



# गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड Garden Reach Shipbuilders & Engineers Limited

( भारत सरकार का उपक्रम, रक्षा मंत्रालय )

( A GOVERNMENT OF INDIA UNDERTAKING, MINISTRY OF DEFENCE )

CIN NO. : L35111WB1934GOI007891

SECY/GRSE/BD-69/CA/12/20-21

19 Aug 2020

To,

**National Stock Exchange of India Limited**

Exchange Plaza, Plot No. C-1, Block G,

Bandra Kurla Complex, Bandra (E),

Mumbai – 400 051

Symbol: GRSE

**BSE Limited**

Floor-25, Phiroze Jeejeebhoy Towers,

Dalal Street, Fort

Mumbai – 400 001

Scrip Code: 542011

**Sub: Annual Report 2019-20 of Garden Reach Shipbuilders & Engineers Limited**

Dear Sir / Madam,

1. This is to inform that the 104<sup>th</sup> Annual General Meeting ('AGM') of the Company will be held on **Friday, 11th September, 2020 at 1030 hours** through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the business as set out in the AGM Notice dated 13th August, 2020, in accordance with the relevant circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India. The deemed venue for the 104<sup>th</sup> AGM shall be the Registered Office of the Company at 43/46, Garden Reach Road, Kolkata – 700 024.
2. Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the financial year 2019-20 which is being sent through electronic mode to the Members.
3. The Annual Report 2019-20 along with the Notice of the 104<sup>th</sup> AGM is also uploaded on the Company's website at [www.grse.in](http://www.grse.in).
4. This is for your information and record.

Thanking You,

Yours faithfully,

For GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED

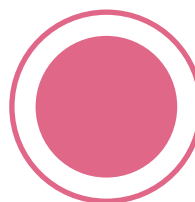
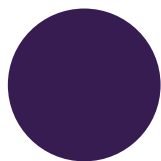
  
Sandeep Mahapatra

Company Secretary and Compliance Officer

Encl: Annual Report 2019-20



गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड  
GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED



**OUR BLUE OCEAN STRATEGY**

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GARDEN REACH SHIPBUILDERS & ENGINEERS LTD.

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



## CORPORATE OBJECTIVES

Establish a self-reliant design house

Productivity Improvement

Quality Improvement

QMS & ISO 9001 Certification for Ship Division

Ship repair as a Business Venture & Profit Centre

Business Development through concerted marketing efforts

Marketing Deck Machinery items, Portable steel bridges and Diesel engines

Vendor development & building long term partnership

Building GRSE Brand

Material Management / Supply Chain Management

Human Resource Development

CSR & Sustainability

# CHAIRMAN'S ADDRESS

## Chairman's Address

It gives me immense pleasure in welcoming you all to the 104th Annual General Meeting of Garden Reach Shipbuilders & Engineers Ltd.

This is the first AGM in the history of the company to be held through virtual mode and I am thankful for your participation and extend my gratitude to all our esteemed investors for their confidence in our company which is further reflected by increased market capitalization over the previous year.

## COVID – 19 Pandemic

The world is going through an unprecedented crisis of COVID 19 pandemic and we are evaluating our company's performance and future at the middle of this biggest crisis, which we have never seen before in our lifetime. The pandemic has affected the entire humanity and plunged the world into an economic recession and disrupted several businesses across the globe. However, I believe that like any challenge, the present one also brings opportunities to innovate and think out of box in the face of adversity. This is the time to reassess, redefine and relook at exploring new ways of working. We need to Reform, Transform and Perform with new normal.

## Commitment to self-reliance – Atmanirbharata.

Commitment to self-reliance through indigenous development is a subject of the larger objective of combat readiness of our defence forces. Govt of India is giving huge impetus to Atmanirbhar Bharat with numerous initiatives & policy decisions in this direction. Recent announcement by the Hon'ble Raksha Mantri ji declaring 101 items in negative list of imports over next five years, which also includes variety of warships that would be constructed only in India, augurs well for the Indian shipbuilding industry.

The defence shipbuilding segment continues to look promising on account of ambitious ship acquisition plans of the Indian Navy and Indian Coast Guard in this decade. This is reflected in the form of a number of RFPs for different class of warships which have been floated over last one year and more are expected in near future. Your company has thus been responding to all these RFPs. Having won major orders on competitive



bidding for Survey Vessels (Large) and ASW-SWC projects of the Indian Navy in recent years, GRSE's technical and commercial competitiveness should help us to do well in future bids as well.

Your company continues to set new benchmark in Atmanirbharata in warship construction. GRSE has created a record of delivering 105 warships to Maritime forces till date, which includes delivery of 4th and the last ship of prestigious Anti Submarine Warfare Corvette (ASWC) programme of the Indian Navy in Feb 2020. The indigenization achieved onboard Kamorta class ASW Corvettes built by GRSE, the first warship built in the country with indigenously developed warship grade steel DMR & 49A and eventually earning the distinction of achieving 90% overall indigenous content. The Landing Craft Utility (LCU) ships, designed inhouse by GRSE, have also achieved the similar distinction of over 90% indigenous content onboard ships. Your company has delivered 7 such LCUs Mk IV ships to the Indian Navy and the 8th and the last is getting ready for delivery very soon.

## Our Strength

Shipyard is having a strong Order book for construction of 15 warships of the Indian navy, pertaining to 03 Projects, Stealth Frigates (P17A),

## CHAIRMAN'S ADDRESS Contd...

Survey Vessel (Large) and ASW Shallow Water Craft (ASW-SWC) over next 6-7 years. To accomplish concurrent construction of such complex warships your company has been strengthening its internal processes, systems, infrastructure and cost effective measures to improve the bottom line of the shipyard, which is continuously reflecting on the financial performance of the company.

### Industry 4.0 Practices

In tune with latest technologies, our strategies revolve around smart manufacturing (Industry 4.0) with sparked innovations in automation, robotics and industrial internet of things. Introducing Artificial Intelligence, Data analytics, Machine Learning, Interoperability and secured connectivity enabling real time monitoring, control and optimization of processes, resources and systems shall enable workload consolidation across Design, Planning Production, Quality and Supply Chain Management significantly in the future across all units of the company.

