit Committee, which in turn reports its observations to the Board and corrective actions, wherever required, are initiated.

28. The Company, being a Government Company, is also subject to audit by Comptroller & Auditor General of India.

Financial / Operational Performance Strategy & Objectives

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

(a) To make available funds through effective cash flow management without resorting to borrowing.

(b) To maintain highest credit rating to be able to raise funds at most economical rates.

(c) To meet the expectations of various stakeholders.

(d) To effectively do tax planning thereby improving the post-tax yield to the shareholders.

(e) To prudently invest the surplus funds of the Company.

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

31. 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

32. The Performance Highlights of the Company during the year ended 31 Mar 17 are as follows:



(₹ in crore)

	As on 31 Mar 17	As on 31 Mar 16
Capital Employed	981.12	1106.13
Gross Block	604.54	566.40
Net Block	358.34	343.70
Working Capital	622.78	672.43
Net Worth	1081.51	1134.26
Value Added	302.74	483.07
Value of Production	930.41	1662.00
Profit Before Tax	20.89	249.15
Ratios	%	%
Gross Profit : Capital Employed	2.13	22.52
Profit Before Tax : Value of Production	2.24	14.99
Value of Production : Capital Employed	94.83	150.25
Sundry Debtors: VoP	21.50	9.83

Development in Human Resources

Industrial Relations

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

Environmental aspects and abatement of Pollution

34. GRSE is committed to prevent pollution and comply with relevant environmental legislations

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

Conservation of Energy

35. As a part of commitment of the Shipyard towards green energy for reducing the impact of atmospheric climate change, GRSE has already embarked upon solar power project. For details, please refer the section on 'Conservation of Energy' in the Directors' Report.

Corporate Social Responsibility

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

**APPENDIX - "E"****Form No. MGT-9
Extract of Annual Return**As on the financial year ended 31st March, 2017**[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]****I. REGISTRATION AND OTHER DETAILS**

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	*NIC Code of the Product / service	% to total turnover of the Company
1.	Ship Construction	301/3011 – Building of ships and floating structures	90.34%

As per National Industrial Classification – Ministry of Statistics and Programme Implementation*III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Not Applicable.



IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

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



ii) Shareholding of Promoters

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

iii) Change in Promoters' Shareholding

❖ There was no change in the Promoter's shareholding during the Financial Year 2016-17.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31 Mar 17

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

v) Share holding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	RAAdm A K Verma				
	At the beginning of the year	1	0.00	1	0.00
	Brought during the year	0	0.00	0.00	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	1	0.00	1	0.00
2.	Shri Ashwani Kumar				
	At the beginning of the year	0	0.00	0	0.00
	Brought during the year	1	0.00	1	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	1	0.00	1	0.00

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the financial year 2016-17.



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of MD / WTD						Total Amount
		RAdm A K Verma ^[1]	RAdm V K Saxena ^[2]	Cmde R Ghosh	Shri R C Nautiyal ^[3]	Shri S S Dogra	Shri A K Nanda ^[4]	
1.	Gross salary							
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	25.20	2.23	28.87	12.20	24.73	20.92	114.15
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.77	-	0.32	0.32	3.11	2.28	6.80
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-	-
4.	Commission	-	-	-	-	-	-	-
5.	Others (Contribution to PF & Gratuity)	2.10	0.20	2.34	0.18	2.19	1.56	8.57
	Total (A)	28.07	2.43	31.53	12.7	30.03	24.76	129.52
	Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.						

[1] Upto 31 Dec 16

[2] From 01 Mar 17

[3] Upto 30 Apr 16

[4] From 03 May 16

B. Remuneration to other Directors*:

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of Independent Director			Total Amount
		Shri Swapan Kumar Mukherjee	Cmde M Jitendran	Shri Ajay Bhattacharya	
1.	Fee for attending Board / Committee Meetings	5.25	5.25	5.10	15.60
2.	Commission	-	-	-	-
3.	Others	-	-	-	-
	Total (B)	5.25	5.25	5.10	15.60
	Overall Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.			
	Total Managerial Remuneration (A + B)	₹145.12 lakh			
	Overall Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.			

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

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

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Shri Sandeep Mahapatra, Company Secretary
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	13.70
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
5.	Others (Contribution to PF & Gratuity)	1.05
	Total	14.75

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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



CSR



APPENDIX – “F”

Annual Report on CSR Activities for Financial Year 2016 – 17

I. A brief outline of your Company's CSR Policy

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

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

Overview of Major CSR Projects / Programs Undertaken

1. Education & Skill Development

Your Company, as a Corporate Citizen, is committed to take up different developmental projects, as a part of its Corporate Social Responsibility agenda for improving the quality of lives of the underprivileged sections of the society. Facilitating vocational training for improving employability and entrepreneurship opportunities for the youth and to bridge the skill-gap is an integral part of GRSE's CSR objective. More than 20 % of CSR fund is earmarked for education and skill development initiatives. The following are the various skill development initiatives of GRSE under CSR:

(a) Vocational training – An initiative for harnessing human resource and empowering youth

'Skill Development / Vocational Training' to local unemployed youth is undertaken by GRSE in partnership with Indian Institute of Engineering Science and Technology (IEST) and Kolkata Police as a Flagship CSR project. Training has been imparted to 176 local youth in following 05 employment-oriented modules in accordance with SDIS Guidelines of the Government of India:





- (i) Welding technology
- (ii) Industrial electrical
- (iii) Repair and maintenance of air conditioner
- (iv) Plumbing
- (v) Repair and maintenance of domestic electronic appliances

During the training period, each trainee was given an amount of ₹80/- for each day of attendance to defray their travelling and tiffin expenses. Placement assistance is provided to all trainees on completion of training.



(b) **Development of Local Govt. Industrial Training Institutes (ITI)**

The Industrial Training Institutes (ITIs) are the backbone of vocational education in India and provide the work force required for doing the skill jobs in the industry. In order to address the skill gap between the trained manpower produced by the ITIs and required by industry, GRSE has undertaken the following initiatives at local Govt. ITIs:

- (i) Adoption of Women ITI, Kolkata (Gariahat) – Your Company has facilitated up-gradation of machine, equipment, teaching aids and other infrastructure facility for classroom, laboratory and workshops of Electronic Mechanic trade and Computer Operator and Programming Assistant (COPA) trade. Through this project, 78 students of the present batch have been benefited and will also benefit the future students in their skill development and entrepreneurship capability.
- (ii) GRSE has facilitated in setting up Centre of Excellence in Advanced Welding at Tollygunge Govt. ITI by providing welding booths with advanced features like fume extractor, submerged arc welding machine, seam welding machine and magnetic particle testing machine. This initiative will go a long way in providing advance welding skills to the existing 84 students of the present batch as well as the future welding students.



(c) **Empowering Differently Abled Children through education and vocational training**

The Company has partnered with Indian Institute of Cerebral Palsy, since 2010-11 to provide comprehensive educational and rehabilitation services for children with cerebral palsy. GRSE supported 3 classes of Indian Institute of Cerebral Palsy (IICP), Taratala, having 43 children with severe multiple impairments. Students aged between 14 - 18 years are imparted pre-vocational skill training such as block printing, paper bag making etc.



2. Swachh Bharat Mission Initiatives

Swachh Bharat Mission is a mass movement to bring awareness about cleanliness and a lasting behavioral change towards hygiene. The Company has joined the call of the Prime Minister for Swachh Bharat Mission.

(a) **Construction of toilets in local schools under Swachh Vidyalaya**

Swachh Bharat: Swachh Vidyalaya is the national campaign driving 'Clean India: Clean Schools'. A key feature of the campaign is to ensure that every school in India has a set of functioning and well maintained water, sanitation and hygiene facilities.

Having toilets and water is a basic necessity in schools, however it is not available in many schools in our country, especially in Metiabruz and Kidderpore areas of Kolkata. Due to non-availability of toilets, children are irregular to school and eventually drop out.

The provision of water, sanitation and hygiene facilities in school secures a healthy school environment and protects children from illness and exclusion. Girls are particularly vulnerable to dropping out of school, partly because many are reluctant to continue their education when toilets and washing facilities are not private, not safe or simply not available.

Basic facilities that provide for good hygiene and privacy, along with sensitive health promotion assist girls to stay in school and complete their education.

GRSE is actively engaged in implementing Swachh Bharat and Swachh Vidhyalaya Mission by constructing toilets in following Govt. High Schools in Metiabruz, Maheshtala and Kidderpore:

- (i) Kankhuly Girls' High School
- (ii) Badshah Khan Centenary Girls' High School
- (iii) St. Barnabas' High School
- (iv) The Kidderpore Academy
- (v) Garden Reach Nut Behari Das HS School (Boys')

(b) Improvement of 23 Anganwadi Centres of Metiabruz in collaboration with CII

GRSE has signed a MoU with CII Foundation to improve 20 Anganwadi Centres of Metiabruz into model centres. This year 03 new centres also have been included. This is a unique CSR project which is being facilitated by CII-UNICEF CSR Hub. This project serves the objectives of providing infrastructure support such as construction of child friendly toilets, water purifiers, utensils, medicines, educational materials etc. as also capacity building of the Anganwadi workers to improve the early



childhood education and nutrition for the beneficiaries.

(c) Training to school children on sanitation and hygiene practices under Swachh Bharat Mission

Training is being imparted to develop sustainable mechanism to inculcate good hygiene and sanitation practices and maintenance of WASH (Water, Sanitation and Hygiene) facilities in four local schools where toilets have been constructed by GRSE. The following bodies have been formed for implementing this project:

- (i) Child Cabinet
- (ii) Parent Teacher Association
- (iii) Involvement of School Managing Committee/ School Development Committee/Ward Education Committee.



In addition, activities include wide display of information, education & communication (IEC) material within the school, visit to the residences of 10% students to ensure implementation of hygiene practices, celebration of international days like World Water Day, World Health Day World Environment Day, World Toilet Day, and Global Hand Washing Day through competitions, workshops, rally, street drama etc.

(d) Study by TISS for Swachh Bharat Mission Roadmap

The National CSR Hub, Tata Institute of Social Sciences (TISS) has carried out an in-depth study of Metiabruz area (Kolkata) to identify projects and prepare a roadmap for GRSE to implement Swachh Bharat Mission initiatives in Metiabruz.

(e) Contribution to Swachh Bharat Kosh and Clean Ganga Fund

GRSE has contributed ₹75 lakh towards Swachh Bharat Kosh and ₹25 lakh towards Clean Ganga Fund.



3. Distribution of aids and assistive devices to Person With Disabilities from marginalized segment in association with ALIMCO

GRSE has joined hands with Artificial Limbs Manufacturing Corporation (ALIMCO), for identification and distribution of aids/appliances to differently-abled persons from financially weaker background. 02 identification camps were held in Kidderpore and Metiabruz. Various appliances such as tri-cycles, wheel chairs, axilla crutch, elbow crutch, smart cane, braille kit, ADL kit and cellphones for leprosy affected persons etc. were distributed to 912 beneficiaries in an event organized in Metiabruz High School playground. This project will be helpful for reducing inequalities and promoting education /livelihood enhancement for the differently-abled persons from the marginalized segment.



4. Cataract Surgery for the poor and needy people of Metiabruz, Kolkata.

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

5. Facilitating Infrastructure at Cancer Hospital

Support has been extended to Tata Medical Centre for procurement of 03 equipment i.e. Mid-range ultrasound machine, Portable ultrasound machine and Reporting workstation which are critical to cancer diagnosis and treatment which will benefit the underprivileged segment for cancer treatment.

6. Monthly Health Camp

Monthly health camp is conducted at 61 Park Unit (Unit of GRSE) for the local underprivileged people who are unable to bear medical expenses.

Monthly health check-up camps / clinics are held in our 61 Park Unit on the last Saturday of every month in which, on average, 190 – 200 patients are examined and provided medicines.

7. Blood Donation Camp

02 Blood donation camps were conducted in association with Ramakrishna Mission Seva Pratishthan – Blood Bank and The Thalassaemia Society of India on 30 and 31 Mar 17 respectively. GRSE employees, Trade apprentices and CISF personnel donated blood for underprivileged patients.

8. Evaluation / Impact Study of Past CSR Projects

The ultimate test of success of any CSR project / activity is its social or economic impact. Every CSR activity is implemented with some anticipated impact on the beneficiaries. It is against such expectation that the completed projects / activities of FY 2014 -15 and 2015-16 were evaluated by IISWBM in order to measure the degree of success or failure of the project.

II. Composition of the CSR Committee as on 31 Mar 17 was as follows:

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

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

2013-14	₹ 187.23 crore
2014-15	₹ 76.02 crore
2015-16	₹ 247.11 crore
Total Net Profit	₹ 510.36 crore
Average Net Profit	₹ 170.12 crore

IV. Prescribed CSR Expenditure (i.e. 2% of Average Net Profit of previous 3 years as in Point III above) : ₹ 3.40 crore.



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

- (a) Total amount to be spent for the financial year : ₹ 3.40 crore
 (b) Amount unspent, if any : Nil
 (c) Manner in which the amount spent during the financial year is detailed below:

Sl. No	CSR project or activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise (₹ in Lakh)	Amount spent on the Projects or Programs Sub Heads : (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ in Lakh)	Cumulative Expenditure upto the reporting period i.e. FY 2016-2017 (₹ in Lakh)	Amount Spent: Direct or through Implementing Agency
1	Skill India						
(a)	Vocational training by Indian Institute of Engineering, Science and Technology (IEST) to 176 local youth in 05 different modules such as: (i) Welding Technology (ii) Industrial electrical (iii) Repair and maintenance of air conditioner (iv) Plumbing (v) Repair and maintenance of domestic electronic appliances	Clause – (ii): Promoting employment enhancing vocational skills.	West Bengal - Kolkata Municipal Corporation, Ward no. 133-141 of Borough – XV (Metiabruz area) and Ward no. 76 – 80 (Garden Reach area). Maheshwala Municipal Corporation, Ward no. 1 – 10 of 24 Parganas (South), West Bengal. Howrah Municipal Corporation, Ward no.39, 40 and 45.	80.00	56.35	56.35	IEST, Shibpur



Sl. No	CSR project or activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise (₹ in Lakh)	Amount spent on the Projects or Programs Sub Heads : (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ in Lakh)	Cumulative Expenditure upto the reporting period i.e. FY 2016 – 2017 (₹ in Lakh)	Amount Spent: Direct or through Implementing Agency
(b)	Centre of Excellence in Advanced Welding in Tollygunge Govt. ITI and Adoption of Women ITI, Kolkata	Clause – (ii): Promoting employment enhancing vocational skills.	Tollygunge, Kolkata, West Bengal Gariahat, Kolkata, West Bengal	50.00	49.51	49.51	GRSE Ltd.
(c)	Adoption of 3 classes comprising 43 severely disabled children of Indian Institute of Cerebral Palsy (IICP)	Clause – (ii): Promoting education, including special education and employment enhancing vocational skills among the differently abled children.	West Bengal - Kolkata and neighboring districts.	24.00	24.00	24.00	Indian Institute of Cerebral Palsy (IICP)
2	Swachh Bharat Mission						
(a)	Construction of 39 toilets in 05 local schools of Metiabruz, Kidderpore and Maheshtala.	Clause – (i): Promoting healthcare including preventive healthcare and sanitation	Metiabruz, Kidderpore and Maheshtala of Kolkata, West Bengal.	60.00	50.60	50.60	GRSE Ltd.
(b)	Improvement of 23 Anganwadi centres of Metiabruz into model centres.	Clause – (i): Eradicating hunger, poverty and malnutrition promoting sanitation and making available safe drinking water. Clause – (ii) Promoting education among children.	Metiabruz, Garden Reach and surrounding areas of Kolkata, West Bengal.	20.00	14.38	14.38	Confederation of Indian Industry (Eastern Region)



Sl. No	CSR project or activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs (1) Local Area or Other district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise (₹ in Lakh)	Amount spent on the Projects or Programs Sub Heads : (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ in Lakh)	Cumulative Expenditure upto the reporting period i.e. FY 2016 – 2017 (₹ in Lakh)	Amount Spent: Direct or through Implementing Agency
(c)	Training being given to 5300 students of 04 schools to develop sustainable mechanism to inculcate good hygiene and sanitation practices	Clause – (i): Eradicating hunger, poverty and malnutrition promoting sanitation and making available safe drinking water. Clause – (ii): Promoting education among children	Mediabruz, Kolkata, West Bengal.	7.00	2.24	2.24	Confederation of Indian Industry (Eastern Region)
(d)	Study of Mediabruz area by National CSR Hub, Tata Institute of Social Sciences (TISS) for implementing Swachh Bharat Mission initiatives.	Clause – (i): Promoting healthcare including preventive healthcare and sanitation	Mediabruz, Kolkata, West Bengal.	9.97	9.97	9.97	TISS, National CSR Hub.
(e)	Contribution to Swachh Bharat Kosh	Clause – (i): Contribution to Swachh Bharat Kosh	Pan India	75.00	75.00	75.00	GRSE Ltd.
(f)	Contribution to Clean Ganga Fund	Clause – (iv): Contribution to the Clean Ganga Fund	Pan India	25.00	25.00	25.00	GRSE Ltd.
3.	Other Projects						
(a)	Distribution of Aids and assistive devices to approx. 912 person with disabilities, in association with ALIMCO.	Clause – (i): Promoting healthcare including preventive health care	Mediabruz, Kidderpore and other places of Kolkata West Bengal	66.00	65.99	65.99	ALIMCO.