### Design Excellence and R &D.

GRSE's in-house design capabilities remains its major area of strength with the multi-disciplinary 100 plus members design team working towards developing various concept designs for current and future projects. Introduction of state-of-the-art Virtual Reality Lab has further added to our design capabilities. Entire design of both the ongoing projects of Survey Vessels (Large) and ASW (SWC) won on competitive bidding is being done in-house by our Design Team. Your company's Design and R & D Department got further boost to its efforts when it was recognized by the Department of Scientific and Industrial Research (DSIR), Min of Science & Technology, Govt of India.

The Bailey Bridge division of your company is also keeping pace with ship division in its R&D efforts of designing and developing new products. During the year 2019-20, this division developed and completed successful trials of three new products, 30ft Portable Pedestrian Assault Bridge made of light weight carbon fiber reinforced composite material for the Indian Army, 140 feet Double Lane (7.50 m wide) and 190 feet Single Lane modular bridge, both being 70R class load capacity and made of 7 feet panels.

### Infrastructure.

Having achieved the capacity of building 20 warships concurrently, post phase II Modernisation of the facilities at our Main Unit, we are now moving forward with capacity building at Rajabagan Dockyard Unit.

“

**Your company continues to set new benchmark in Atmanirbharata in warship construction. GRSE has created a record of delivering 105 warships to Maritime forces till date, which includes delivery of 4th and the last ship of prestigious Anti Submarine Warfare Corvette (ASWC) programme of the Indian Navy in Feb 2020.**

This 31.5 acre unit promises a great potential for building small and medium size platforms. The marine infrastructure and other allied shipbuilding facilities are being modernized, augmented and rejuvenated with an aim to increase your company's overall capacity to 24 warships construction in next 3-4 years.

As part of the Atmanirbhar Bharat week celebrations a State-of-the-art indigenous CNC Underwater Plasma Plate cutting Machine and two modern Hull Block Fabrication complexes at the RBD Unit were virtually inaugurated by Hon'ble Raksha Mantri, Shri Rajnath Singhji on 10 Aug 2020. Both these facilities at RBD will go a long way in enhancing the production capacity of the shipyard.

### Human Capital

At GRSE we are driven by an empowered team of dedicated and experienced employees who are aligned with our core values and company's vision. Competency building, developing managers to assume leadership roles and enabling them to embrace new disruptive management techniques through tools of Industry 4.0 are the new focus of our HR initiatives.

### Our Performance.

The performance of the company continued to be strong during the year 2019-20. Revenue from operations registered a growth of 3.38% from

₹ 1,386.42 crore in FY 2018-19 to ₹ 1,433.30 crore in 2019-20 and Profit After Tax has also increased by 48.70% from ₹ 109.94 crore to ₹ 163.48 crore. I am pleased to inform you that the company has declared its highest ever dividend of 71.40% per equity share of face value of ₹ 10/- each. Your company has already paid interim dividend of 57.40% per equity share. The Board has also recommended a final dividend of 14% per equity share of face value of ₹ 10/- each to be paid after approval of shareholders at this Annual General Meeting.

#### **Thrust on Export.**

Having built and delivered over 780 vessels, including wide array of warships to the Indian Navy and Indian Coast Guard, GRSE has all the potential to pursue export opportunities to increase its global foot prints. Towards this, we are giving huge thrust for exports and realigning marketing strategies to match with the dynamic global environment.

With an aspiration to become part of global value chain, your company has signed an MoU with M/s Kongsberg, Sweden for manufacture & assembly of Water Jets used in the propulsion system of marine vessels. We also signed MoU with M/s BERD, Portugal for Design Support to manufacture next generation modular portable bridge solutions in India.

#### **Committed to Develop Strong Ecosystem.**

GRSE is consciously engaged towards developing a robust ecosystem around its area of operations and has been putting in sincere efforts to foster business partnerships and aid MSME Vendors in joining hands towards delivering Maritime & Engineering products to the nation and to friendly foreign countries.

Our consistent thrust on developing vendor base in the Eastern Region and across India with strategic focus in engagements thus created with existing and prospective business partners through regular vendor meets and interactions has helped increase our vendor base considerably. During the year, we have achieved 38% of the total procurement from MSME Vendors, much above the minimum threshold of 25% stipulated by GOI.

Skill development is one of the thrust area of our CSR objective. Your company continues to do extensive work towards skill development in line with the Skill India Mission by facilitating vocational training for improving employability and entrepreneurship opportunities for the youth and to bridge skill gaps.

“

**The marine infrastructure and other allied shipbuilding facilities are being modernized, augmented and rejuvenated with an aim to increase your company's overall capacity to 24 warships construction in next 3-4 years.**

This annual report also comes with our first Business Responsibility Report which gives a framework of our environmental, social and governance initiatives. During the year the company spent ₹ 221 lakh towards various social development initiatives under our CSR outlay.

#### **Concluding Remarks**

I would like to conclude by saying that we are at the cusp of a major transformation facilitated by our operational capabilities gained over the years, GRSE's brand equity, a healthy balance sheet and our dedicated Team GRSE. We are determined to move forward and meet the future challenges with passion for change.

I express my heartfelt thanks to Ministry of Defence, Central and State Government Authorities and Indian Navy & Indian Coast Guard Authorities for their unstinted support and valuable guidance. I would also like to take this opportunity to convey my gratitude to all our esteemed shareholders for their enduring faith and confidence they have reposed in us. Last, but not the least, I appreciate the entire team at GRSE for their untiring efforts and unflinching commitment to achieve the goals of the Company and the Board of Directors who have supported and guided the Company to put it on a path of accelerated growth.

**Jai Hind,**

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



## GRSE AT A GLANCE

GRSE is a premier shipbuilding company in India under the administrative control of the Ministry of Defence, primarily catering to the shipbuilding requirements of the Indian Navy and the Indian Coast Guard. GRSE is a diversified, profit making and dividend paying Company and the first Shipyard in the country to export warships and deliver 100 warships to the Indian Navy and Indian Coast Guard.

## Shipbuilding



Segment Revenue

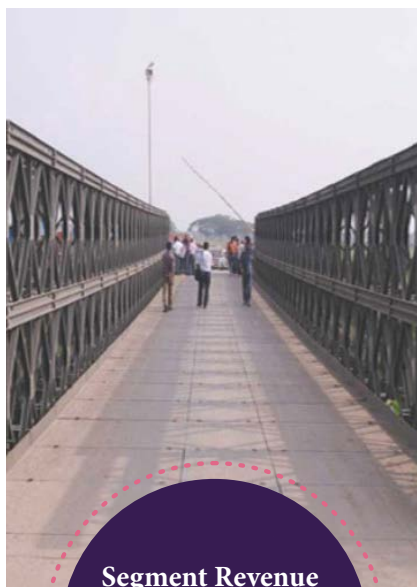
₹ **1,345**

Crore

Presently, GRSE has 3 separate facilities for shipbuilding, all of which are located in close vicinity of each other in Kolkata. The ships are built at the Main Works Unit and the Rajabagan Dockyard.

GRSE's shipbuilding division is engaged in the construction of warships / vessels for clients mainly in the defence sector, Indian Navy and Indian Coast Guard and interceptor boats for MHA and State Governments towards coastal security.

## Engineering



Segment Revenue

₹ **35.28**

Crore

We offer portable bridges, deck machinery items and marine pumps as our engineering division's products and merchandise. The engineering division at GRSE was primarily set up in order to indigenize sophisticated deck machinery items in the year 1970.

## Diesel Engine Plant



Segment Revenue

₹ **44.11**

Crore

The Diesel Engine Plant (DEP) at Ranchi is engaged in the testing and overhauling of marine propulsion engines and assembly of semi-knocked down units of diesel engines, while the Engineering segment is engaged in the manufacturing and fabrication of portable steel bridges, deck machineries for ships and marine pumps.

The engine production division at DEP supplies and overhauls MTU 396-04; MTU 4000; MTU 1163; and MTU 538 class diesel engines. We also have a license agreement with MTU Germany for semi knocked down assembly of MTU 12V/ 16V 4000M90 engines and production of certain engine parts.

# BOARD OF DIRECTORS

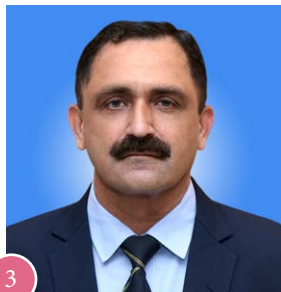
(As on 21 July, 2020)



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



**Shri Ashwani Kumar Mahajan, IRS**  
Government Nominee Director



**Cmde Sanjeev Nayyar, IN (Retd.)**  
Director (Shipbuilding)



**Cmde PR Hari, IN (Retd.)**  
Director (Personnel)  
(Whole Time Director)



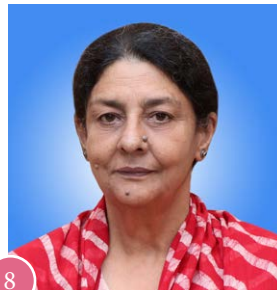
**Shri R.K. Dash**  
Director (Finance)



**RAdm Inder Paul Singh Bali, AVSM,  
VSM, IN (Retd.)**  
Part-Time Non-Official  
(Independent) Director



**Shri Bharat Bhushan**  
Part-Time Non-Official  
(Independent) Director



**Smt. Kanwaljit Deol, IPS (Retd.)**  
Part-Time Non-Official  
(Independent) Director



**Dr Biswapriya Roy Chowdhury**  
(Independent) Director

1

**RAdm Vipin Kumar Saxena, IN (Retd.)**

Chairman &amp; Managing Director

RAdm Vipin Kumar Saxena, IN (Retd.), having an experience of over thirty-three (33) years was appointed as the Chairman & Managing Director of the Company with effect from March 1, 2017 and is responsible for the overall Management of the Company. Prior to joining GRSE, he has put in over thirty-one (31) years of commissioned service in the Indian Navy since March 05, 1985 after completing Bachelor of Engineering (Electrical) from Jabalpur University. He also holds a Master of Science Degree in Defence Studies from Madras University. He has varied experience and exposure of working in various organisations of the Indian Navy ranging from operational appointment on-board frontline warships, naval dockyards, warship acquisitions & construction programmes and project management at Apex Level for mega infrastructure project of the Indian Navy. As Principal Director (Ship Production) at Naval Headquarters, New Delhi he has handled various aspects of shipbuilding while managing multiple major contracts for construction of a number of warships both at Indian shipyards (DPSUs & Private) and foreign Shipyards.

2

**Shri Ashwani Kumar Mahajan, IRS**

Government Nominee Director

Ashwani Kumar Mahajan, was appointed as a Government Nominee Director of our Company on April 02, 2016. He holds a degree in Bachelor of Medicine and Bachelor of Surgery, from Medical College, Amritsar. He is a cadre of the Indian Revenue Service (IRS) and has previously worked in the Income Tax Department. He has more than 28 years' experience and is presently working as Additional Financial Advisor & Joint Secretary, Ministry of Defence, Finance.

3

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

Director (Shipbuilding)

Cmde Sanjeev Nayyar, IN (Retd.), having an experience of over thirty-six (36) years, assumed charge as Director (Shipbuilding) of the Company with effect from December 16, 2017. He heads the Shipbuilding Division of GRSE. Prior to joining GRSE, he has put in over thirty-five (35) years of commissioned service in the Indian Navy from July 1, 1982. He holds a Bachelor of Science and a Bachelor of Technology degree in Mechanical Engineering from Jawaharlal Nehru University, Delhi. He went on to obtain a Master of Technology degree in Design of Mechanical Equipment from IIT, Delhi, and a Master of Management Studies from Osmania University, Hyderabad.

4

**Cmde PR Hari, IN (Retd.)**

Director (Personnel) (Whole Time Director)

Cmde PR Hari, IN(Retd.), having an experience of over 31 years, assumed charge as Director(Personnel) of the Company w.e.f 21 Oct 2019 and heads the Human Resources and Technical functions of GRSE. He has over 28 years of commissioned service in the Indian Navy with varied experience onboard warships, Naval Repair Organisations and various Staff appointments. He holds a Bachelor's Degree in Engineering and a Master's Degree in Defence and Strategic Studies. He is also an alumnus of the Defence Services Staff College and the Naval War College.