Sl. No.	CSR project or activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise (₹ in Lakh)	Amount spent on the Projects or Programs Sub Heads : (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ in Lakh)	Cumulative Expenditure upto the reporting period i.e. FY 2016 – 2017 (₹ in Lakh)	Amount Spent: Direct or through Implementing Agency
(b)	500 Cataract surgeries for old and poor people of the locality.	Clause – (i): Promoting health care.	Kolkata Municipal Corporation, Ward no. 133-141 of Borough – XV and Ward no. 76 – 80. West Bengal Maheshtala Municipal Corporation, Ward no. 1 – 10 of 24 Parganas (S), West Bengal.	25.00	24.54	24.54	National Eye Care, Kolkata
(c)	Support to Tata Medical Centre (Cancer Hospital), Rajarhat, Kolkata for procuring cancer detection equipment.	Clause – (i): Promoting health care.	Rajarhat, Kolkata, West Bengal	50.00	49.75	49.75	GRSE Ltd.
(d)	Health checkup camp and Blood donation camp	Clause – (i): Eradicating hunger, poverty and malnutrition promoting preventive health care.	Metiabruz, Kolkata, West Bengal.	07.00	06.00	06.00	GRSE Ltd.

Sl. No	CSR project or activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise (₹ in Lakh)	Amount spent on the Projects or Programs Sub Heads : (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ in Lakh)	Cumulative Expenditure upto the reporting period i.e. FY 2016 – 2017 (₹ in Lakh)	Amount Spent: Direct or through Implementing Agency
(e)	Evaluation / impact study of past CSR projects by Indian Institute of Social Welfare and Business Management (IISWBM)	Clause – (i) promoting education	Mediabruz and other places of Kolkata West Bengal	6.03	1.58	1.58	IISWBM, Kolkata
	TOTAL			505.00	454.91	454.91	

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

Not Applicable

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

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



Asit Kumar Nanda
Director (Personnel)



Ajay Bhattacharya
Chairman, CSR & Sustainability Committee

Date: 30th June, 2017



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

The report is revised to comply with the observations made by the Comptroller & Auditor General of India with regard to the "Other Matter" para of the Independent Auditor's Report, clause (i)(c) of "Annexure A" and "Annexure C" to the Auditor's Report. This Report supersedes our earlier Report issued on 30th June, 2017.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Garden Reach Shipbuilders & Engineers Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (in which are incorporated the returns for the year ended on that date audited by the Branch auditor of the Company's Branch at Ranchi).

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation

of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the



Report on the Ind AS financial statements (contd.)

aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017 and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

We did not audit the financial statements of 1 (One) branch included in the financial statements of the Company whose financial statements reflect total assets of ₹ 3,073.52 Lakhs as at 31st March, 2017 and total revenues of ₹ 372.30 Lakhs for the year ended on that date, as considered in the financial statements, except to the extent mentioned in the succeeding paragraph.

The Financial Statements of Ranchi Branch have been audited by the Branch Auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect to the branch, is based on the report of such branch auditor except that Fixed Asset register (including depreciation) relating to Ranchi Branch and other issues (mentioned under Sl. No. 3 (E) of Other Notes to the Financial Statement of (GRSE DEP-Ranchi) and reported by the Branch Auditor as maintained at head office level) have been audited by us.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- iii. The reports on the accounts of Ranchi Branch of the Company audited under Section 143 (8) of the Act by branch auditor has been sent to us and has been properly dealt with by us in preparing this report.
- iv. The Balance Sheet, the Statement of Profit and Loss, the Cash flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- v. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- vi. On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of section 164 (2) of the Act.
- vii. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- viii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note No. 30 to the Ind AS financial statements.
 - b. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - c. No amount was required to be transferred to the Investor Education and Protection Fund by the Company.



Report on the Ind AS financial statements (contd.)

- d. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of account maintained by the Company— Refer Note No. 38 to the Ind AS financial statements.
3. As required by the sub-section (5) of section 143 of the Act, we give in Annexure C a statement on the matters contained in directions issued by Comptroller & Auditor General of India in terms of aforesaid section.

For G.P. Agrawal & Co.

Chartered Accountants

Firm's Registration No. - 302082E

(CA. Ajay Agrawal)

Partner

Membership No. 17643

Place of Signature: Kolkata
Date: 29th day of July, 2017



“Annexure A” to the Independent Auditor's Report

Statement referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Garden Reach Shipbuilders & Engineers Limited on the Ind AS Financial Statements for the year ended 31st March, 2017

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets have been physically verified by the management during the year at periodical intervals as per the programme of physical verification of fixed assets. To the best of our knowledge, no material discrepancy was noticed on such verification and in our opinion the periodicity of such physical verification is reasonable having regard to the size of the Company and nature of its assets.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories (other than those in transit and those lying with third parties), have been physically verified during the year by the management at reasonable intervals. In respect of goods lying with third parties, these have substantially been confirmed by them.
- (iii) The Company has not granted any loan, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, clauses (iii) (a), (b) and (c) of paragraph 3 of the said order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable.
- (v) The Company has not accepted any deposit within the meaning of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. The directives issued by the Reserve Bank of India are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company in respect of products where pursuant to the Companies (Cost Records & Audit) Rules, 2014, prescribed by the Central Government, the maintenance of Cost records has been prescribed under section 148(1) of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We, however, as not required, have not made a detailed examination of such records.
- (vii)(a) According to the information and explanations given to us and based on the examination of the records of the Company as provided to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, to the extent applicable, with appropriate authorities and no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2017 for a period of more than six months from the date of becoming payable.



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

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

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



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

- (viii) The Company has not defaulted in repayment of loans or borrowings to financial institutions or banks or Government. The Company has not issued any debentures.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. On the basis of our examination and according to the information and explanations given to us, money raised by way of term loans have been applied for the purpose for which the loans were obtained.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, clause (xii) of paragraph 3 of the said order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause (xv) of paragraph 3 of the said order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

Place of Signature: Kolkata
Date: 29th day of July, 2017

For G.P. Agrawal & Co.

Chartered Accountants

Firm's Registration No. - 302082E

(CA. Ajay Agrawal)
Partner

Membership No. 17643



“Annexure B” to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of Garden Reach Shipbuilders & Engineers Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

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



“Annexure B” to the Independent Auditor's Report (contd.)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Place of Signature: Kolkata
Date: 29th day of July, 2017

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For G.P. Agrawal & Co.

Chartered Accountants
Firm's Registration No. - 302082E

(CA. Ajay Agrawal)
Partner
Membership No. 17643



“Annexure C” to the Independent Auditor's Report

Sl. No.	Directions	Auditor's Comments																												
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	<p>Yes, except for the following –</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Sl. No.</th> <th style="text-align: center;">Leasehold / Freehold</th> <th style="text-align: center;">Area of Land</th> <th style="text-align: center;">Remarks</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Leasehold Land at Belur Unit</td> <td style="text-align: center;">5.29 Acres</td> <td>Lease agreement has expired and renewal is under process.</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Leasehold Land at FOJ unit</td> <td style="text-align: center;">3,539.47 Sq. Mtrs.</td> <td>Lease agreement has expired and renewal is under process. The area for land has been taken from the expired agreement.</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Leasehold Land at FOJ unit</td> <td style="text-align: center;">2,140.00 Sq. Mtrs.</td> <td>Lease agreement has expired and renewal is under process. The area for land has been taken from available correspondences between the Company and the lessor.</td> </tr> <tr> <td style="text-align: center;">4</td> <td>Leasehold Land at Taratala Unit</td> <td style="text-align: center;">13,721.68 Sq. Mtrs.</td> <td>Lease agreement not presented for our verification. The area has been taken from letter granting lease to the Company from the lessor.</td> </tr> <tr> <td style="text-align: center;">5</td> <td>Land at 61 Park Unit</td> <td style="text-align: center;">32 Bighas, 6 Cottahs</td> <td>The said land was allotted to the Company by Govt. of India without any cost. Although mutation is in the name of the Company, documents of title were not made available to us for our verification. The area has been taken from available correspondences between the Company and the lessor.</td> </tr> <tr> <td style="text-align: center;">6</td> <td>Land at DEP, Ranchi</td> <td style="text-align: center;">62 Acres</td> <td>Title deed of land is not held in the name of the Company.</td> </tr> </tbody> </table>	Sl. No.	Leasehold / Freehold	Area of Land	Remarks	1	Leasehold Land at Belur Unit	5.29 Acres	Lease agreement has expired and renewal is under process.	2	Leasehold Land at FOJ unit	3,539.47 Sq. Mtrs.	Lease agreement has expired and renewal is under process. The area for land has been taken from the expired agreement.	3	Leasehold Land at FOJ unit	2,140.00 Sq. Mtrs.	Lease agreement has expired and renewal is under process. The area for land has been taken from available correspondences between the Company and the lessor.	4	Leasehold Land at Taratala Unit	13,721.68 Sq. Mtrs.	Lease agreement not presented for our verification. The area has been taken from letter granting lease to the Company from the lessor.	5	Land at 61 Park Unit	32 Bighas, 6 Cottahs	The said land was allotted to the Company by Govt. of India without any cost. Although mutation is in the name of the Company, documents of title were not made available to us for our verification. The area has been taken from available correspondences between the Company and the lessor.	6	Land at DEP, Ranchi	62 Acres	Title deed of land is not held in the name of the Company.
Sl. No.	Leasehold / Freehold	Area of Land	Remarks																											
1	Leasehold Land at Belur Unit	5.29 Acres	Lease agreement has expired and renewal is under process.																											
2	Leasehold Land at FOJ unit	3,539.47 Sq. Mtrs.	Lease agreement has expired and renewal is under process. The area for land has been taken from the expired agreement.																											
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4	Leasehold Land at Taratala Unit	13,721.68 Sq. Mtrs.	Lease agreement not presented for our verification. The area has been taken from letter granting lease to the Company from the lessor.																											
5	Land at 61 Park Unit	32 Bighas, 6 Cottahs	The said land was allotted to the Company by Govt. of India without any cost. Although mutation is in the name of the Company, documents of title were not made available to us for our verification. The area has been taken from available correspondences between the Company and the lessor.																											
6	Land at DEP, Ranchi	62 Acres	Title deed of land is not held in the name of the Company.																											

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

Sl. No.	Directions	Auditor's Comments
2	Whether there are any cases of waiver/ write off of debts/loans/interest etc.,if yes, the reasons there for and the amount involved.	No such case of waiver of debts/loans/interest etc. has come to our notice nor have we been informed of any such case by the management.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	Records are maintained for inventories lying with third parties. There is no such case of gift received from Govt. or other authorities.

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

Membership No. 17643

Place of Signature: Kolkata
Date: 29th day of July, 2017



प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT and Ex-Officio MEMBER, AUDIT BOARD,
BANGALORE - 560 001.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF M/S. GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED, KOLKATTA FOR THE YEAR ENDED 31 MARCH 2017.

The preparation of financial statements of M/s. Garden Reach Shipbuilders & Engineers Limited, Kolkatta for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 June 2017 and revised report dated 29 July 2017.

I, on behalf of Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of M/s. Garden Reach Shipbuilders & Engineers Limited, Kolkatta for the year ended 31 March 2017. 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. In view of the revisions made in the 'other matters' paragraph, 'clause i(c) of Annexure -A' and 'Annexure C' of the Independent Auditor's Report as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to statutory auditors' report under section 143(6) (b) of the Act.

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

Prachi Pandey
24.8/17/11
(Prachi Pandey, IA & AS)

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

Place: Bangalore
Date: 24 August 2017.


**BALANCE SHEET AS AT 31ST MARCH, 2017**

(₹ in lakhs)

Particulars	Note No.	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3	35,295.12	34,069.15	36,006.11
(b) Capital work-in-progress	4	2,318.35	2,227.59	1,120.65
(c) Other Intangible assets	5	538.97	301.15	567.78
(d) Financial assets				
(i) Investments	6(a)	0.44	0.44	0.44
(ii) Trade and other receivables	6(b)	120.29	202.85	669.21
(iii) Loans	6(c)	-	-	-
(iv) Other bank balance	6(d)	1,16,953.00	1,20,063.00	24,500.00
(v) Other financial assets	6(e)	1,552.25	1,591.04	1,087.38
(e) Non-current tax assets	7	9,497.35	2,385.60	5,122.02
(f) Other non-current assets	8	1,936.89	1,498.32	2,377.64
Total non-current assets		1,68,212.66	1,62,339.14	71,451.23
(2) Current assets				
(a) Inventories	9	49,645.54	65,455.65	84,125.48
(b) Financial assets				
(i) Trade and other receivables	10(c)	19,885.85	15,383.17	15,850.76
(ii) Cash and cash equivalents	10(a)	1,185.04	2,624.75	11,605.08
(iii) Bank balances other than (ii) above	10(b)	1,17,301.00	1,25,515.00	1,61,800.00
(iv) Other financial assets	10(d)	72,186.60	59,782.25	36,872.85
(c) Other current assets	11	28,045.93	14,011.40	18,356.41
(d) Assets classified as held for sale	12	37.76	37.90	35.71
Total current assets		2,88,287.72	2,82,810.12	3,28,646.29
TOTAL ASSETS		4,56,500.38	4,45,149.26	4,00,097.52
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	13(a)	12,384.00	12,384.00	12,384.00
(b) Other equity	13(b)	95,767.44	1,01,041.80	88,298.52
Total equity		1,08,151.44	1,13,425.80	1,00,682.52
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
Trade payables	14	795.85	839.47	795.68
(b) Provisions	15	1,170.70	812.36	807.17
(c) Deferred tax liabilities (net)	16	1,746.62	1,647.15	2,309.38
Total non-current liabilities		3,713.17	3,298.98	3,912.23
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	17(a)	2,500.00	-	-
(ii) Trade payables	17(b)	36,795.59	52,853.47	50,791.34
(iii) Other financial liabilities	17(c)	4,711.66	4,493.85	14,905.59
(b) Other current liabilities	18	2,86,882.52	2,63,672.82	2,23,173.04
(c) Provisions	19	13,746.00	7,404.34	6,632.80
Total current liabilities		3,44,635.77	3,28,424.48	2,95,502.77
TOTAL EQUITY AND LIABILITIES		4,56,500.38	4,45,149.26	4,00,097.52
SIGNIFICANT ACCOUNTING POLICIES	1			

See the accompanying notes to the financial statements

As per our report of even date attached.
For G.P. Agrawal & Co.
Chartered Accountants
Firm's Registration No - 302082E



(CA. Ajay Agrawal)
Partner
Membership No. 17643

Place of Signature : Kolkata
Date : the 30th day of June, 2017

For and on behalf of the Board of Directors


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


S. Mahapatra
Company Secretary


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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lakhs)

Particulars	Note No.	Year ended 31 March, 2017	Year ended 31 March, 2016
I. INCOME			
Revenue from operations	20	93,040.61	1,66,200.29
Other income	21	22,755.14	18,474.39
Total income		1,15,795.75	1,84,674.68
II. EXPENSES			
Cost of materials consumed	22(a)	35,901.65	83,585.83
Purchase of products for resale (B & D spares)		11,460.52	18,644.03
Changes in inventories of work-in-progress and scrap	22(b)	802.92	(56.19)
Sub-contracting charges		10,724.77	12,419.37
Excise duty		754.84	650.42
Employee benefits expense	23	28,578.39	29,173.46
Finance costs	24	911.84	439.85
Depreciation and amortisation expense	25	2,665.17	2,779.80
Other expenses - project related	26	5,058.29	5,083.33
Other expenses	27	17,677.07	8,607.37
Total expenses		1,14,535.46	1,61,327.27
Profit before exceptional items and tax		1,260.29	23,347.41
Exceptional items	28	828.24	1,567.23
Profit before tax		2,088.53	24,914.64
Tax expense	29		
- Current tax		878.00	9,088.44
- Deferred tax		(12.67)	(378.50)
Total tax expense		865.33	8,709.94
Profit for the year		1,223.20	16,204.70
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations		34.55	(734.64)
Income tax relating to above items		(11.96)	254.24
Other comprehensive income for the year, net of tax		22.59	(480.40)
Total comprehensive income for the year		1,245.79	15,724.30
Earnings per equity share:			
(Nominal value per Share ₹ 100)	37		
Basic and diluted earnings per share		9.88	130.85
SIGNIFICANT ACCOUNTING POLICIES	1		

See the accompanying notes to the financial statements

As per our report of even date attached.