5

**Shri R.K. Dash**

Director (Finance)

Shri Ramesh Kumar Dash is an Associate Member of the "Institute of Cost Accountants of India", Master in Commerce and Bachelor of Law. Prior to joining GRSE, Mr. Dash was working in HAL, Bangalore. He has around 28 years of Experience in different CPSUs in the field of Finance and Accounts. Shri Ramesh Kumar Dash has assumed charge as Director (Finance) and CFO of Garden Reach Shipbuilders & Engineers Limited, Kolkata on 01 Jul 2020.

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

Part-Time Non-Official (Independent) Director

Inder Paul Singh Bali, AVSM, VSM, IN (Retd.) has over 34 years of experience in the Indian Navy and Ministry of Defence. RAdm Bali was appointed as a Part-time Non-official (Independent) Director of GRSE on March 9, 2018. During his career, he has held numerous senior management level positions in administration, policy formulation and execution, technology evaluation and implementation, management of production work centres as well as in management of marine infrastructure in the Navy. He holds a degree in Bachelor of Engineering (Electrical) from NITSRI and a Bachelor of Engineering degree in Industrial Engineering from the Institution of Electronics and Telecommunication Engineers, India. An alumnus of Naval War College (Mumbai), he also holds a Master of Technology degree in Communication & Radar Engineering from IIT, Delhi. He was decorated with the prestigious Ati Vishisht Seva Medal (AVSM) and Vishisht Seva Medal (VSM) awards by the President of India for professional excellence and outstanding contribution to the Service.

# BOARD OF DIRECTORS Cont...

(As on 21 July, 2020)

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## **Shri Bharat Bhushan**

Part-Time Non-Official (Independent) Director

Bharat Bhushan, is armed with 38 years' experience as a practising Chartered Accountant, and was appointed as Part-time Non-official (Independent) Director of GRSE on September 15, 2017. He holds a degree in Bachelor of Commerce from Punjabi University and is a Fellow Member of the Institute of Chartered Accountants of India. He also has post-qualification certification in Information Systems Audit. Bhushan is associated with Chandiwala Virmani & Associates as a Partner since 2004.

8

## **Smt. Kanwaljit Deol, IPS (Retd.)**

Part-Time Non-Official (Independent) Director

Kanwaljit Deol was appointed as Part-time Non-official (Independent) Director of GRSE on September 15, 2017. She holds a Master's degree in Physics from Panjab University and a Bachelors' degree in Law from University of Delhi. She joined the Indian Police Service (IPS) in 1977 and was assigned to the Union Territories Cadre. During her 38 years of Illustrative Career as an IPS Officer, Kanwaljit Deol has been posted in Delhi, Goa and Arunachal Pradesh, and has received training in policing, vigilance, road traffic and transport, and human rights in India and abroad. She has also served as Additional Secretary in charge of Parliament Security in the Lok Sabha. In 2010 she headed the police force of Arunachal Pradesh as its Director General of Police. In December 2012 she was appointed as Director General in charge of investigations with the National Human Rights Commission, New Delhi, a position from which she retired on October 31, 2014.

9

## **Dr Biswapriya Roy Chowdhury**

(Independent) Director

Dr. Biswapriya Roy Choudhury, was appointed the Part-time Non-official (Independent) Director of GRSE with effect from August 15, 2018. He is a homeopathic doctor by profession.

# OUR VALUE SYSTEM

A coherent set of values have been adopted and evolved by GRSE as a standard to guide the organizational behavior in preferences in all situations.



## Fairness

GRSE visualizes itself to build a strong reputation for fair dealing by encouraging vendors, independent contractors, business partners and customers to do business with it again and again. The Company is walking strongly on the path of bringing in absolute transparency in all its transaction within as well as outside the organization.



## Generosity

Generosity is the principle that each member of the organization share in the Company's success. Rewards & Recognition are to become a way of life, thus increasing employee motivation, loyalty and leading to higher productivity.



## Pursuit of Excellence

The Company does not wish to live in its past achievements but continuously tries to develop better products & services, constantly improve customer satisfaction, upgrade operational efficiency and the productivity of everyone in the organization. The emphasis on this value is partially driven by the competitive nature of business being foreseen in the near future.



## Community Involvement

GRSE plans to continue being an active participant in improving the quality of life for the communities in which it operates, or society as a whole.



## Innovation

Innovators in business are constantly looking for emerging customer needs and designing best-in-class solutions to address those needs. Innovation allows a company to improve the quality of life for its customers. Making constant innovation a core value helps corporations grow in the face of ever-increasing competition because they take advantage of emerging opportunities before competitors can. GRSE plans to imbibe this value system strongly in its current and future plan of actions.



## Concern for Employees' Welfare

Employees view their careers as more than a means of earning wages. They want to work for a company that truly cares about them. Employees want supervisors to listen to their ideas and concerns. They want a career path planned out for them, one in which they can continue to learn, acquire new skills and rise within the organization. Managers at all levels of an organization want to be supplied with the resources they need – including technology, human resources and funding – to accomplish their assigned goals. GRSE plans to carry this value system along its way, into the future.

# COMPETITIVE STRENGTHS

## Modern Manufacturing Platform and Integrated Shipbuilding Facilities to deliver quality products

GRSE's state-of-the-art facilities with vast technical expertise gives the Company a significant edge over other domestic defence shipyards. Over the years, the Company has significantly improved its manufacturing and other functional processes by modernisation of its facilities and adoption of Information Technology. The Company can simultaneously produce eight large ships and twelve medium/small ships in its facilities. In addition, the Company has constructed new hull shop, module shop for mega block integration, dry dock and building berth.

## Central Design Office

GRSE has a dedicated Central Design Office (CDO) which undertakes design, research and development, with a highly skilled workforce of 100 members. Its CDO team uses various software ranging from Aveva Marine, NAPA for Naval Architectural design, AutoCAD for drafting work and other softwares for structural analysis. With its dedicated CDO team, it has achieved innovative measures in carrying out complex warship designs. Its ability to provide end-to-end solutions to its customers, ranging from product conceptualization, design, system integration and project management increases its capability to meet customer demands.