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

(CA. Ajay Agrawal)
Partner
Membership No. 17643

Place of Signature : Kolkata
Date : the 30th day of June, 2017

For and on behalf of the Board of Directors

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

(Signature)
S. Mahapatra
Company Secretary

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



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2016
A. Cash Flow From operating activities:				
Profit before taxation		2,088.53		24,914.64
Adjustments for -				
Interest income		(20,206.87)		(16,868.44)
Depreciation & amortisation expense		2,665.17		2,779.80
Retirement of Assets - (Profit) / Loss		13.66		11.20
Finance cost		303.58		102.43
Unrealized loss/ (gain) on foreign exchange fluctuation		(184.53)		(77.93)
Reversal of written down value of inventories		(92.18)		(62.17)
Allowance for doubtful debts		334.58		1.13
Liabilities no longer required written back		(906.76)		(16,40.60)
Operating profit before working capital changes		(15,984.82)		9,160.06
Adjustments for changes in working capital :				
(Increase)/Decrease in Trade and Other receivables	(4,754.71)		932.82	
(Increase)/Decrease in Other financial assets	(7,751.36)		(19,212.70)	
(Increase)/Decrease in Other non-current assets	(114.55)		59.49	
(Increase)/Decrease in Other current assets	(14,034.53)		4,345.01	
(Increase)/Decrease in Inventories	15,902.29		18,732.00	
Increase/(Decrease) in Trade payables	(15,274.99)		3,757.77	
Increase/(Decrease) in Provisions	6,410.54		861.93	
Increase/(Decrease) in Other financial liabilities	217.80		(10,411.74)	
Increase/(Decrease) in Other current liabilities	23,279.38	3,879.87	40,459.32	39,523.89
Cash generated from/ (used in) operations		(12,104.95)		48,683.95
Taxes paid (net of refunds)		(7,903.20)		(6,381.51)
Net cash from/(used in) operating activities		(20,008.15)		42,302.44
B. Cash flow from investing activities				
Purchase of fixed assets (including intangibles and capital work in progress)		(4,221.40)		(1,698.30)
(Increase) /Decrease in Investments		11,324.00		(59,278.00)
Interest received		15,579.09		12,651.60
Net cash from/(used in) investing activities		22,681.69		(48,324.70)
C. Cash flow from financing activities:				
Proceeds from Short term Borrowings		2,500.00		-
Proceed/ (Repayment) Of Long term Borrowings		(182.56)		44.99
Interest and other borrowing cost paid		(25.22)		(22.03)
Dividend paid		(5,322.05)		(2,476.80)
Dividend tax paid		(1,083.44)		(504.22)
Net Cash from/(used in) financing activities		(4,113.27)		(2,958.06)
Net Increase/(Decrease) in cash and cash equivalents		(1,439.73)		(8,980.32)
Opening cash and cash equivalents		2,624.75		11,605.08
Closing cash and cash equivalents [Refer note 10(a)]		1,185.04		2,624.75

**Notes :**

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard - 7 on Cash Flow Statement as notified under the Companies (Indian Accounting Standards) Rules, 2015.
2. Cash and cash equivalents as at the Balance Sheet date consists of :


(₹ in lakhs)

Particulars		As at 31 March, 2017		As at 31 March, 2016
Balances with banks				
Current accounts		1,179.15		2,618.57
Cash in hand		5.89		6.18
Cash and cash equivalents		1,185.04		2,624.75

See the accompanying notes to the financial statements

As per our report of even date attached.

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


(CA. Ajay Agrawal)
Partner
Membership No. 17643

Place of Signature : Kolkata
Date : the 30th day of June, 2017

For and on behalf of the Board of Directors


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


S. Mahapatra
Company Secretary


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

**STATEMENT OF CHANGES IN EQUITY****A. Equity share capital**

(₹ in lakhs)

Particulars	Amount
As at 01 April, 2015	12,384.00
Changes in equity share capital	-
As at 31 March, 2016	12,384.00
Changes in equity share capital	-
As at 31 March, 2017	12,384.00

B. Other equity

(₹ in lakhs)

Particulars	Reserve and Surplus			Other Comprehensive Income	Total other equity
	Corporate Social Responsibility (CSR) Reserve	General Reserve	Retained Earnings	Remeasurements of post-employment benefit obligations	
Balance as at 01 April, 2015	208.88	14,011.41	74,078.23	-	88,298.52
Profit for the year (a)	-	-	16,204.70	-	16,204.70
Other comprehensive income \ (loss) for the year (b)	-	-	-	(480.40)	(480.40)
Total comprehensive income for the year (a + b)	-	-	16,204.70	(480.40)	15,724.30
Dividends paid	-	-	(2,981.02)	-	(2,981.02)
Transfer to\from retained earnings\other comprehensive income)	-	-	(480.40)	480.40	-
Transfer to\from general reserve \ (retained earnings)	-	1,607.19	(1,607.19)	-	-
Balance as at 31 March, 2016	208.88	15,618.60	85,214.32	-	1,01,041.80
Balance as at 01 April, 2016	208.88	15,618.60	85,214.32	-	1,01,041.80
Profit for the year (a)	-	-	1,223.20	-	1,223.20
Other comprehensive income (b)	-	-	-	22.59	22.59
Total comprehensive income for the year (a + b)	-	-	1,223.20	22.59	1,245.79
Dividends paid	-	-	(6,405.49)	-	(6,405.49)
Expense on account of CSR activities	(114.67)	-	-	-	(114.67)
Transfer to\from retained earnings\other comprehensive income	-	-	22.59	(22.59)	-
Balance as at 31 March, 2017	94.21	15,618.60	80,054.63	-	95,767.44

See the accompanying notes to the financial statements

As per our report of even date attached.

For G.P. Agrawal & Co.

Chartered Accountants

Firm's Registration No - 302082E

(CA. Ajay Agrawal)

Partner

Membership No. 17643

Place of Signature : Kolkata

Date : the 30th day of June, 2017

For and on behalf of the Board of Directors

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

Chairman & Managing Director

DIN - 07696782

S. Mahapatra
Company Secretary**S.S. Dogra**
Director (Finance)
DIN - 07052300



Notes Forming Part of Financial Statements for the Year ending 31st March 2017

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

I. Background

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

(a) Basis of preparation

(i) Statement of compliance

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

These financial statements for the year ended 31st March, 2017 are the first financials with comparatives, prepared under Ind AS. For all previous periods including the year ended 31st March, 2016, the Company had prepared its financial statements in accordance with the applicable Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India (ICAI), relevant applicable provisions of the Companies Act, 1956, and Companies Act, 2013 to the extent applicable (hereinafter referred to as 'Previous GAAP').

The Company has adopted all the applicable Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1 April, 2015 being the date of transition to Ind AS.

(ii) Historical cost convention

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

- certain financial assets and liabilities that are measured at fair value;
- assets held for sale - measured at lower of carrying amount or fair value less cost to sell;

- defined benefit plans - plan assets measured at fair value;

(iii) Current versus Non-current classification

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

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

- In case of Shipbuilding and Ship repair and Refit activities, normal operating cycle is considered vessel wise, as the time period from the effective date of contract to the date of expiry of guarantee period.
- In case of other business activities, normal operating cycle is 12 months.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it is:

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

All other liabilities are treated as non - current.

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

(iv) Rounding of amounts

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

(v) Functional and Presentation Currency

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

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****(b) Property, plant and equipment**

- I. Property, plant and equipment are shown at cost, less accumulated depreciation and impairment, if any. Capital works executed internally are valued at prime cost plus appropriate overheads. No charges for supervision are levied on civil capital projects.
 - i. Cost means purchase price considered as cash price after deducting trade discount, rebates and adding duties, non-refundable taxes and costs directly attributable to make the asset available for intended use.
 - ii. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Cost includes cost of replacing part of the plant and equipment for long-term construction projects if the recognition criteria are met.
 - iii. Expenses capitalised also include applicable borrowing costs, if any.
 - iv. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.
 - v. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.
 - vi. Loose tools are charged to Statement of Profit and Loss, on issue from stores, if the cost of the individual items does not exceed ₹ 5,000.

II. Transition to Ind AS

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

III. Retirement of assets

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

IV. Jointly Funded Assets

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

Transition to Ind AS

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

V. Depreciation methods, estimated useful lives and residual values

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

Asset Class	Description	Years
Plant & Equipment	Hand power tools like grinders, chippers, drilling machines; Fastening tools like bottle screws, clamps & slings, hoist /chain-pulley blocks, hooks, shackles, Measuring and testing devices;	08
Plant & Equipment	Miscellaneous tools /tackles and accessories thereof; Welding Torches, Gas Torches, Portable Electrode Ovens, Masks & helmets; Small instruments, measurements /control devices;	05
Plant & Equipment	Goliath Crane (250 Ton Capacity)	25
Furniture & Fixture	All electronic /electrical gadgets like refrigerator, MW/ other ovens, TV sets/entertainment systems/ Geyser/Water heater, Water purifiers & coolers, Air coolers, Electronic Medical gadgets/instruments, Canteen gadgets/utilities, Communication equipment .	05



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

- i. In respect of additions/extensions forming an integral part of the existing assets, depreciation is provided over residual life of the respective assets. Significant additions which are required to be replaced/ performed at regular interval are depreciated over the useful life of their specific life.
- ii. Depreciation on property, plant and equipment :
 1. Commences when the assets are ready for intended use and is provided on straight line method over the respective useful life of the assets.
 2. Depreciation is recognised so as to write off the cost of assets (other than free hold land and properties under construction less their residual values) over their respective useful life.
 3. The residual value is considered at the rate of 5% of the original cost of the respective assets except computers & IT peripherals.
 4. Computer & peripherals (excluding servers & network equipment) are fully depreciated over their useful life.
- iii. The estimated useful life, residual value and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.
- iv. An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.
- v. Depreciation begins when the asset is available for use. It ceases at the earlier of the date that the asset is classified as held for sale as per Ind AS 105 and the date of derecognition of the asset.
- vi. In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life of the assets.
- vii. Air Conditioners have been classified under the head furniture & fixtures and useful life is considered as applicable to furniture & fixtures under Schedule II to Companies Act, 2013.

- viii. Depreciation on second hand assets –

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

(c) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets, which are specifically exempt from this requirement.

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

(d) Borrowing Costs

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

(e) Impairment of Assets

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

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)**

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

(f) Intangible Assets

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

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

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 01 April 2015 measured as per the previous GAAP (Indian GAAP) and use that carrying value as the deemed cost of the intangible assets.

(g) Research and Development

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

(h) Inventories

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

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

Note:

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

(i) Revenue Recognition**A. Construction Contracts**

- I. Revenue is recognized and accounted for if there is no significant uncertainty in collection of the amount of consideration.
- II. When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The estimated cost of each contract is determined based on management estimate of cost to be incurred till final completion of the vessel and includes cost of material, services and other related overheads.



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

- III. Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 11 on 'Construction Contracts'. The estimates are revised periodically.
- IV. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.
- V. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.
- VI. When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognized only to the extent of contract cost incurred that are likely to be recoverable.
- VII. Additional revenue, in respect of modification jobs completed in earlier years, against construction contracts, is accounted for as sales in the year in which final approval is received, justifying certainty in collection of the amount of consideration.
- VIII. When contract costs incurred till date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the amount due to customers for contract work. Amounts received before the related work is performed are included in the statement of financial position as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included under trade and other receivables.
- IX. Unbilled Revenue: When work for the project has been incurred but the bill towards the same is yet to be issued the same is recognized as unbilled income. Unbilled income being a contractual commitment to receive cash according to the terms of the contract after the invoice is issued, is treated as a Financial Asset.

B. Sale of goods

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

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

- i. The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii. The amount of revenue can be measured reliably;
- iv. It is probable that the economic benefits associated with the transaction will flow to the Company; and
- v. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

C. Interest income

Interest income is recognised using the effective interest rate (EIR). Interest income is included in "Other Income" in the Statement of Profit and Loss and is accounted for on accrual basis on time proportion on certainty of receipt. In case of fixed deposits, interest is accounted when it accrues to Company by applying interest rate as applicable to each fixed deposit.

D. Revenue from services

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

E. Insurance claims

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

(j) Foreign currency transactions

Initial recognition

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



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Conversion

Foreign currency monetary items are reported using the closing exchange rate as on the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using exchange rate at the date of the transaction. Advances paid to foreign suppliers for material / services are treated as non-monetary assets and consequently are reported using exchange rate on the date of transaction.

Exchange difference

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

(k) Grants/Subsidy

i. Capital grants / Subsidies

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

ii. Revenue grants / Subsidies

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

(l) Cash Flow Statement

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

(m) Cash and Cash Equivalents

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

(n) Segment Reporting

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

(o) Financial Instruments

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

Financial Assets

Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial Assets measured at amortised cost

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Financial Assets measured at fair value through other comprehensive income (FVTOCI)

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income.

Financial Assets measured at fair value through profit or loss (FVTPL)

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Debts from Government / Government departments / Government Companies are generally not treated as doubtful. However, provisions are made in the Accounts on a case to case review basis excepting those which are not contractually due.

Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company.

The Company's financial liabilities include borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable

to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective rate of interest.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

(p) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's finance department determines the policies and procedures for recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

(q) Leases

Leases of Property, Plant and Equipment where the Company, as lessee, has assumed substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or,

if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(r) Employee Benefits

I. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

II. Other long-term employee benefit obligations

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

III. Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and Post-Retirement Medical Scheme; and
- (b) defined contribution plans such as provident fund and pension scheme.

Gratuity

Gratuity Fund, a defined benefit scheme, is administered through duly constituted independent Trust and yearly contributions are based on actuarial valuation. Any additional provision as may be required, is provided for on the basis of actuarial valuation as per Ind AS -19 on Employee Benefits.

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Post-Retirement Medical Scheme

The post-retirement medical scheme to the existing employees is a defined benefit plans and are determined based on actuarial valuation as per Ind AS -19 on Employee Benefits using Projected Unit Credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Post-retirement medical benefits in the case of the super annuated employees are defined contribution schemes and premium paid to an Insurance company is charged to profit and loss of the year.

Provident Fund and Pension scheme

Retirement benefits in the form of Provident Fund and Family Pension Funds are defined contribution plans and the contribution is charged to Statement of Profit and Loss in the year when the contributions to the respective funds are due in accordance with the relevant statute.

Defined contribution to Superannuation Pension Scheme is made at the applicable rates as per approved Pension scheme.

(s) Dividend to Equity Shareholders

Dividend to Equity Shareholders is recognised as a liability and deducted from shareholders equity, in the period in which dividends are approved by the equity shareholders in the general meeting.