## Strong and Established Relationships with Indian Navy and Indian Coast Guard

The company has established relationships with the Indian Navy and Indian Coast Guard since INS Ajay - the first indigenous warship built by GRSE for the Indian Navy in 1961. The Company has also delivered 67 ships to the Indian Navy, and 32 ships to Indian Coast Guard till 30 Mar 2019.

## Strong Order Book

As on 31 Mar 2019, the Company has an Order Book of ₹ 21,644 crore which comprises of ₹ 21,344 crore for Shipbuilding division and ₹ 300 crore for Engineering and Engine division. Beyond 31 Mar 2019, the Company has also received an order worth ₹ 6311 crore for 8 nos. Anti-Submarine Warfare Shallow Water Crafts on 29 Apr 2019.

### Business Diversification

In addition to core manufacturing activities for shipbuilding, the Company offers diversified products, and services to its customers including portable bridges, deck machinery items, pumps, and engines. The Company has a dedicated deck machinery equipment facility or an engine assembling and testing facility, both of which, are essential for the shipbuilding and testing process. This is vertical integration which would enable the Company to produce ships in a more time efficient manner because of its non-reliance on third parties.

### Experienced Workforce:

The Company has a qualified and experienced workforce, including its senior management team, which consists of technically qualified and experienced professionals. They have extensive experience in shipbuilding, design and engineering, order management, operations, human resources, finance and after-sales services. The Company boasts of having a large pool of experienced engineers. As of 31 Jul 2018, engineers constitute 21.30% of its total employees.

### Make in India Initiative

The Company has an advantage over global shipyards in securing contracts to build vessels for the Indian Navy and Indian Coast Guard because, it qualifies for the 'Make in India' initiative under the DPP. The 'Make in India' initiative grants indigenous manufacturers a competitive advantage when supplying to the domestic market. The MoD has given the highest priority to Indigenously Designed, Developed, and Manufactured ("IDDM") products for capital procurement. The Indian Navy and Indian Coast Guard are the repeat customers of the Company, and these constitute part of the domestic market and therefore, the Company receives preference over global shipyards in certain circumstances.



OUR FACILITIES

# SHIPBUILDING

## Main Works

Main Works is the epicentre of GRSE's operations. The centrepiece of Main Works is an Integrated Shipbuilding Facility located in Kolkata. The facility which occupies approximately 48 acres of land consists of the following:

- ▶ One dry dock of 10,000 DWT launching capacity and one inclined berth of 4,500 DWT capacity and both comes with portable shelters. This facility also consists of module hall for constructing large pre-outfitted block of upto to 200 tonnes, blast and paint cell, two additional river jetties etc.
- ▶ A 80 × 25 × 8 M fully covered Non-tidal Wet Basin with 2 × 10 tonnes EOT Cranes suited for all weather fitting-out of medium and small ships and 160 × 25 × 8 M Dry Dock with 2 × 40 tonnes Goliath Cranes suited for the construction and repair of ships. The Building Berth Measures 180 × 25 M and is equipped with 2 × 40/10 tonnes Cranes and supporting fabrication shops.



Two (2) River Jetties which enable berthing of vessels up to 60 M in length and suited for out-fitting/ repair of smaller vessels.

Additional Facilities - Boat Shed for manufacturing of Fast Interceptor Boat.

Two air-conditioned and humidity-controlled shops with six bays ranging from 18 to 40 M in length capable of building crafts up to 20 M.



### The Fitting Out Jetty

The Fitting Out Jetty (FOJ) Unit occupies 18 acres of land in Kolkata, India. It is dedicated to fitting out and repair of ships. The facilities at FOJ Unit include:

- ▶ Naval Complex Jetty (229 × 10 × 8 M with one 25 tonnes Tower Crane)
- ▶ Finger Jetty (184.50 × 11.43 × 7 M with one 15 tonnes Level Luffing Crane).

Even though primarily meant for large ships, our FOJ Unit is capable of fitting out small, medium and large ships. The FOJ Unit is capable of fitting out up to four (4) large ships at one time.



### Rajabagan Dockyard

Rajabagan Dockyard is spread over 31.15 acres with a 550 M open river front in Kolkata and is capable of pre-launch activities of three (3) 50 M-sized ships and post-launch outfitting of four (4) ships at one time at open river. The facilities at Rajabagan Dockyard include one (1) dry dock which can accommodate ships having draft facility upto 4 M.

OUR BUSINESS

# SHIPBUILDING CAPABILITIES

GRSE's shipbuilding division is engaged in the construction of vessels for clients mainly in the defence sector. Majority of the products manufactured by GRSE are supplied to central and state governments and entities owned and controlled by such governments. Significant majority of the Company's revenues are derived from sale of shipbuilding products to the Indian Navy and the Indian Coast Guard.



Frigate



Anti-Submarine Warfare Corvette



Corvette Missile



Landing Ship Tank



Landing Craft Utility



Survey Vessel

In addition to the shipbuilding products described below, over the years GRSE has also supplied various boats, pontoons, barge, sailing dinghy, fishing trawler, fire float, tug, dredger, passenger ferry, motor cutter, deck whaler, launch etc. to various other customers.



OUR FACILITIES

# ENGINEERING



## 61 Park Unit

The 61 Park Unit is located on 11.07 acres of land located in Kolkata, India. The 61 Park Unit is our primary unit for portable steel bridge production. It also houses the ship design office and cost estimation & corporate planning and commercial department.

## Taratala Unit

Taratala Unit: We manufacture our deck machinery items at our Taratala Unit, which occupies 3.39 acres of land in Kolkata.

The Taratala Unit is engaged in production, assembly, test and trials of all types of deck machinery equipment and naval pumps. The deck machinery unit is currently supplying the rail-less helo traversing system for larger ships of the Indian Navy and Indian Coast Guard. Your Company has also recently inaugurated a modern pump test bed facility at Taratala Unit on 11 Jun 2018, for testing the pumps we manufacture.