(t) Provision for Current & Deferred Tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises of the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****ii. Deferred tax**

Deferred tax is recognized for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax base at the reporting date, using the tax rates and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

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

(u) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

(v) Provision, Contingent Liabilities and Contingent Assets

- i. Provisions for legal claims, warranties, discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount

can be reliably estimated. Provisions are not recognised for future operating losses.

- ii. Provision for liquidated damages is made in the accounts separately as per the contractual provision/proportionate liability basis keeping in view the delay caused by the factors beyond the control of the Company.
- iii. Provision for guarantee liability in respect of delivered ships is made on the basis of actuarial estimates. Such provision for all other products is made, as applicable, on the basis of management estimates.
- iv. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.
- v. Contingent Liabilities are not recognised but are disclosed in the notes.
- vi. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

l. In non-tax civil cases

In the case of non-tax civil cases, creation of accounting provision is considered on a review of status of each case as on the reporting date and provision if required is made in the accounts on the basis given below:

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



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

- ii. After the claim is disposed of by Higher Appeal Court - 50% of the amount in dispute, until disposal by the final appeal court. Revision petition, larger bench of the same court is considered as part of the relevant appeal process in the said court.
- c. Full provision of the disputed claim is considered in the case of an award/ decision where the Company does not proceed to contest the appellate award.
- d. No provision is made in case of demands raised by Government department/ statutory authority/ by Commissioner or Tribunal set up by such Government department/ statutory authority if the said demand is contested within the set-up of such Government department/ statutory authority.

II. In taxation cases

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

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

II. Recent accounting pronouncement

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, 'Share-

based payment,' respectively. The amendments are applicable from 01 April, 2017.

Amendment to Ind AS 7 on Cash Flow Statement

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102 on Share Based Payment

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The requirements of the amendment have no impact on the financial statements as the standard is not applicable to the Company.



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 2: Critical estimates and judgements

The preparation of Financial Statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realised may differ from these estimates. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised and, if material, their effects are disclosed in the notes to the Financial Statements.

Estimates and assumptions are required in particular for

i. Estimated useful life of Property, Plant and Equipment (PPE)

Determination of the estimated useful life of PPE and the assessment as to which components of the cost may be capitalized. Useful life of PPE is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

ii. Recognition and measurement of defined benefit obligations

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits

and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

iii. Recognition of deferred tax assets

A Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

iv. Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the figure included in other provisions.

v. Discounting of long-term financial liabilities

All financial liabilities are measured at fair value on initial recognition. In case of financial liabilities, which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest rate method.

Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Notes Forming Part of Financial Statements

Note 3: Property, Plant and Equipment

Particulars	Gross Carrying Amount				Depreciation and Amortisation				Net Carrying Amount As at 31 March, 2016 i = (d-h)
	a	b	c	d = (a+b-c)	e	f	g	h = (e+f-g)	
	Deemed Cost as at 01 April, 2015	Addition	Deductions/ Adjustments	Balance as at 31 March, 2016	Balance as at 01 April, 2015	Charge for the Year	Deductions/ Adjustments	Balance as at 31 March, 2016	
Land - Freehold	5,125.72	-	-	5,125.72	-	-	-	-	5,125.72
Building - Freehold	2,000.05	-	-	2,000.05	-	101.95	-	101.95	1,898.10
Plant and equipment	14,929.22	322.44	9.84	15,241.82	-	1,039.93	-	1,039.93	14,201.89
Electrical installations	151.85	45.09	-	196.94	-	28.69	-	28.69	168.25
Docks & jetties	3,448.24	54.33	3.10	3,499.47	-	296.68	-	296.68	3,202.79
Furniture & fixtures	232.83	26.86	0.80	258.89	-	33.41	-	33.41	225.48
Office equipment	53.67	8.63	0.81	61.49	-	15.97	-	15.97	45.52
Computer	608.00	42.29	-	650.29	-	200.48	-	200.48	449.81
Launches, barges & boats	6.17	-	-	6.17	-	0.17	-	0.17	6.00
Vehicles	8.68	-	-	8.68	-	1.36	-	1.36	7.32
Motor lorries, trailers, mobile cranes etc.	36.00	-	0.62	35.38	-	6.21	-	6.21	29.17
Sub-total - (1)	26,600.43	499.64	15.17	27,084.90	-	1,724.85	-	1,724.85	25,360.05
Assets jointly funded by GRSE & Indian Navy									
Building	4,516.49	-	-	4,516.49	-	-	-	-	-
Less: Funded by Naw	3,224.69	-	-	3,224.69	-	-	-	-	-
Building funded by GRSE (a)	1,291.80	-	-	1,291.80	-	54.32	-	54.32	1,237.48
Plant & Equipment	3,320.27	-	-	3,320.27	-	-	-	-	-
Less: Funded by Naw	861.00	-	-	861.00	-	-	-	-	-
Plant & equipment funded by GRSE (b)	2,459.27	-	-	2,459.27	-	226.19	-	226.19	2,233.08
Dock & Jetties	33,894.69	-	-	33,894.69	-	-	-	-	-
Less: Funded by Naw	28,240.08	-	-	28,240.08	-	-	-	-	-
Dock & jetties funded by GRSE (c)	5,654.61	-	-	5,654.61	-	416.06	-	416.06	5,238.55
Sub-Total (a+b+c) - (2)	9,405.68	-	-	9,405.68	-	696.57	-	696.57	8,709.11
Total property, plant and equipment (1+2)	36,006.11	499.64	15.17	36,490.58	-	2,421.42	-	2,421.42	34,069.16



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)
Note 3: Property, Plant and Equipment (Contd.)

(₹ in lakhs)

Particulars	Gross Carrying Amount			Depreciation and Amortisation				Net carrying Amount i=(d-h)	
	a Opening as at 01 April, 2016	b Addition	c Deductions /Adjustments	d = (a + b - c) Balance as at 31 March, 2017	e Balance as at 01 April, 2016	f Charge for the Year	g Deductions /Adjustments		h = (e+f-g) Balance as at 31 March, 2017
Land - Freehold	5,125.72	-	-	5,125.72	-	-	-	-	5,125.72
Building - Freehold	2,000.05	181.53	-	2,181.58	101.95	103.74	-	205.69	1,975.89
Plant & equipment	15,241.82	1,549.00	12.67	16,778.15	1,039.93	1,069.54	11.97	2,097.50	14,680.65
Electrical installations	196.94	21.29	-	218.23	28.69	29.53	-	58.22	160.01
Docks & jetties	3,499.47	1,381.42	-	4,880.89	296.68	329.48	-	626.16	4,254.73
Furniture & fixtures	258.89	219.58	3.39	475.08	33.41	49.00	3.23	79.18	395.90
Office equipment	61.49	284.72	2.14	344.07	15.97	31.85	1.32	46.50	297.57
Computer	650.29	56.94	298.66	408.57	200.48	215.54	298.66	117.36	291.21
Launches, barges & boats	6.17	54.44	-	60.61	0.17	0.63	-	0.80	59.81
Vehicles	8.68	-	-	8.68	1.36	1.36	-	2.72	5.96
Motor lorries, trailers, mobile cranes etc.	35.38	10.82	-	46.20	6.21	4.86	-	11.07	35.13
Sub-total - (1)	27,084.90	3,759.74	316.86	30,527.78	1,724.85	1,835.53	315.18	3,245.20	27,282.58
<i>Assets jointly funded by GRSE & Indian Navy</i>									
Building	4,516.49	-	-	4,516.49	-	-	-	-	-
Less: Funded by Navy	3,224.69	-	-	3,224.69	-	-	-	-	-
Building funded by GRSE (a)	1,291.80	-	-	1,291.80	54.32	54.32	-	108.64	1,183.16
Plant & Equipment	3,320.27	-	-	3,320.27	-	-	-	-	-
Less: Funded by Navy	861.00	-	-	861.00	-	-	-	-	-
Plant & equipment funded by GRSE (b)	2,459.27	-	-	2,459.27	226.19	226.19	-	452.38	2,006.89
Dock & Jetties	33,894.69	-	-	33,894.69	-	-	-	-	-
Less: Funded by Navy	28,240.08	-	-	28,240.08	-	-	-	-	-
Dock & jetties funded by GRSE (c)	5,654.61	-	-	5,654.61	416.06	416.06	-	832.12	4,822.49
Sub-total (a+b+c) - (2)	9,405.68	-	-	9,405.68	696.57	696.57	-	1,393.14	8,012.54
Total property, plant and equipment (1+2)	36,490.58	3,759.74	316.86	39,933.46	2,421.42	2,532.10	315.18	4,638.34	35,295.12

- (i) Current year deductions include adjustment for scrapping of assets valued ₹ 0.96 lakhs (Acquisition value ₹ 4.86 lakhs) and retired assets valued ₹ 0.74 lakhs (acquisition value ₹ 312 lakhs) only. Assets valued ₹ 0.21 lakhs (Acquisition value ₹ 2.76 lakhs) donated to ITI, Howrah out of assets retired during the year. Scrapping of assets and retired assets in 2015-16 were ₹ 11.92 lakhs (₹ 2.67 lakhs in 2014-15) and ₹ 3.23 lakhs (nil in 2014-15) respectively.
- (ii) Jointly funded assets - plant & machinery as at 31 March 2017 of ₹ 2,006.89 lakhs (₹ 2,233.08 lakhs as at 31 March, 2016 & ₹ 2,459.27 lakhs as at 31 March, 2015) also includes electrical installation of new dry dock valued ₹ 844.15 lakhs (₹ 973.19 lakhs as on 31 March, 2016 & ₹ 1102.20 lakhs as on 31 March, 2015)
- (iii) The fixed assets as at 31 March, 2017 include modern hull shop, a new dry dock, inclined berth, paint cell and other miscellaneous facilities which have been created under modernisation of infrastructure development. These assets have been jointly funded by the Indian Navy to the tune of ₹ 32,325.77 lakhs (original cost).
- (iv) Assets as at 31 March, 2017 exclusively funded by navy (original cost) not included in fixed assets is ₹ 801.23 lakhs.
- (v) Building as at 31 March, 2017 includes ₹ 80.68 lakhs (original cost) being one third share of the Company in Delhi Shipyard House. The building is jointly held by Garden Reach Shipbuilders and Engineers Limited, Mazagon Dock Shipyard Limited and Goa Shipyard Limited. The cost price of the proportionate share to Company is ₹ 67.29 lakhs and subsequent expenditure borne by the Company during the financial year 2016-17 amounted to ₹ 13.39 lakhs.
- (vi) Had the Company continued to charge depreciation on IT equipments and peripherals without considering change in estimation of residual value, depreciation expenses would have been lower by ₹ 42 lakhs and profit for the year ended on 31st March, 2017 and net value of Fixed Assets as at that date, would have been higher by like amount.

Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 4: Capital work-in-progress

Particulars	(₹ in lakhs)			
	a	b	c	d= (a+b-c)
	Balance as at 01 April, 2015	Addition	Deductions/ Adjustments	Balance as at 31 March, 2016
Plant & equipment	744.50	545.85	-	1,290.35
Docks & jetties	360.03	561.12	-	921.15
Furniture, fixtures, office equipment	0.33	-	0.03	0.30
Consultancy charges	15.79	-	-	15.79
Total capital work-in-progress	1,120.65	1,106.97	0.03	2,227.59
Particulars	(₹ in lakhs)			
	a	b	c	d= (a+b-c)
	Opening as at 01 April, 2016	Addition	Deductions /Adjustments	Balance as at 31 March, 2017
Plant & equipment	1,290.35	31.03	-	1,321.38
Docks & jetties	921.15	-	742.55	178.60
Furniture, fixtures, office equipment	0.30	1.53	-	1.83
Consultancy charges	15.79	-	15.79	-
Motor Lorries, Trailer, Cranes	-	539.10	-	539.10
Computer	-	7.13	-	7.13
Building	-	270.31	-	270.31
Total capital work-in-progress	2,227.59	849.10	758.34	2,318.35

(i) Contractual obligations

Refer To Note 31 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Note 5: Intangible Assets

Particulars	Gross Carrying Amount				Depreciation and Amortisation				Net Carrying Amount		
	a	b	c	d= (a+b-c)	e	f	g	h	i= (d-h)	Balance as at 31 March, 2016	Balance as at 31 March, 2017
	Deemed Cost as at 1 April, 2015	Addition	Deductions /Adjustments	Balance as at 31 March, 2016	Balance as at 01 April, 2015	Charge for the Year	Deductions /Adjustments	Balance as at 31 March, 2016	Balance as at 31 March, 2016	Balance as at 31 March, 2016	Balance as at 31 March, 2017
Software (acquired)	567.78	91.73	-	659.51	-	358.36	-	358.36	301.15	301.15	301.15
Total Intangible assets	567.78	91.73	-	659.51	-	358.36	-	358.36	301.15	301.15	301.15
Particulars	Gross Carrying Amount				Depreciation and Amortisation				Net Carrying Amount		
	a	b	c	d= (a+b-c)	e	f	g	h	i= (d-h)	Balance as at 31 March, 2017	Balance as at 31 March, 2017
	Opening as at 01 April, 2016	Addition	Deductions /Adjustments	Balance as at 31 March, 2017	Balance as at 01 April, 2016	Charge for the Year	Deductions /Adjustments	Balance as at 31 March, 2017	Balance as at 31 March, 2017	Balance as at 31 March, 2017	Balance as at 31 March, 2017
Software (acquired)	659.51	370.89	-	1,030.40	358.36	133.07	-	491.43	538.97	538.97	538.97
Total Intangible assets	659.51	370.89	-	1,030.40	358.36	133.07	-	491.43	538.97	538.97	538.97

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 6: Financial assets (Non-current)****Note 6(a): Investments - Non-current**

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Equity instruments			
Fully Paid up, Unquoted			
At Fair value through Profit and Loss	0.44	0.44	0.44
6,145 shares of Woodlands Multispecialty Hospital Ltd (31 March, 2017: 6,145 , 31 March, 2016: 6,145, 1 April, 2015: 6,145) equity shares of ₹ 10/- each.			
Total investments	0.44	0.44	0.44
Total non-current investments	0.44	0.44	0.44
Aggregate amount of unquoted investments	0.44	0.44	0.44

Considering investment amount is not material, management believes that fair value of the same will also be immaterial and hence the same is carried at cost as on the reporting date.

Note 6(b): Trade and Other Receivables - Non-current

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Trade receivables			
Unsecured, considered good	120.29	202.85	669.21
Unsecured, considered doubtful	1,137.61	803.03	803.03
	1,257.90	1,005.88	1,472.24
Less: Provision for doubtful trade receivable	1,137.61	803.03	803.03
Total trade and other receivables - Non-current	120.29	202.85	669.21

Note 6(c): Loans - Non-current

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Unsecured considered doubtful			
Inter corporate deposits	200.00	200.00	200.00
Less: Allowance for doubtful deposit	(200.00)	(200.00)	(200.00)
Total Loans - Non-current	-	-	-

Note 6(d): Other Bank Balance (Non - current)

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Deposits with maturity more than 12 months	1,16,953.00	1,20,063.00	24,500.00
Total Other bank balance (Non - current)	1,16,953.00	1,20,063.00	24,500.00

Note 6(e): Other Financial Assets (Non - current)

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Deposits with electricity board and others	756.39	751.57	291.70
Deferred credit recoverable from Navy	795.85	839.47	795.68
Interest accrued and due on deposits	257.75	257.75	257.75
Less: allowance for doubtful interest receivable	(257.75)	(257.75)	(257.75)
Total other financial assets (non - current)	1,552.25	1,591.04	1,087.38



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 7: Non-current Tax Assets

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Advance income tax and TDS (net of provisions for tax)	9,497.35	2,385.60	5,122.02
Total non-current tax assets	9,497.35	2,385.60	5,122.02

Note 8: Other Non-current Assets

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Capital advances (Refer Note No. 31)	486.59	307.70	868.70
Net gratuity plan asset	1,380.40	1,112.57	1,415.79
<i>Advances other than capital advances</i>			
Prepaid expenses (Refer Note 47)	40.43	46.37	58.50
Advance operating lease rental	11.54	13.76	16.73
Other advances	17.93	17.92	17.92
Total other non-current assets	1,936.89	1,498.32	2,377.64

Note 9: Inventories

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Raw materials	44,927.36	56,418.93	70,425.46
Provision for obsolescence	(489.10)	(326.22)	(314.53)
Goods in transit	-	-	624.60
	44,438.26	56,092.71	70,735.53
Work in progress	4,499.49	8,701.29	12,708.95
Stores, Spares & Consumables	500.58	411.27	475.96
Scrap	207.21	250.38	205.04
Total inventories	49,645.54	65,455.65	84,125.48

Amounts recognised in profit or loss

Write-downs of inventories to net realisable value amounted to ₹ 92.18 lakhs (31 March, 2016 ₹ 62.17 lakhs, 01 April, 2015 ₹ 71.47 lakhs). These were recognised as an expense during the year and included in 'exceptional items' in Statement of Profit and Loss (refer note 28).

Note 10: Financial Assets (Current)

Note 10(a): Cash and Cash Equivalents

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Balances with banks			
- in current accounts	1,179.15	2,618.57	1,399.92
Deposits with maturity of less than three months	-	-	10,200.00
Cash in hand	5.89	6.18	5.16
Total cash and cash equivalents	1,185.04	2,624.75	11,605.08

Note 10(b): Other Bank Balances

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Deposits with maturity more than 3 months to 12 months	1,17,301.00	1,25,515.00	1,61,800.00
Total other bank balances	1,17,301.00	1,25,515.00	1,61,800.00

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 10(c): Trade and other Receivables - Current**

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Trade receivables			
- Unsecured, considered good	19,621.03	14,961.13	15,172.23
Other receivables	264.82	422.04	678.53
Total trade and other receivables - current	19,885.85	15,383.17	15,850.76

Note 10(d): Other Financial Assets - Current

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Deposit with customs and port trust	3.96	4.47	3.29
Interest accrued but not due on deposits	10,501.11	5,886.91	1,686.56
Unbilled revenue	61,575.61	53,781.12	35,080.61
Current portion of deferred credit recoverable from Navy	105.92	109.75	102.39
Total other financial assets - Current	72,186.60	59,782.25	36,872.85

Note 11: Other Current Assets

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Other receivables	2,169.43	123.27	136.42
<i>Advances recoverable in kind or for value to be received</i>			
- Employees	128.05	149.12	106.02
- Excise	321.11	390.16	388.13
- Sales Tax	639.91	535.67	293.51
- Prepaid Expenses	615.51	759.86	760.12
- Suppliers (refer note below)	24,169.70	12,050.35	16,669.24
- Advance operating lease rental	2.22	2.97	2.97
Total other current assets	28,045.93	14,011.40	18,356.41

Note: The balance of suppliers is presented net of allowance for doubtful supplier advances ₹ 0.31 lakhs (31 March, 2016 - ₹ 0.31 lakhs, 1 April, 2015 - ₹ 0.31 lakhs)

Note 12: Assets classified as held for sale

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Plant & equipment	7.31	7.61	5.57
Docks & jetties	0.04	0.04	-
Furniture & fixtures	27.98	27.84	27.72
Motor car	1.84	1.84	2.29
Office equipments	0.59	0.58	0.13
Total assets classified as held for sale	37.76	37.90	35.71

Non-recurring fair value measurements

Assets classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell. The Company has estimated the fair value to be higher than the carrying amount based on historical trend of realisation.



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 13: Equity Share Capital and other Equity

Note 13(a): Equity Share Capital

Authorised Equity Share Capital

(₹ in lakhs)

Particulars	Number of shares	Amount
As at 01 April 2015	1,25,00,000	12,500.00
Increase during the year	-	-
As at 31 March 2016	1,25,00,000	12,500.00
Increase during the year	-	-
As at 31 March 2017	1,25,00,000	12,500.00

Issued Equity Share Capital

(₹ in lakhs)

Particulars	Number of shares	Amount
As at 01 April 2015	1,23,84,000	12,384.00
Increase during the year	-	-
As at 31 March 2016	1,23,84,000	12,384.00
Increase during the year	-	-
As at 31 March 2017	1,23,84,000	12,384.00

Terms and rights attached to equity shares

Equity shares have a par value of ₹ 100. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Details of shareholders holding more than 5% shares in the Company

(₹ in lakhs)

Shareholder	As at 31 March, 2017		As at 31 March, 2016		As at 1 April, 2015	
	Number of Shares	% Holding	Number of Shares	% Holding	Number of Shares	% Holding
President of India including his nominees	1,23,84,000	100%	1,23,84,000	100%	1,23,84,000	100%

Note 13(b): Other Equity

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Corporate Social Responsibility (CSR) Reserve	94.21	208.88	208.88
General Reserve	15,618.60	15,618.60	14,011.41
Retained Earnings	80,054.63	85,214.32	74,078.23
Total reserves and surplus	95,767.44	1,01,041.80	88,298.52

(i) Corporate Social Responsibility (CSR) Reserve

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Opening balance	208.88	208.88
Increase/ (decrease) during the year	(114.67)	-
Closing balance	94.21	208.88

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 13: Equity Share Capital and other Equity (contd.)****(ii) General Reserve**

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Opening balance	15,618.60	14,011.41
Transferred from surplus in the Statement of Profit and Loss	-	1,607.19
Closing balance	15,618.60	15,618.60

(iii) Retained Earnings

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Opening balance	85,214.32	74,078.23
Net profit for the year	1,223.20	16,204.70
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
- Remeasurements of post-employment benefit obligation, net of tax	22.59	(480.40)
Dividend paid	(6,405.49)	(2,981.02)
Transferred to general reserve	-	(1,607.19)
Closing balance	80,054.63	85,214.32

Nature and Purpose of other Reserves:

- i) CSR Reserve had been created for unspent amount in the CSR Budget to be utilised exclusively for CSR activities.
ii) Capital reserve balance amounting to ₹ 399.24 lakhs has been transferred to retained earnings in the opening balance sheet i.e 1 April, 2015.

Note 14: Financial Liabilities (Non-current)**Trade Payable (Non-current)**

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Trade payable			
- Russian deferred credit - foreign supplier	795.85	839.47	795.68
Total trade payables (non-current)	795.85	839.47	795.68

Note 15: Long Term Provisions

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Leave obligations (Refer Note 32)			
Accrued Leave Liability	5,855.91	4,901.66	4,318.48
Less : Leave Fund with LIC	(5855.91)	(4901.66)	(4318.48)
	-	-	-
Post retirement medical benefits	1,170.70	812.36	807.17
Total long term provisions	1,170.70	812.36	807.17

(i) Information about individual provisions and significant estimates

Information about individual provisions and significant estimates, are set out in Note 19.

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out in Note 19.



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 16: Deferred Tax Liabilities (Net)

The balance comprises temporary differences attributable to:

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Deferred tax liability			
Property, plant & equipment and intangible asset	4,349.21	4,129.79	4,506.94
Financial liability	421.06	469.15	468.73
Total deferred tax liabilities	4,770.27	4,598.94	4,975.67
Deferred tax asset			
Defined benefit obligation	1,796.26	1,606.09	1,368.12
Provisions	255.03	666.62	698.21
Allowance for doubtful trade receivables	452.54	277.91	277.91
Financial asset	421.06	469.15	468.73
Others	98.76	(67.98)	(146.68)
Total deferred tax liabilities	3,023.65	2,951.79	2,666.29
Net deferred tax liabilities	1,746.62	1,647.15	2,309.38

Note 16 (a): Deferred Tax Liabilities (Net)

Movement in Deferred Tax Liabilities/(Assets)

(₹ in lakhs)

Particulars	Property, Plant and Equipment & Intangible Asset	Defined Benefit Obligation	Other Items	Total
At 1 April, 2015	(4506.94)	1,368.12	5,448.20	2,309.38
Charged/(credited):				
- to profit or loss	377.15	(45.76)	(1277.35)	(945.96)
- to other comprehensive income	-	283.73	-	283.73
At 31 March, 2016	(4,129.79)	1,606.09	4,170.85	1,647.15
Charged/(credited):				
- to profit or loss	(219.42)	78.04	128.72	(12.67)
- to other comprehensive income	-	112.13	-	112.13
At 31 March, 2017	(4,349.21)	1,796.26	4,299.56	1,746.62

Note 17: Financial Liabilities (Current)

Note 17(a): Borrowings (Current)

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Secured, Repayable on demand			
Borrowing from Bank	2,500.00	-	-
Total borrowings (current)	2,500.00	-	-

Nature of Security

Secured by way of 100 % cash collateral in the form of Fixed Deposits.

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 17: Financial Liabilities (Current) (contd.)****Note 17(b): Trade Payables (Current)**

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
<i>Trade payable</i>			
- Micro and small enterprises (Refer Note 48)	633.01	347.17	168.69
- Russian deferred credit	105.92	109.75	102.39
- Others	36,056.66	52,396.55	50,520.26
Total trade payables (current)	36,795.59	52,853.47	50,791.34

Note 17(c): Other Financial Liabilities

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Security deposit	411.14	485.12	471.58
<i>Accrued expenses</i>			
Accrued salaries and benefits	3,198.08	3,153.73	13,226.37
Rent	314.07	15.52	361.51
Other payables	788.37	839.48	846.13
Total other financial liabilities	4,711.66	4,493.85	14,905.59

Note 18: Other Current Liabilities

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Advance received from customers	2,86,236.76	2,63,043.62	2,21,530.84
Statutory liabilities	636.04	619.48	1,632.48
Other liabilities	9.72	9.72	9.72
Total other current liabilities	2,86,882.52	2,63,672.82	2,23,173.04



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 19: Short Term Provisions

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Guarantee repair	736.89	1,926.21	2,017.49
Wealth tax (net of advance tax)	-	-	0.41
Provision for liquidated damages	12,275.35	5,109.12	4,190.70
Leave obligations (Refer Note 32)			
Accrued Leave Liability	714.80	851.71	1,050.51
Less : Leave fund with LIC	(234.50)	(716.79)	(859.82)
	480.30	134.92	190.69
Post retirement medical benefits	253.46	234.09	233.51
Total short term provisions	13,746.00	7,404.34	6,632.80

Information about individual provisions and significant estimates

Guarantee repairs

Provision is made for estimated warranty claims in respect of ships and other products delivered which are still under warranty at the end of the reporting period. Management estimates the related provision for future warranty claims in respect of delivered ships based on the actuarial report which takes into consideration the historical warranty claim information as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in the current period are consistent with those in the prior year. Factors that could impact the estimated claim information includes the success of the company's productivity and quality initiatives.

For provision with respect to other products management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

Liquidated damages

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

Movements in provisions

Movements in each class of provision during the financial year, are set out below:

(₹ in lakhs)

Particulars	Liquidated Damages	Guarantee Repair
As at 01 April, 2016	5,109.12	1,926.21
Charged/(credited) to profit or loss		
additional provision recognised	7,656.00	818.89
unused amounts reversed	(489.77)	-
Amount used during the year	-	(2008.21)
As at 31 March, 2017	12,275.35	736.89

Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 20: Revenue from Operations

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
a) Contract Revenue		
- Shipbuilding	69,880.04	1,31,451.60
- General engineering	433.03	2,850.25
- Diesel engines	309.29	1,104.05
b) Sale of products (Including excise duty)		
- Ship repair	-	5.31
- B & D spares	12,320.06	20,042.32
- Bailey bridge	6,631.90	5,546.80
(c) Sale of services		
- Ship repair	1,631.75	1,714.06
- General engineering	1,515.30	2,581.58
- Diesel engines	63.01	779.15
(d) Other operating revenue		
- Scrap sales	256.23	125.15
Total revenue from operations	93,040.61	1,66,200.28

Note 21: Other Income

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Interest income	20,335.84	17,300.69
Rental income	19.58	8.98
Liquidated damages deducted from vendors	1,916.63	887.85
Net foreign exchange gains	184.53	77.93
Insurance claims	196.79	55.07
Other items	101.77	143.87
Total Other Income	22,755.14	18,474.39

Note :

- Interest income includes ₹ 95.08 lakhs (31 March, 2016- ₹ 95.42 lakhs) on account of unwinding of financial assets and ₹ 33.89 lakhs (31 March, 2016- ₹ 336.83 lakhs) on account of discounting of financial liability.



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 22(a): Cost of Materials Consumed

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Raw materials	5,330.23	12,241.52
Components	30,571.42	71,344.31
Total cost of materials consumed	35,901.65	83,585.83

Note 22(b): Changes in Inventories of Work-in-Progress and Scrap

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Opening balance		
- Bailey bridge unit	4,161.79	4,150.94
- Engine unit	40.73	40.73
Total opening balance	4,202.52	4,191.67
Closing balance		
- Bailey bridge unit	3,304.44	4,161.79
- Engine unit	138.32	40.73
Total closing balance	3,442.76	4,202.52
Total changes in inventories of work-in-progress	759.76	(10.85)
Change in inventories of scrap	43.16	(45.34)
Total changes in inventories of work-in-progress and scrap	802.92	(56.19)

Note 23: Employee Benefits Expense

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Salaries and wages	22,984.16	23,055.69
Contribution to provident fund and other funds	2,662.28	2,351.28
Staff welfare expenses	2,931.95	3,766.49
Total employee benefit expense	28,578.39	29,173.46

Note 24: Finance Costs

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Interest expense		
- Banks	248.06	-
- Others	30.30	80.40
Unwinding of discount on financial liabilities	608.26	337.42
Other borrowing costs		
- Bank charges & commission	25.22	22.03
Total finance costs	911.84	439.85

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 25: Depreciation and Amortisation Expense**

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Depreciation of property, plant and equipment	2,532.10	2,421.42
Amortisation of intangible assets	133.07	358.36
Total depreciation and amortisation expense	2,665.17	2,779.78

Note 26: Other Expenses - Project Related

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Facility hire	153.05	496.02
Insurance	74.82	87.47
Travelling expenses	368.52	150.81
Technicians' fees	3,879.73	3,397.16
Launching & commissioning expenses	174.54	98.55
Miscellaneous expenses	407.63	853.32
Total other expenses - project related	5,058.29	5,083.33

Note 27: Other Expenses

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Consumption of stores and spares parts	127.83	130.27
Power and fuel	1,051.45	1,078.57
Rent	359.89	131.67
Repair and maintenance		
- Buildings	709.34	556.73
- Plant & Equipments	444.62	616.97
- Other	1,001.59	737.64
Insurance	104.14	85.47
Rates and taxes	284.48	234.63
Marketing expenses	121.28	89.91
Stores clearing & dispatch expenses	175.77	82.37
Liquidated damages	7,854.53	2,602.17
Transport hire charges	447.49	396.17
Travelling expenses	370.61	392.93
Advertisement & publicity	627.01	684.74
Printing & stationary	6.79	8.25
Postage & courier	10.76	10.19
Telephone & fax	87.47	58.72
Legal expenses	48.14	36.19
Corporate social responsibility (Refer Note 39)	340.24	199.82
Allowance for doubtful debts	334.58	1.13
Service tax	85.80	100.29
Auditors' remuneration:		
(a) Statutory audit	6.21	5.93
(b) Tax audit	1.15	1.15
Cisf Expenses	2,481.99	-
Other miscellaneous expenses	593.91	365.46
Total other expenses	17,677.07	8,607.37



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 28: Exceptional Items

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Written down value of inventories	(92.18)	(62.17)
Profit/(Loss) on retired assets (net)	13.83	0.72
Fixed assets written off	(0.17)	(11.92)
Liability/provision written back	906.76	1,640.60
Total exceptional items	828.24	1,567.23

Note 29: Income Tax Expense

This note provides an analysis of the Company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

(₹ in lakhs)

	Year ended 31 March, 2017	Year ended 31 March, 2016
(a) Income tax expense		
<i>Current tax</i>		
Current tax on profits for the year	878.00	9,088.44
Total current tax expense	878.00	9,088.44
<i>Deferred tax</i>		
Deferred tax benefit	(12.67)	(378.50)
Total deferred tax benefit	(12.67)	(378.50)
Income tax expense	865.33	8,709.94

(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

	Year ended 31 March, 2017	Year ended 31 March, 2016
Enacted income tax rate in India applicable to the Company	34.61%	34.61%
Profit before tax	2,088.53	24914.64
Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	722.80	8,622.46
Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income		
Permanent disallowances	176.87	89.55
Other items	(34.34)	(2.07)
Total income tax expense	865.33	8,709.94

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 30: Contingent Liabilities**

As per Indian Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent assets, the disclosure are given here under:

(₹ in lakhs)

a)	Contingent Liabilities	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
i)	Claims against the Company not acknowledged as debts	6,644.78	5,954.55	6,034.65
ii)	Guarantees			
	a) Guarantees given by banks	5,216.06	5,308.00	3,052.42
	b) Indemnity Bonds for performance & Warranties	1,61,490.67	1,87,326.40	1,73,641.91
	c) Unexpired Letters of Credit	488.12	337.54	4,019.92
iii)	Liquidated damages	14,731.35	20,991.35	14,254.55
iv)	Other money for which the Company is contingently liable			
	a) Sales Tax	2,975.07	3,414.22	1,258.88
	b) Excise Duty	199.98	93.44	93.44
	c) Service Tax	121.30	121.30	121.30
	d) Income Tax	485.33	483.41	1,118.57

(a) Contingent liability on account of sales tax amounts to ₹2,975.07 lakhs (31 March, 2016- ₹3,414.22 lakhs; 1 April, 2015- ₹1,258.88 lakhs) towards assessment dues and demand for the years 2004-05, 2007-08, 2009-10, 2010-11 and 2012-13. All these amounts have not been acknowledged as debts and accordingly not provided for in the accounts as all the demands are under different stages of appeal.