OUR FACILITIES

# DIESEL ENGINE PLANT

## DEP, Ranchi

We assemble, test and overhaul marine engines at the DEP, which occupies 62 acres of land and is located at Ranchi, Jharkhand. In addition to DEP, we also have the facilities for major overhaul (up to W6 Routines) for MTU 396, 4000 & 538 series engines.

Additional production facilities for portable steel bridges have been established at DEP at Ranchi during May 2016.



# CORPORATE INFORMATION

## Board of Directors

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

**Cmde Sanjeev Nayyar, IN (Retd.)**  
Director (Shipbuilding)

**Cmde Hari P R, IN (Retd.)**  
Director (Personnel)  
(From 21 Oct 2019)

**Ramesh Kumar Dash**  
Director (Finance) & CFO  
(From 01 Jul 2020)

**Surendra Prasad Yadav, IFS**  
Government Nominee Director

**Bharat Bhushan**  
Part-Time Non-Official (Independent)  
Director

**Kanwaljit Deol, IPS (Retd.)**  
Part-Time Non-Official (Independent)  
Director

**RAdm Inder Paul Singh Bali,  
AVSM, VSM, IN (Retd.)**  
Part-Time Non-Official  
(Independent) Director

**Dr. Biswapriya Roychoudhury**  
Part-Time Non-Official  
(Independent) Director

**Asit Kumar Nanda**  
Director (Personnel)  
(Up to 30 Sep 2020)

**Sarvjit Singh Dogra**  
Director (Finance) & CFO  
(Up to 30 Jun 2020)

**Dr. Ajai Bhandari, IAS (Retd.)**  
Part-Time Non-Official  
(Independent) Director  
(Up to 20 Jul 2020)

**Ashwani Kumar Mahajan, IRS**  
Government Nominee Director  
(Up to 29 Jul 2020)

## Chief Vigilance Officer

**Shri Dipankar Mahato, IP&T AFS**

## Company Secretary and Compliance Officer

**Shri Sandeep Mahapatra**

## Senior Management

**Arup Ratan Pal**  
Chief General Manager (Tech)

**Siddhartha Ray**  
Chief General Manager (Finance)

**Venkatesh Murthy**  
General Manager (Commercial)

**Cmde R Sridharan, IN (Retd.)**  
Chief General Manager (Design)

**A K Mohapatra**  
General Manager (HR & Admin)

**Cdr B Sengupta, IN (Retd.)**  
General Manager (FOJ)

**DIG Subrato Ghosh, ICG (Retd.)**  
General Manager  
(Strategy, Services & Bailey Bridge)

**Cdr A K Mahapatra, IN (Retd.)**  
General Manager (Main Works)

**Capt. P Sunilkumar, IN (Retd.)**  
General Manager (CP&CC and DEP)

**Cmdt A K Biswas, IN (Retd.)**  
General Manager (PP&C)

**Gulshan Ratan**  
General Manager (QA and IE & P)

**S Srinivas**  
General Manager (HRM)

**Cdr.Santanu Bose, IN (Retd.)**  
General Manager (P-17A)

**Cdr B Mishra, IN (Retd.)**  
Addl. General Manager (Taratala Unit)

**Cdr M K Biswas, IN (Retd.)**  
Addl. General Manager I/c (RBD)

## Independent External Monitors

**Shri Girish Shankar, IAS (Retd.)**  
**Shri R. Kuppan, IRSME (Retd.)**

## Bankers

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

## Statutory Auditors

**M/s. A. Kayes & Co.**  
Chartered Accountants

## Branch Auditor

**M/s. Chanakya Ashok & Co**  
Chartered Accountants

## Secretarial Auditors

**M/s. Vinod Kothari & Company**  
Practicing Company Secretaries

## Cost Auditors

**M/s. Mou Banerjee & Co.**  
Cost Accountants

## Registrar & Transfer Agent

**M/s. Alankit Assignments Limited**

## Registered Office

43/46, Garden Reach Road  
Kolkotta – 700 024  
CIN No. L35111WB1934GO1007891  
Website: [www.grse.in](http://www.grse.in)

# 10 YEARS FINANCIAL HIGHLIGHTS

(₹ in Lakh)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>FINANCIAL POSITION:</b>										
Equity Share Capital	12384	12384	12384	12384	12384	12384	12384	11455	11455	11455
Reserve & Surplus	55947	63872	73948	83196	84391	101042	95767	90698	92376	92568
Net Worth	68331	76256	86332	95580	96775	113426	108151	102154	103831	104023
Capital Employed	55911	60062	75907	91667	90810	110613	98112	102154	103831	104023
Gross Block	29612	30829	42732	53387	56381	56640	60454	47233	39959	43081
Net Fixed Assets	17402	17481	27979	36548	36574	34370	35834	38917	30225	30369
Working Capital	38509	42582	47928	55119	54236	76243	62278	60249	68476	56100
<b>OPERATING RESULTS:</b>										
Sales	54622	54506	46434	30819	230805	30668	22162	23390	14677	12968
Value of Production	105330	129253	152915	161167	161266	166075	92784	134552	137877	142470
Value Added	37868	49613	49609	50463	47702	48182	30018	41923	44217	45578
Profit/(Loss) Before Tax	16276	16935	19315	18723	7602	24915	2089	12775	17896	22387
Provision for Tax	4705	6132	6161	6577	3257	8710	865	3535	6902	6039
Profit/(Loss) after Tax	11571	10803	13154	12146	4345	16205	1223	9240	10994	16348
<b>APPROPRIATION:</b>										
CSR Reserve	228	10			2		94			
General Reserve	1134	1079	1315	1215	435	1607	15619	6065	6065	6065
Proposed Dividend on Equity	2477	2477	2631	2477	2477	5322	5408	5080	7961	8179
Tax on Proposed Dividend	402	402	447	421	504	1083	1101	1034	1636	1352
<b>RATIOS:</b>										
Gross Profit/ Capital Employed	0.29	0.28	0.26	0.21	0.08	0.22	0.02	0.13	0.17	0.22
PBT/ Production (VOP)	0.15	0.13	0.13	0.12	0.05	0.15	0.02	0.10	0.13	0.16
Production (VOP)/ Capital Employed	1.88	2.15	2.01	1.76	1.78	1.46	0.86	1.32	1.33	1.37
Value Added/ Production (VOP)	0.36	0.38	0.32	0.31	0.30	0.29	0.34	0.31	0.43	0.44
No. of Employees	4117	3792	3491	3133	2834	2592	2401	2214	2100	1973

# DIRECTORS' REPORT

Total Revenue from Operation

₹ **1,433** Crore

+ 3.38% year on year

Profit after Tax

₹ **163** Crore

+ 48.70% Year on Year

EBIDTA

₹ **255** Crore

+ 21% year on year

Order book (As on 31.3.2020)

₹ **26,544** Crore

+ 3.38% year on year



**DEAR SHAREHOLDERS,**

Your Directors have pleasure in presenting the Annual Report of your Company for the financial year 2019-20 together with the Audited Financial Statements for the year ended 31 March 2020.