(b) Central Excise Authorities have raised demands of ₹199.98 lakhs (31 March, 2016 - ₹93.44 lakhs; 01 April, 2015- ₹93.44 lakhs) against clearance of goods to Naval Stores Dept of Indian Navy - ₹17.90 lakhs, for alleged imposition of duty for wrong interpretation of return filed by GRSE - ₹75.54 lakhs and for alleged arrear interest of ₹106.54 lakhs claimed on the excise liability of CIWTC included in the sale consideration received as per agreement for purchase of certain assets of CIWTC. Since the company has made appeals before respective appellate authorities against the impugned demands, those demands have not been acknowledged as debts and accordingly not provided for in the accounts.

(c) Service tax authorities have raised a demand of ₹121.30 lakhs (31 March, 2016 - ₹121.30 lakhs; 01 April, 2015 - ₹121.30 lakhs) against imposition of Service Tax on technical fees paid to foreign technicians prior to 18.04.2006. Since the company has made appeal before the CESTAT, EZB, Kolkata against the impugned demand with due approval of

CoD, the same has not been acknowledged as debt and accordingly not provided for in the accounts.

(d) Contingent liability on account of income tax demands amounts to ₹485.33 lakhs (31 March, 2016- ₹483.41 lakhs; 1 April, 2015- ₹1,118.57 lakhs) towards arbitrary increase by the Income Tax Authority in taxable income based on Form 26Q for the A.Y. 2009-10 (₹352.85 lakhs), excess dividend tax liability computed for AY 2010-11 (₹18.56 lakhs), addition towards delayed deposit of employees P.F. And E.S.I. Contribution for A.Y. 2012-13 (₹111.33 lakhs), addition towards delayed deposit of employees E.S.I. contribution for A.Y. 2013-14 (₹0.67 lakhs) and disallowance of provision for Liquidated Damages (₹1.92 lakhs). Above disputes have not been acknowledged as debt and accordingly not provided for in the accounts as all the issues are under different stages of appeal.

(e) Contingent liability on account of liquidated damages (LD)

ASWC Project:

The contractual delivery date of Yard 3018 (2nd in the series of 4 Ships) was July, 2013. The Ship was delivered on 26 November, 2015 with a delay of 26 months. The case for delivery extension of Yard 3018 was taken up with the customer (Indian Navy), post-delivery of the ship. Warship Overseeing team (WOT), Kolkata, the onsite (Indian Navy), post-



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 30: Contingent Liabilities (contd.)

delivery of the ship. Warship Overseeing team (WOT), Kolkata, the onsite representatives of Indian Navy, have recommended a delay of 02 months attributable to GRSE. Considering a grace period of 01 month, Provision for LD in case of this Yard has been made @1% of Ship Cost for delay of 01 month in FY 2015-16. All the aspect of delays are being scrutinized by IHQ/MoD(N)/DND with the help of WOT Kolkata before forwarding its final recommendation to MoD for amendment to contract for delivery date extension.

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

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

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

In view of the above, company has decided to continue with its disclosure of ₹ 7289.25 lakhs (31 March, 2016- ₹ 7289.25 lakhs) for yard 3019 and ₹ 7442.10 lakhs (31 March, 2016- ₹ 7442.10

lakhs) for yard 3020 being 5% of basic Ship Cost in each case, as contingent liability.

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

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

- (g) Central Coalfield Limited (CCL) awarded four contracts to GRSE in early 1990 for the supply, erection and commissioning of DG sets, which was executed by GRSE. CCL did not honour the contract in totality and withheld an amount of ₹15.53 crore since then. The matter was referred to arbitration before the PMA. The arbitral award published in 2008, was in favour of GRSE, whereby CCL was required to pay ₹14.88 crore within 90 days from the award plus interest at prescribed rates. Subsequently, CCL appealed against award, appellate authority rejected the appeals filed by CCL and upheld the arbitral award in 2011. CCL filed writ petition against the arbitral awards before the Hon'ble Jharkhand High Court in 2011, which is yet to be listed for admission. Repeated requests to CCL from time to time for settlement of awarded sum have remained infructuous.

Under the circumstances, on a conservative basis, an amount of ₹14.88 crore (Awarded amount, exclusive of any interest) has been considered as a Contingent Asset.

Note 31: Commitments

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	2,545.99	1,335.44	1,349.50
Advance paid against above	486.59	307.70	868.70

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 32: Employee Benefit Obligations****(i) Leave obligations**

The leave obligations cover the Company's liability for sick and earned leave.

Based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Accordingly leave obligation of ₹ 714.80 lakhs (31 March, 2016 ₹ 851.71 lakhs, 01 April, 2015 — ₹ 1,050.51 lakhs) is presented as current and remaining amount is presented as non current. The leave

obligation is an unfunded plan, the Company makes contributions to scheme maintained by Life Insurance Corporation of India (LIC).

Based on actuarial valuation, A provision is recognised in full for the projected obligation over and above the funds held in scheme.

Expenses recognised in the statement of profit and loss towards leave encashment is net of interest earned from the earmarked investment.

(₹ in lakhs)

Particulars	Leave Obligation
As at 01 April, 2015	
Current portion	1,050.51
Non-current portion	4,318.48
Total	5,368.99
As at 31 March, 2016	
Current portion	851.71
Non-current portion	4,901.66
Total	5,753.37
As at 31 March, 2017	
Current portion	714.80
Non-current portion	5,855.91
Total	6,570.71

(ii) Post-employment Obligations**a) Gratuity**

The company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic (including dearness allowance) salary per month computed proportionately for 15 days (reckoning 26 days for a month) salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India.

Based on actuarial valuation, a provision is recognised in full for the projected obligation over and above the funds held in scheme.

b) Post-retirement medical scheme

The company operates post-retirement medical benefit scheme. The plan is an unfunded plan. Based on actuarial valuation, a provision is recognised in full for the projected obligation.

Apart from above, post retirement medical benefits to the super annuated employees are defined

contribution schemes and premium of ₹ 532.57 lakhs (31 March, 2016 ₹ 506.41 lakhs) paid to an insurance company is charged to profit and loss of the year. There are no other obligations to employees other than the contribution payable to the Insurance Company.

(iii) Defined contribution plans**Provident fund and Pension fund**

The Company also has certain defined contribution plans. Contributions are made to provident fund at the rate of 12% of basic (including dearness allowance) salary as per regulations. The contribution is charged to profit and loss of the year when the contributions to the respective funds are due in accordance with relevant statute .

Employer's contribution to provident fund & family pension fund is ₹ 1,507.11 lakhs for the FY 2016-17 (₹ 1,465.38 lakhs for the FY 2015-16).

Superannuation Pension Fund

The pension scheme is administered by a trust. The Company has transferred an amount of ₹ 278.13 lakhs for officers and non-unionised supervisors to LIC towards employer's contribution for F.Y 2016-17 (₹ 256.13 lakhs for FY 2015-16).



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 32: Employee Benefit Obligations (contd.)

The pension scheme for unionised employees has been introduced w.e.f. 01 January 2012. An amount of ₹ 360.11 lakhs has been transferred to LIC for F.Y 2016-17 (₹ 409.94 lakhs for FY 2015-16) towards employer's contribution for operatives and office assistants.

(iv) Balance sheet recognition

a) Post retirement medical scheme

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ in lakhs)

Particulars	Present value of obligation
01 April, 2015	1,040.68
Current service cost	7.71
Interest expense / (income)	83.25
Total amount recognised in profit or loss	90.96
<i>Remeasurements</i>	
Return on plan assets, excluding amounts included in interest	-
(Gain) / loss from change in demographic assumptions	-
(Gain) / loss from change in financial assumptions	-
Experience (gains) / losses	(85.19)
Total amount recognised in other comprehensive income	(85.19)
Employer contributions / premium paid	-
Benefit payments	-
31 March, 2016	1,046.45

(₹ in lakhs)

Particulars	Present value of obligation
01 April, 2016	1,046.45
Current service cost	9.76
Interest expense / (income)	78.48
Total amount recognised in profit or loss	88.24
<i>Remeasurements</i>	
Return on plan assets, excluding amounts included in interest	-
(Gain) / loss from change in demographic assumptions	-
(Gain) / loss from change in financial assumptions	134.61
Experience (gains)/losses	154.86
Total amount recognised in other comprehensive income	289.47
Employer contributions / premium paid	
Benefit payments	
31 March, 2017	1,424.16

Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 32: Employee benefit obligations (contd.)

b) Gratuity

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ in lakhs)

Particulars	Present Value of Obligation	Fair Value of Plan Assets	Net Amount
01 April, 2015	10,414.04	(11,829.83)	(1,415.79)
Current service cost	392.55	-	392.55
Interest expense/(income)	741.58	(946.39)	(204.80)
Total amount recognised in profit or loss	1,134.13	(946.39)	187.75
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	28.48	28.48
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	-	-	-
Actuarial (gain)/loss from unexpected experience	791.35	-	791.35
Total amount recognised in other comprehensive income	791.35	28.48	819.84
Employer contributions/ premium paid	-	(704.37)	(704.37)
Benefit payments	(2,288.48)	2,288.48	-
31 March, 2016	10,051.05	(11,163.63)	(1,112.57)

(₹ in lakhs)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
01 April, 2016	10,051.05	(11,163.64)	(1,112.57)
Current service cost	644.55	-	644.55
Interest expense/(income)	678.43	(837.27)	(158.84)
Total amount recognised in profit or loss	1,322.98	(837.27)	485.71
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest	-	(42.82)	(42.82)
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	290.77	-	290.77
Actuarial (gain)/loss from unexpected experience	(571.96)	-	(571.96)
Total amount recognised in other comprehensive income	(281.19)	(42.82)	(324.01)
Employer contributions/ premium paid	-	(429.53)	(429.53)
Benefit payments	(2,010.57)	2,010.57	-
31 March, 2017	9,082.27	(10,462.69)	(1,380.42)



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 32: Employee Benefit Obligations (contd.)

(v) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Discount rate	7.5%	8.00%	8.00%
Expected return on plan asset	7.5%	8.50%	9.15%
Salary growth rate	8.00%	8.00%	6.50%
Attrition rate	1.00%	1.00%	1.00%
Mortality rate	IALM (2006-2008) Ultimate	IALM (2006-2008) Ultimate	IALM (2006-2008) Ultimate

Assumptions regarding future mortality for gratuity and medical are set, based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a person retiring at age 60.

(vi) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in lakhs)

Particulars	Impact on Defined Benefit Obligation (Gratuity)			
	31 March, 2017		31 March, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (- / + 0.5%)	8,791.65	9,392.90	9,739.61	10,383.87
% change compared to base due to sensitivity	-3.20%	3.42%	-3.10%	3.31%
Salary growth rate (- / + 0.5%)	9,173.10	8,986.01	10,167.83	9,927.07
% change compared to base due to sensitivity	1.00%	-1.06%	1.16%	-1.23%
Attrition rate (- / + 0.5%)	9,090.46	9,074.11	10,049.66	10,052.48
% change compared to base due to sensitivity	0.09%	-0.09%	-0.01%	0.01%
Life expectancy/ mortality rate (- / + 10%)	9,134.96	9,029.61	10,055.27	10,046.84
% change compared to base due to sensitivity	0.58%	0.58%	0.04%	-0.04%

(₹ in lakhs)

Particulars	Impact on Post-Retirement Medical Benefits			
	31 March, 2017		31 March, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (- / + 0.5%)	1,350.25	1,499.78	990.05	1,106.56
% change compared to base due to sensitivity	-5.19%	5.31%	-5.39%	5.74%
Attrition rate (- / + 0.5%)	1,423.45	1,424.87	1,045.90	1,047.01
% change compared to base due to sensitivity	-0.05%	0.05%	-0.05%	0.05%
Life expectancy/ mortality rate (- / + 10%)	1,414.62	1,434.27	1,039.22	1,053.74
% change compared to base due to sensitivity	-0.67%	0.71%	-0.69%	0.70%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to

significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet.

Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)**Note 32: Employee Benefit Obligations (contd.)**

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vii) The major categories of plan assets

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. Thus the composition of each major category of plan assets has not been disclosed.

(viii) Risk exposure

Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with insurance companies of India. The company does not have any liberty to manage the funds provided to insurance companies.

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest Risk:

A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

(ix) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending 31 March, 2018 are ₹ 500 lakhs.

The weighted average duration of the defined benefit obligation (gratuity) is 12 years (31 March, 2016 – 11 years, 01 April, 2015 - 14.01 years) and post-retirement medical benefits is 37 years (31 March, 2016 – 38 years, 01 April, 2015 - 39 years). The expected maturity analysis of undiscounted gratuity and post-retirement medical benefits is as follows:

(₹ in lakhs)

Particulars	Less than a year	More than 1 year
31 March, 2017		
Defined benefit obligation (gratuity)	1,723.11	15,221.41
Post-retirement medical benefits	262.79	10,740.65
Total	1,985.90	25,962.06
31 March, 2016		
Defined benefit obligation (gratuity)	2,038.15	16,720.04
Post-retirement medical benefits	234.09	6,817.20
Total	2,272.24	23,537.24



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 33: Related Party Transactions

The Company is controlled by the president of India having ownership interest of 100%

(a) Key Management Personnel Compensation

(₹ in lakhs)

Particulars	31 March, 2017	31 March, 2016
Short-term employee benefits	129.52	134.15
Post-employment benefits	15.72	-
Long-term employee benefits	4.32	3.93
Total Compensation	149.56	138.08

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

(b) Transactions with related parties

(₹ in lakhs)

Particulars	31 March, 2017	31 March, 2016
<i>Sales of goods and services</i>		
- Sale of goods to Navy (owned by Govt. of India)	65,794.25	1,80,080.06
- Sale of services to Navy (owned by Govt. of India)	2,003.73	2,490.09
<i>Other transactions</i>		
- Dividend paid to shareholder	5,322.05	2,476.80

(c) Outstanding balances arising from sales/purchases of goods and services

(₹ in lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Trade receivables (sale of goods and services)			
- Navy (owned by Govt. of India)	18,610.20	14,001.07	15,300.18

Note 34: Fair Value Measurements

Financial Instruments by category

(₹ in lakhs)

Particulars	31 March, 2017			31 March, 2016			1 April, 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets									
Investments									
- Equity instruments	0.44	-	-	0.44	-	-	0.44	-	-
Trade and others receivables	-	-	20,006.14	-	-	15,586.02	-	-	16,519.97
Security deposits	-	-	760.35	-	-	756.04	-	-	294.99
Deferred credit recoverable from Navy	-	-	901.77	-	-	949.22	-	-	898.07
Unbilled revenue	-	-	61,575.61	-	-	53,781.12	-	-	35,080.61
Cash and cash equivalents	-	-	1,18,486.04	-	-	1,28,139.75	-	-	1,73,405.08
Other financial assets	-	-	1,27,454.11	-	-	1,25,949.91	-	-	26,186.56
Total financial assets	0.44	-	3,29,184.03	0.44	-	3,25,162.06	0.44	-	2,52,385.29
Financial liabilities									
Trade payables	-	-	37,591.45	-	-	53,692.94	-	-	51,587.03
Borrowings	-	-	2,500.00	-	-	-	-	-	-
Security deposits	-	-	411.14	-	-	485.12	-	-	471.58
Other payables	-	-	4,300.52	-	-	4,008.73	-	-	14,434.01
Total financial liabilities	-	-	44,803.11	-	-	58,186.79	-	-	66,492.61

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 34: Fair Value Measurements (contd.)****(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian accounting standard.