## FINANCIAL PERFORMANCE

The performance of your Company continued to be good during the financial year 2019-20. The turnover for the year was ₹1,424.70 crore as against ₹1,378.77 crore in the financial year 2018-19. The profit before tax was ₹223.87 crore as against ₹178.96 crore in the previous year registering a growth of 25.10%. The net profit was ₹163.48 crore as compared to ₹109.94 crore for the previous year achieving an improvement of 48.70%.

The summarized operating results for the financial years 2019-20 and 2018-19 are given below:

(₹ in crore)

Particulars	2019-20	2018-19
Value of Production	1,424.70	1,378.77
Total Revenue from Operation	1,433.30	1,386.42
Profit Before Depreciation, Interest and Tax	255.29	211.15
Finance Cost	1.34	1.96
Finance Cost due to discounting	-	3.15
Depreciation	30.09	27.08
Profit Before Exceptional Items & Tax	234.48	181.16
Exceptional Item	(10.61)	(2.20)
Profit Before Tax	223.87	178.96
Provision for Tax	60.39	69.02
Profit After Tax	163.48	109.94
Other Comprehensive Income (Net of Tax)	(11.86)	(6.37)
Total Comprehensive Income	151.62	103.57

The financial position of your Company as on 31 Mar 2020 and 31 Mar 2019 is shown below:

(₹ in crore)

Particular	As on 31 Mar 20	As on 31 Mar 19
Capital Employed	1,040.23	1,038.31
Gross Block	430.81	399.59
Net Block	303.69	302.25
Working Capital	561.00	684.76
Net Worth	1,040.23	1,038.31
Value Added	455.78	442.17
Value of Production	1,424.70	1,378.77
Profit Before Exceptional Items & Tax	234.48	181.16
Exceptional Item	(10.61)	(2.20)
Profit Before Tax	223.87	178.96
Ratios: (%)		

Particular	As on 31 Mar 20	As on 31 Mar 19
Profit before interest and tax : Capital Employed (%)	21.65	17.73
Profit after tax : Net Worth (%)	15.72	10.59
Gross Profit : Capital Employed	21.52	17.24
Profit Before Tax : Value of Production	15.72	12.98
Value of Production : Capital Employed	136.96	132.79
Sundry Debtors : Value of Production	37.57	15.94

### Value of Production

During the financial year under review, your Company achieved Value of Production ('VoP') of ₹1424.70 crore as against ₹1,378.77 crore during the previous year. The comparative VoP for the three Divisions are as follows:

(₹ in crore)

Year	Ship Division	Engineering Division	Engine Division	Total
2019-20	1,345.31	35.28	44.11	1,424.70
2018-19	1,337.66	40.64	0.47	1,378.77

### Net Worth

During the year under review, your Company reported Net Worth of ₹1,040.23 crore as at 31 Mar 2020 against ₹1,038.31 crore as reported at 31 Mar 2019.

### Value Addition

The Value Added during the financial year under review was ₹455.78 crore as against ₹442.17 crore during the previous year. The Value Added per Employee was ₹23.07 lakh as compared to ₹21.06 lakh during the previous year.

### Appropriations

Considering the financial performance of your Company in the year 2019-20, the Directors are pleased to recommend the following appropriations from the disposable surplus:

(₹ in crore)

Profit After Tax	163.48
Other Comprehensive income for the year, Net of Tax	(11.86)
Total Comprehensive income for the period	151.62
<b>Less:</b>	
Dividend of FY 2018-19 on the Paid-up Capital	58.42
Dividend Distribution Tax	12.00
Interim Dividend of FY 2019-20	65.75
Interim Dividend Distribution Tax	13.52
Balance retained in Statement of Profit & Loss	1.93

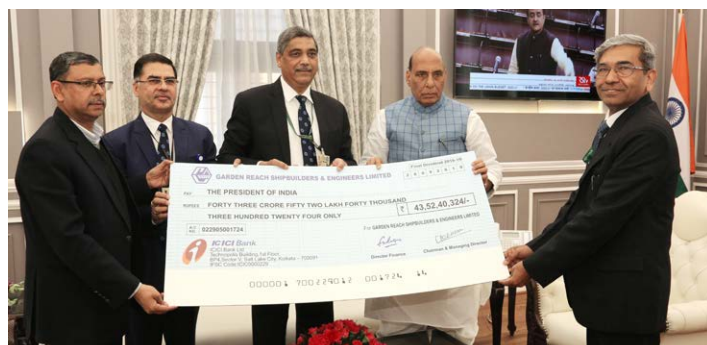
### Contribution to Exchequer

Your Company has made a contribution of ₹42.86 crore to the National Exchequer during the financial year 2019-20 by way of Income Tax, Dividend Distribution Tax and GST.

### Contribution to DIO/iDEX

The Company had received a letter from Deptt. of Defence Production, Ministry of Defence, in Nov, 2018 for making an initial contribution of ₹10 crore to Defence Innovation Organisation (DIO). Accordingly, the Board approved a contribution of ₹356.35 lakh, which was 5% of average net profits for the three immediately preceding financial years for payment to DIO during FY 2019-20 and the balance portion of contribution of ₹643.65 lakh to be made on the basis of profitability of the Company in forthcoming years.

The contribution of ₹356.35 lakh has been made during the Financial Year 2019-20 in terms of Board approval. Further, the Ministry of Defence has also been requested for allowing the Company to make the balance contribution of ₹643.65 lakh in tranches based on the affordability of the Company.