(₹ in lakhs)

Financial Assets and Liabilities Measured at Fair Value - Recurring Fair Value Measurements At 31 March, 2016	Level 1	Level 2	Level 3	Total
Financial Assets				
<i>Financial Investments at FVPL</i>				
Unquoted Equity Investments - Healthcare Sector	-	-	0.44	0.44
Total Financial Assets	-	-	0.44	0.44

(₹ in lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed At 31 March, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	-	761.90	761.90
Deferred credit recoverable from Navy	-	-	1,039.96	1,039.96
Trade receivables	-	-	20,006.14	20,006.14
Total financial assets	-	-	21,808.00	21,808.00
Financial liabilities				
Trade payable				
- LD deducted from vendors	-	-	4,855.60	4,855.60
- Russian deferred credit	-	-	1,039.96	1,039.96
Total financial liabilities	-	-	5,895.56	5,895.56

(₹ in lakhs)

Financial assets and liabilities measured at fair value - recurring fair value measurements At 31 March, 2016	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Financial investments at FVPL</i>				
Unquoted equity investments - healthcare sector	-	-	0.44	0.44
Total financial assets	-	-	0.44	0.44



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 34: Fair Value Measurements (contd.)

(₹ in lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed At 31 March, 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	-	756.64	756.64
Deferred credit recoverable from Navy	-	-	997.79	997.79
Total Financial assets	-	-	1,754.43	1,754.43
Financial liabilities				
Trade payable				
- LD deducted from vendors	-	-	4,119.49	4,119.49
- Russian deferred credit	-	-	997.79	997.79
Total financial liabilities	-	-	5,117.28	5,117.28

(₹ in lakhs)

Financial assets and liabilities measured at fair value - recurring fair value measurements At 01 April, 2015	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Financial investments at FVPL</i>				
Unquoted equity investments - healthcare sector	-	-	0.44	0.44
Total financial assets	-	-	0.44	0.44

(₹ in lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed At 01 April, 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	-	294.99	294.99
Deferred credit recoverable from Navy	-	-	898.07	898.07
Total financial assets	-	-	1,193.06	1,193.06
Financial liabilities				
Trade payable				
- LD deducted from vendors	-	-	2,463.19	2,463.19
- Russian deferred credit	-	-	898.07	898.07
Total financial liabilities	-	-	3,361.26	3,361.26

(ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include:

- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 34: Fair Value Measurements (contd.)****(iii) Fair value of financial assets and liabilities measured at amortised cost**

(₹ in lakhs)

Particulars	31 March, 2017		31 March, 2016		01 April, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Security deposits	760.35	761.90	756.04	756.64	294.99	294.99
Deferred credit recoverable from Navy	901.77	1,039.96	949.22	997.79	898.07	898.07
Total financial assets	1,662.12	1,801.86	1,705.26	1,754.43	1,193.06	1,193.06
Financial liabilities						
Trade payable						
- LD deducted from vendors	4,605.98	4,855.60	4,077.21	4,119.49	2,463.19	2,463.19
- Russian deferred credit	901.77	1,039.96	949.22	997.79	898.07	898.07
Total financial liabilities	5,507.75	5,895.56	5,026.43	5,117.28	3,361.26	3,361.26

The carrying amounts of trade receivables, trade payables, borrowings and cash and cash equivalents are considered to be the same as their fair values.

The fair values for financial instruments were calculated based on cash flows discounted using marginal cost of funds based lending rate (MCLR) of state bank of India on the reporting date for the same maturity. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Note 35: Financial Risk Management

The company's activities are exposed to a variety of financial risks: credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure Arising From	Management
<i>Credit risk</i>	Cash and cash equivalents, trade receivables and financial assets measured at amortised cost.	Diversification of bank deposits and credit limits
<i>Liquidity risk</i>	Financial liabilities that are settled by delivering cash or another financial asset.	Projecting cash flows and considering the level of liquid assets necessary to meet the liabilities
<i>Market risk – foreign exchange</i>	Future commercial transactions and recognised financial assets & liabilities not denominated in Indian rupee (INR).	Reimbursement from buyers for currency fluctuation

(A) Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 35: Financial Risk Management (contd.)

i) Trade receivables and unbilled revenue

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying no credit terms. Outstanding customer receivables are regularly monitored. Trade receivables are primarily from navy (owned by Govt. Of India), hence the credit risk is considered low. Further the company receives advance against orders which also mitigates the credit risk. The ageing of trade receivables as of balance sheet date is given below. The age analysis have been considered from the due date:

(₹ in lakhs)

Particulars	One year or less	More than 1 year	Total
Trade receivable as on 31 March, 2017	10,921.45	8,819.87	19,741.32
Unbilled revenue as on 31 March, 2017	61,575.61	-	61,575.61
Trade receivable as on 31 March, 2016	13,292.41	1,871.49	15,163.90
Unbilled revenue as on 31 March, 2016	53,781.12	-	53,781.12
Trade receivable as on 01 April, 2015	14,466.32	1,375.01	15,841.33
Unbilled revenue as on 01 April, 2015	35,080.61	-	35,080.61

ii) Financial instruments and deposits

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investment of surplus funds are made in accordance with DPE guidelines on investment of surplus funds of the company. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The company's maximum exposure to credit risk for the components of the balance sheet at 31 March, 2017 and 31 March, 2016 is the carrying amounts as illustrated in Note 6 (d) and note 10 (b).

(B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an

adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the underlying business, the Company maintains sufficient cash and liquid investments available to meet its obligation.

The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, if any.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 35: Financial Risk Management (contd.)

(₹ in lakhs)

Contractual maturities of financial liabilities - 31 March, 2017	One year or less	More than 1 year	Total
Borrowings	2,500.00	-	2,500.00
Trade payables	36,795.59	2,012.51	38,808.10
Other financial liabilities	4,711.66	-	4,711.66
Total financial liabilities	44,007.25	2,012.51	46,019.76

(₹ in lakhs)

Contractual maturities of financial liabilities - 31 March, 2016	One year or less	More than 1 year	Total
Trade payables	52,853.47	2,195.07	55,048.54
Other financial liabilities	4,493.85	-	4,493.85
Total financial liabilities	57,347.32	2,195.07	59,542.39

(₹ in lakhs)

Contractual Maturities of Financial Liabilities - 01 April, 2015	One year or less	More than 1 year	Total
Trade payables	50,791.34	2,150.08	52,941.42
Other financial liabilities	14,905.59	-	14,905.59
Total financial liabilities	65,696.93	2,150.08	67,847.01

(C) Market risk

Foreign currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk since it imports components from foreign vendors. Also the company exports some of its ships to foreign buyers and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and

recognised assets and liabilities denominated in a currency that is not the company's functional currency ₹. The outflow on account of imports and payments in foreign currency is mostly reimbursable from the buyers. The risk in case of export is measured through a forecast of highly probable foreign currency cash flows.

Foreign currency risk exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:

(₹ in lakhs)

Particulars	31 March, 2017			31 March, 2016			1 April, 2015		
	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP	USD
Financial assets	-	-	-	-	-	734.92	-	-	4,124.57
Financial liabilities	658.48	462.66	113.67	961.68	789.94	120.95	1,329.84	661.16	318.48
Net exposure to foreign currency risk	(658.48)	(462.66)	(113.67)	(961.68)	(789.94)	613.97	(1,329.84)	(661.16)	3,806.09



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 35: Financial Risk Management (contd.)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lakhs)

Particulars	Impact on Profit Before Tax	
	31 March, 2017	31 March, 2016
EUR sensitivity		
INR/EUR Increases by 10.63% (31 March 2016 - 9.9%)*	(70)	(95)
INR/EUR Decreases by 12.83% (31 March 2016 - 18.10%)*	84	174
GBP sensitivity		
INR/GBP Increases by 8.29% (31 March 2016 - 9.60%)*	(38)	(76)
INR/GBP Decreases by 11.04% (31 March 2016 - 7.40%)*	51	58
USD sensitivity		
INR/USD Increases by 6.71% (31 March 2016 - 8.29%)*	(8)	51
INR/USD Decreases by 2.16% (31 March 2016 - 2.16%)*	2	(13)

* Holding all other variables constant

Note 36: Capital Management

(a) Risk management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares .

The amount mentioned under total equity in balance sheet is considered as Capital.

(b) Dividends paid and proposed

(₹ in lakhs)

Particulars	31 March, 2017	31 March, 2016
(i) Equity shares		
Final dividend for the year ended 31 March, 2016 - ₹ 42.98 (01 April, 2015 - ₹ 20.00) per fully paid share	5,322.05	2,476.80
Dividend Distribution Tax	1,083.44	504.22
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the board has recommended the payment of a final dividend of ₹ 43.66 per fully paid equity share (31 March 2016 – ₹ 42.98). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	5,407.56	5,322.05
Tax on Proposed Dividend	1,100.85	1,083.44

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 37: Earnings Per Share**

Particulars	31 March 2017	31 March 2016
Profit attributable to equity share holders of the company used in calculating basic and diluted earnings per share (₹ in lakhs)	1,223.20	16,204.70
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (₹ in lakhs)	123.84	123.84
Basic and diluted earnings per share (in ₹)	9.88	130.85

Note 38: Specified Bank Notes

During the year, the company had specified bank notes (SBNs) and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31st March, 2017, on the details of specified bank notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(₹ in lakhs)

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	1.86	11.00	12.86
(+) Permitted Receipts	-	180.39	180.39
(-) Permitted Payments	-	173.58	173.58
(-) Amount deposited in Banks	1.86	-	1.86
Closing cash in hand as on 30.12.2016	-	17.81	17.81*

* For the purpose of this clause 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 39 : Expenditure on Corporate Social Responsibilities (CSR) Activities

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

Relevant clause of schedule VII to the Companies Act, 2013	Description of CSR activities	Amount Spent (₹ in lakhs)
i) Clause (i)	Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water.	296.23
ii) Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the differently abled.	158.68
iii) Clause (iv)	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of air, water and soil.	119.78
	TOTAL	574.69

Particulars	2016-17	2015-16
Amount required to be spent by the company during the year	340.24	304.27

Amount spent during the year on:

Particulars	In Cash	Yet to be paid in Cash	Total
i) Construction/acquisition of any asset	119.78	-	119.78
ii) On purposes other than (i) above	454.91	-	454.91

Note 40: Construction contracts

On the balance sheet date, the company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

(₹ in lakhs)

Particulars	31 March, 2017	31 March, 2016
(i) Contract revenue recognized for the year	70,622.36	1,35,405.91
(ii) Aggregate amount of costs incurred and recognized profit (less recognized losses) upto the reporting data for all contracts in progress as of that date	3,78,482.41	3,55,809.67
(iii) Amount of customer advances outstanding for contracts in progress	5,79,597.07	5,32,408.43

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note: 41 Information given in accordance with the requirements of Ind AS 108 on segment reporting:**

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

- Ship segment - Business relating to construction of ships and vessels arising out of contracts with the customer, including modification carried out during construction stage and after delivery of ship based on customer requirements.
 - Base and Depot Spares (B & D spares) segment - Business relating to supply of spares for ship equipment /machinery to the customers location as per contractual terms.
 - Engineering Segment - Engaged in manufacturing/fabrication of portable steel bridges, on-board machinery of ship (Deck Machinery) & Marine Pump.
 - Engine Segment - Engaged in the testing & overhauling of marine propulsion engines & partial manufacture (assembly from CKD) of diesel engine-located at Ranchi.
- a) Revenue and expenses have been identified to a segment on the basis of direct relationship to operating activities of the segment. Expenditure which are not directly identifiable but has a relationship to the operating activities of the segment are allocated on a reasonable basis.
 - b) Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
 - c) Segment assets and segment liabilities represent assets and liabilities of respective segment. investments, tax related assets/ liabilities and other common assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".
 - d) Inter segment transfer consists of material , labour and overhead which are recorded at cost .
 - e) Revenues of ₹ 67,797.98 (31 March, 2016 - ₹ 182,570.15) are derived from a single external customer. these revenues are attributed to the shipbuilding and B&D spares segment.



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)
Note: 41 Information given in accordance with the requirements of Ind AS 108 on segment reporting (contd.)

f) Information about primary business segments: (₹ in lakhs)

Particulars	Ship		B & D Spares		Engineering		Engine		Unallocable		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenue												
Revenue from operation	71,511.79	1,33,170.97	12,320.06	20,042.33	8,580.23	10,978.63	372.30	1,883.21	256.23	125.15	93,040.61	1,66,200.29
Less : Inter segment revenue	(198.94)	(836.13)	-	-	198.94	836.13	-	-	-	-	-	-
External Revenue	71,312.85	1,32,334.84	12,320.06	20,042.33	8,779.17	11,814.76	372.30	1,883.21	256.23	125.15	93,040.61	1,66,200.29
Segment result	(23,312.01)	2,829.43	859.54	1,398.30	(1,634.30)	1,436.96	(1,096.73)	(476.97)	256.23	125.15	(24,927.27)	5,312.87
Less : Unallocable expenditure net of unallocable income	-	-	-	-	-	-	-	-	(22,755.12)	(18,474.39)	(22,755.12)	(18,474.39)
Operating Profit / (Loss)											2,172.13	23,787.26
Finance Cost											911.84	439.85
Profit / (Loss) before exceptional items and tax											1,260.29	23,347.41
Exceptional Items											828.24	1,567.23
Profit / (Loss) before tax											2,088.53	24,914.64
Total tax expense											865.33	8,709.94
Profit for the year											1,223.20	16,204.70
Other Comprehensive Income for the year (Net of Tax)											22.59	(480.40)
Total Comprehensive Income for the year											1,245.79	15,724.30

g) Other information: (₹ in lakhs)

Particulars	Ship		B & D Spares		Engineering		Engine		Unallocable		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Segment assets	1,94,902.27	2,10,384.02	-	-	14,311.47	26,517.28	3,073.52	3,898.15	2,44,213.10	2,04,349.80	4,56,500.36	4,45,149.25
Segment liabilities	2,98,770.71	2,93,187.35	-	-	6,115.42	12,366.23	2,258.26	2,463.29	41,204.55	23,706.59	3,48,348.94	3,31,723.46
Capital expenditure	3,932.90	473.28	-	-	16.33	37.15	39.52	556.30	411.54	70.57	4,400.29	1,137.30
Depreciation and amortisation	2,266.79	2,155.55	-	-	46.45	47.03	51.18	48.47	300.75	528.75	2,665.17	2,779.80

(h) Year ended 01 April 2015: (₹ in lakhs)

Particulars	Ship	B & D Spares	Engineering		Engine	Total
			Unallocable	Total		
Total assets	1,63,353.52	-	24,635.17	2,04,321.44	4,00,097.52	4,00,097.52
Total liabilities	2,57,809.26	-	12,114.89	21,404.56	2,99,415.00	2,99,415.00

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

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 42: Russian (USSR) deferred State Credit**

An inter-governmental agreement between Russian Federation and Government of India was reached for restructuring of Russian deferred state credit in Rouble in connection with procurement of weapon systems for cost-plus P25 ships built and delivered by the Company to Indian Navy. As per the said agreement, the outstanding debt in Rouble as on 01.04.1992 was converted to Indian Rupees at the difference in Rupee-Rouble exchange rate between 01.04.1990 and 01.04.1992 and such amount of exchange rate difference was rescheduled by Government Of India under a deferred rupee payment arrangement payable over 45 years till 2037. These rescheduled payments are also reimbursable by Indian Navy. Such amount is accordingly held as Foreign Suppliers Deferred Credit as at 31 March, 2017 and aggregated to ₹ 902.48 lakhs (Undiscounted Amount being ₹2118.43 lakhs) (31 March 2016- ₹949.20 lakhs (Undiscounted Amount being ₹ 2304.82 lakhs)).

Note 43: 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, 2002 from Hindustan Cables Ltd. (HCL), which is a sick PSU. As the case was registered by BIFR, full provision was made in the Accounts of 2003-04. In response to our communication regarding payment of outstanding dues, HCL informed in June 2017, that they have decided to give one third of the principal amount as full and final settlement.

Note 44:

- a) The Company follows a general practice of undertaking physical verification of fixed assets in every 3 years. Such physical verification is carried out in a phased manner following verification programme. In the current year, such physical verification has been done in the Main, FOJ, 61 Park & DEP Ranchi units. Discrepancies found have been appropriately dealt with in the Accounts.
- b) Out of three docks and two slipways taken over from CIWTC Ltd. on 1st July, 2006, Dry Dock No.2 has been capitalized. Dry dock No. 1 although technically operational cannot be exploited for production until the rectification of leaking valves gets completed, hence the expenditure incurred in Dry dock No. 1 have been carried in Capital Work-in-progress. Other facilities are still under repair and have remained non-operational, due to which cost of acquisition of these assets and subsequent capital expenditure have continued to be carried forward as capital work-in progress.

- c) The 62 acre of land for setting up the Diesel Engine Plant at Ranchi was obtained free of cost from Heavy Engineering Corporation Ltd., Ranchi (HEC) in 1966 as a part of industrialization drive at the behest of MoD, Govt. of India and Govt. of Bihar. GRSE is in uninterrupted possession of the land since then and has created permanent structures thereon. Various assets of the Diesel Engine Plant, Ranchi having book value of ₹ 374.16 lakhs (original value ₹1, 854.37 lakhs) as on 31st March, 2017 have been installed / placed on the said premises. Ignoring the right of GRSE in the said land, the then Govt. of Bihar executed a Deed of Conveyance in favour of HEC in Feb., 1996. Later, HEC vide a letter of 07 Aug 1999 raised a claim for a 30 year lease effective from 01.04.1999 of ₹1488 lakhs as one-time premium and a sum of ₹148.8 lakhs p.a. being 10% of the said premium as annual lease rent which GRSE repudiated. During April 2013, HEC unilaterally referred the disputes to PMA, DPE, Govt. of India for arbitration and subsequently inter alia prayed before PMA for directing GRSE to enter into lease agreement for totally baseless, frivolous and absurd lease rent and premium with interest for further period and to declare GRSE as "unauthorized occupant" etc.. GRSE raised preliminary objection regarding maintainability and sustainability of the alleged reference of.

HEC and rejection of claim as the same are not sustainable on facts as well as in law. The matter was under adjudication before Smt. Zoya Hadke, Sole Arbitrator, PMA who after hearing both the parties at length, vide Order dated 30.6.2015 held that in absence of any agreement between the parties the Arbitral Forum lacks jurisdiction to settle the dispute and rejected the reference of HEC. Accordingly, the arbitration- matter stood disposed off.

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

In view of above, an amount of ₹4,612.80 lakhs (Previous year ₹4,454.00 lakhs) without interest has been considered as contingent liability not acknowledged as debt.



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 45:

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

Note 46:

- (a) The Company has sent letters seeking confirmations of balances in respect of its Debtors. Though no response has been received from the debtors, in the opinion of the Company, the balances have realizable values equal to the amount as stated in the books in the ordinary course of business, unless otherwise stated.
- (b) The amounts received from customers are mainly received in respect of ship division, customers being Indian Navy and Coast Guards. In respect of other divisions, advance from customers are received mainly from Government departments.

Note 47:

Rent under Other expenses includes Amortisation of Leasehold Land (under operating Lease) ₹ 9.58 lakhs (Previous year ₹ 12.24 lakhs). Accordingly, Prepaid expenses under Note no. 8 & note no: 11 represents unamortised Leasehold Land of ₹ 50.01 lakhs. (31 March, 2016- ₹ 59.60 lakhs; 1 April, 2016-33.34 lakhs)

Note 48:

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

(₹ in lakhs)

Sl. no.	Description	2016-17	2015-16
a)	The principal amount remaining unpaid to suppliers as at the end of accounting year	633.01	347.17
b)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	6.00	23.51
c)	The amount of interest paid in terms of Section 16, along with the amount of payment made to the suppliers beyond the appointed day during the year	-	-
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	24.27	51.49
e)	The amount of interest accrued during the year/period and remaining unpaid at the end of the accounting year	30.27	75.00
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid	-	-

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 49: Value of Imports on CIF basis**

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
1. Raw Materials	1352.02	901.88
2. Components	2385.53	7172.47
3. Capital Goods	658.20	3.68
	4395.75	8,078.03

Note 50:(a) Expenditure in Foreign Currency

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
1. Consultation / Service Fees	1019.02	1135.17
2. Deferred payment to foreign Suppliers	105.92	109.75
3. Travelling	205.54	73.22
	1330.48	1318.14

(b) Earning in Foreign Currency

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
1. Export of Ship to Mauritius	728.52	3,495.30

Note 51: Consumption of Raw Materials and Components

(₹ in lakhs)

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Percentage	Amount	Percentage	Amount
a) Imported	12.41%	4,453.65	19.75%	16,509.87
b) Indigenous	87.59%	31,448.00	80.25%	67,075.96
Total		35,901.65		83,585.83



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 52: Consumption of Spare Parts*

(₹ in lakhs)

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Percentage	Amount	Percentage	Amount
a) Imported	-	-	-	-
b) Indigenous	100.00%	127.83	100.00%	130.27

* Spare parts include store items also.

Note 53:

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

Note 54:

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



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 55: Disclosure of Recovery or Settlement of Assets and Liabilities

(₹ in lakhs)

Particulars	31 March 2017		31 March 2016		1 April 2015	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
ASSETS						
(1) Non-current assets						
(a) Property, plant and equipment	-	35,295.12	-	34,069.15	-	36,006.11
(b) Capital work-in-progress	2,318.35	-	2,227.59	-	1,120.65	-
(c) Other intangible assets	-	538.97	-	301.15	-	567.78
(d) Financial assets						
(i) Investments	-	0.44	-	0.44	-	0.44
(ii) Trade and other receivables	-	120.29	-	202.85	-	669.21
(iii) Loans	-	-	-	-	-	-
(iii) Other bank balance	-	1,16,953.00	-	1,20,063.00	-	24,500.00
(iv) Other financial assets	-	1,552.25	-	1,591.04	-	1,087.38
(e) Non-current tax assets	-	9,497.35	-	2,385.60	-	5,122.02
(f) Other non-current assets	1,866.99	69.90	1,420.27	78.05	2,284.49	93.15
(2) Current assets						
(a) Inventories	49,645.54	-	65,455.65	-	84,125.48	-
(b) Financial assets						
(i) Trade and other receivables	19,885.85	-	15,383.17	-	15,850.76	-
(ii) cash and cash equivalents	1,185.04	-	2,624.75	-	11,605.08	-
(iii) Bank balances other than (ii) above	1,17,301.00	-	1,25,515.00	-	1,61,800.00	-
(iv) Other financial assets	72,186.60	-	59,782.25	-	36,872.85	-
(c) Other current assets	28,045.93	-	14,011.40	-	18,356.41	-
(d) Assets classified as held for sale	37.76	-	37.90	-	35.71	-
Liabilities						
(1) Non-current liabilities						
(a) Financial liabilities						
Trade payables	-	795.85	-	839.47	-	795.68
(b) Provisions	-	1,170.70	-	812.36	-	807.17
(c) Deferred tax liabilities (Net)	-	1,746.62	-	1,647.15	-	2,309.38
(2) Current liabilities						
(a) Financial liabilities						
(i) Borrowings	2,500.00	-	-	-	-	-
(ii) Trade payables	36,795.59	-	52,853.47	-	50,791.34	-
(iii) Other financial liabilities	4,711.66	-	4,493.85	-	14,905.59	-
(b) Other current liabilities	2,86,882.52	-	2,63,672.82	-	2,23,173.04	-
(c) Provisions	13,746.00	-	7,404.34	-	6,632.80	-



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 56 : First-time adoption of Ind AS

Transition to Ind AS

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1, have been applied in preparing the financial statements for the year ended 31 March, 2017, the comparative information presented in these financial statements for the year ended 31 March, 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind as has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set below are the applicable Ind AS optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind as Optional Exemptions

A.1.1 Deemed Cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 intangible assets.

Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.2 Transfer of assets from customers

As per Ind AS 101 a first time adopter should apply Appendix C of Ind AS 18 prospectively to

transfer of assets from customers received on or after the transition date. A first time adopter elects to apply Appendix C retrospectively, it may do so only if the valuations and other information needed to apply the appendix to past transfer were obtained at the time those transfer occurred.

The Company has applied Appendix C of Ind AS 18 prospectively to transfer of assets from customers received on or after the transition date from 1 April 2015.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

- Ind AS estimates as at 1 April, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:
- Unquoted investment carried at fair value through profit and loss; and
- Impairment of financial assets based on expected credit loss model.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the fact and circumstances that exists at the date of transition to Ind AS. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing on the date of transition if retrospective application is impracticable.

Accordingly, the company has determined the classification of financial assets on the basis of the fact and circumstances that exists at the date of transition to Ind AS. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where

**Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)****Note 56 : First-time adoption of Ind AS (contd.)****B. Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of total equity as at 31 March 2016 and 01 April 2015*(₹ in lakhs)*

Particulars	Notes to first-time adoption	31 March, 2016	01 April, 2015
Total equity (shareholder's funds) as per previous GAAP		1,06,441.05	96,774.67
Adjustments:			
Reversal of Proposed dividend (incl. DDT) for Fy 2014-15	1	-	2,981.02
Reversal of Proposed dividend (incl. DDT) For Fy 2015-16	1	6,405.49	-
Effect of reversal of revenue and cost on account of D448 liability	2	(648.93)	(329.07)
Effect of fair valuation of security deposit	3	(0.57)	-
Effect of employee benefit true-up as per actuarial report	4	1,112.57	1,415.79
Effect of fair valuation of liability on account of liquidated damages	5	845.36	752.91
Tax effect on Ind AS adjustments		(729.15)	(912.79)
Total adjustments		6,984.75	3,907.86
Total equity as per Ind AS		1,13,425.80	1,00,682.52

Reconciliation of total comprehensive income for the year ended 31 March 2016*(₹ in lakhs)*

Particulars	Notes to first-time adoption	31 March, 2016
Balance of profit after tax for the year 31 March 2016 under IGAAP		16,071.89
Adjustments:		
Effect of reversal of revenue and cost on account of D448 liability	2	(319.86)
Effect of fair valuation of security deposit	3	(0.57)
Employee benefit expense recognised in accordance with Ind AS after considering impact of plan asset	4	431.42
Effect of fair valuation of liability on account of liquidated damages recovered	5	92.45
Tax effect on Ind AS adjustments		(70.60)
Total adjustments		132.81
Profit after tax as per Ind AS		16,204.70
Other comprehensive income (Net of Tax)		(480.40)
Total comprehensive income as per Ind AS		15,724.30



Notes Forming Part of Financial Statements for the Year ending 31st March 2017 (contd.)

Note 56 : First-time adoption of Ind AS (contd.)

The following explains the material adjustments made while transition from previous accounting standards to Ind AS

1. Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting.
2. Under the previous GAAP, revenue and corresponding cost in relation to unexecuted work under the project recorded as provision. However under Ind AS such revenue and corresponding cost as on the reporting date is deferred.
3. Under the previous GAAP, interest free security deposits are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued the security deposits

under Ind AS. Difference between fair value of security deposits and the carrying value (transaction value) as per previous GAAP has been recognised as advance operating lease rental.

4. Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these re-measurements were forming part of the profit and loss for the year.

Employee benefit related net plan asset has been recognised under Ind AS.


5. Under Ind AS, all financial liabilities are required to be recognised at fair value. Accordingly, the Company has fair valued the liquidated damages recovered to be passed on to Navy under Ind AS.

Note 57: The financial statements were authorised for issue by the Directors on 30 June 2017.

See the accompanying notes to the financial statements

As per our report of even date attached.

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


(CA. Ajay Agrawal)
Partner
Membership No. 17643

Place of Signature : Kolkata
Date : the 30th day of June, 2017

For and on behalf of the Board of Directors


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


S. Mahapatra
Company Secretary


S.S Dogra
Director (Finance)
DIN - 07052300



- एयर चीफ़ मार्शल सर स्टुअर्ट पीच, जीएसई, केसीबी, एडीसी, डीएल, चीफ़ ऑफ़ डिफेंस स्टाफ़, यूके की अध्यक्षता में यूनाइटेड किंगडम से रक्षा प्रतिनिधिमंडल का जीआरएसई, कोलकाता परिभ्रमण।

Defence delegation from United Kingdom headed by Air Chief Marshal Sir Stuart Peach, GSE, KCB, ADC, DL, Chief of the Defence Staff, UK visited GRSE, Kolkata.

- रियर एडमिरल एम शाहीन इकबाल, एनयूपी, एनडीसी, एएफ़डबल्यूसी, पीएससी, एसीएनएस (पी), बांग्लादेश नौसेना का उच्च स्तरीय प्रतिनिधि मण्डल सहित जीआरएसई परिभ्रमण।

Rear Admiral M Shaheen Iqbal, NUP, NDC, AFWC, PSC, ACNS(P), Bangladesh Navy along With high level delegation visited GRSE.



- जीआरएसई ने “कंपनी ऑफ़ द इयर” एवं “कॉर्पोरेट गवर्नेंस” वर्ग में आईसीसी पीएसई एक्सेलेन्स अवार्ड 2016 प्राप्त किया।

GRSE received ICC PSE Excellence award 2016, in the categories of “Company of the Year” & “Corporate Governance”.



- सातवें लैंडिंग क्राफ्ट यूटिलिटी का जलावतरण श्रीमती बीना भामरे द्वारा माननीय रक्षा राज्यमंत्री डॉ सुभाष भामरे की गरिमामयी उपस्थिति में किया गया ।

Launching of seventh Landing Craft Utility by Smt. Bina Bhamre in the August presence of Dr. Subhash Ramrao Bhamre, Hon'ble Raksha Raja Mantri.



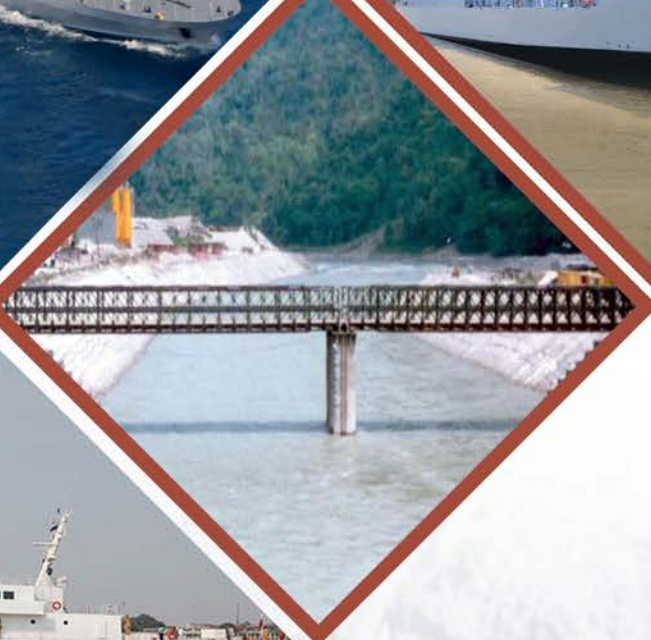
- भानौ एलसीयू एल-52 का प्रवर्तीकरण अंडमान एवं निकोबार के माननीय उप राज्यपाल प्रोफेसर जगदीश मुखी द्वारा पोर्टब्लेयर में किया गया ।

Commissioning of IN LCU L-52 by Professor Jagdish Mukhi, Hon'ble Lt. Governor of Andaman Niccoabar at Portblair.

- पश्चिम बंगाल के माननीय राज्यपाल श्री केशरी नाथ त्रिपाठी का जीआरएसई परिभ्रमण ।

Shri Keshari Nath Tripathi Hon'ble Governor of West Bengal Visited GRSE.





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

CIN No. : U 35111 WB 1934 GOI 007891

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

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