### Dividend

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top five hundred listed entities shall formulate a Dividend Distribution Policy. Accordingly, the Board of Directors of the Company has formulated a Dividend Distribution Policy keeping in view the provisions of SEBI (LODR) Regulations, the Companies Act, 2013 and Guidelines issued by the Department of Public Enterprises (DPE) and the Department of Investment and Public Asset Management (DIPAM). The Policy is available on the Company's website at <http://www.grse.in/pdf/investors/GRSE%20-%20Dividend%20Distribution%20Policy.pdf>. However, your Company is declaring dividend as stipulated by Government of India.

Pursuant to the approval of the Board of Directors on 19 Mar 2020, your Company paid an interim dividend of ₹5.74/- per equity share of face value of ₹10/- each, to Shareholders who were on the register of members as on 27 Mar 2020, being the

record date fixed for this purpose. Thereafter, the Board, at its meeting held on 06 June 2020 has recommended a dividend of ₹1.40/- per equity share of face value of ₹10/- each for the financial year 2019-20. Thus, the total dividend for the financial year 2019-20, if approved by the Shareholders, would be ₹7.14/- per equity share.

### Goliath Crane Incident

The shipbuilding infrastructure at Main Works Unit of GRSE was modernized and commissioned during 2013 at a cost of ₹605.85 crore. The modernized facilities have enabled GRSE to adopt the modern 'Integrated Construction Methodology' wherein large hull blocks could be constructed with significant pre-outfitting at the hull fabrication stage.

On 17 Apr 2018, a 'Near Cyclonic Storm' hit Kolkata, and the entire structure of the 250 Tonne Goliath Crane collapsed, resulting in damage to the Module Hall, New Dry Dock, Inclined Berth and a part of the Stores Complex located in the Main Works Unit of the Shipyard. Based on assessment of Insurance Surveyors, Insurance Company M/s Reliance General Insurance Company Ltd. has settled the claim at ₹112.69 crore, admitting a claim for ₹96.78 crore against Book Value of Assets of ₹107.39 crore. Loss on Insurance Claim for ₹10.61 crore has been booked in Statement of Accounts under the head "Exceptional Items".

The admitted claim amount of ₹112.69 crore has been received from the Insurer in June 2020.

The damaged Module Hall was built from the funds allocated by Indian Navy and this asset was not appearing in Company Books. Your Company being custodian of this asset, had taken insurance coverage for the same. Surveyors had admitted a claim of ₹15.90 crore for the damage to this asset out of total amount of settlement of ₹112.68 crore. The tendering process for repairs to Module Hall is underway.

### Impact of 'COVID-19'

Consequent to the lockdown restrictions imposed by Central and State Governments, due to the Covid-19 pandemic, your Company implemented a complete lockdown and Work from Home with effect from 23 Mar 2020. After nearly 75 days lockdown, production activities partially commenced on 08 Jun 2020 in a phased manner with restrictions of employment of manpower in truncated shifts, in order to compliance of Social Distancing norms & COVID Protocols.

Due to the complete and compulsive cessation of all production activities, many important milestones planned to be performed/ completed during this period could not be fructified.

The COVID-19 has mostly impacted the physical performance of the Company. However, during the lockdown period, the Company continued with its design, planning and commercial activities with truncated manpower as required basis, with the complete 'Essential Services Organisation' being fully functional.

The Company is executing projects having long construction period and mitigation plan have been formulated to arrest the delays on physical performance during the lockdown period.

The financial implications on the business operations due to COVID-19 lockdown are yet to be ascertained due to the unpredictable situation prevailing.

### Impact of Cyclone 'Amphan'

The Super Cyclone 'Amphan' struck Kolkata on 20 May 2020 PM and has caused severe devastation in several areas/parts of Kolkata. The survey action by the Insurer has been done and shipyard is in the process of submitting the claim to the Insurance Company. The expected quantum of loss/damage caused by the 'Amphan' to the assets of the shipyard is around ₹10 crore, which was covered by insurance. There is no significant impact on the production / operation due to the impact of cyclone.

### MOU RATING

Your Company has been rated "Excellent" as per MoU Rating for FY 2018-19 by the Department of Public Enterprises. The Company achieved Excellent Ratings for MoU 2017-18 and 2018-19 with a score of 93.08 and 92.72 out of 100 respectively. Further, on the basis of actual achievements vis-à-vis parameters laid down in the MoU signed with the Government of India for the year 2019-20, your Company is hopeful to be rated "Excellent" for its performance during 2019-20.

## PERFORMANCE OF THE COMPANY DURING THE YEAR

### A. SHIPBUILDING

#### Ship Production & Delivery

**Deliveries of Ships:** Your Company has delivered following four (4) ships to the Indian Navy / Indian Coast Guard during the financial year 2019-20.

Sl. No.	Ship	Yard	Delivery
1	ICGS Annie Besant (2 <sup>nd</sup> FPV)	2114	05 Nov 19
2	ICGS Amrit Kaur (3 <sup>rd</sup> FPV)	2115	19 Nov 19
3	L-57 (7 <sup>th</sup> Landing Craft Utility)	2098	11 Dec 19
4	INS KAVARATTI (4 <sup>th</sup> ASWC)	3020	18 Feb 20

During the year under review, your Company has achieved a milestone by completing the ASWC Project by delivering the last ship of 'Kamorta' Class on 18 Feb 2020 in the august presence of Cmde DK Goswami, CEO/HQENC at GRSE.

First ship of five FPV class, constructed by your Company, "ICGS Priyadarshini" was commissioned by Addl. Director General K R Nautiyal, PTM, TM, CGC(ES) in presence of Inspector General S Paramesh, PTM, TM, COMCG(East) at Kakinada on 27 Apr 2019. The 2<sup>nd</sup> and 3<sup>rd</sup> ships of 05 ship of FPV project, constructed by your Company, "ICGS Annie Besant" and "ICGS Amrit Kaur" were commissioned together by Dr. Ajay Kumar, Defence Secretary, Government of India at Kolkata on 12 Jan 2020 in presence of Director General K Natarajan, PTM, TM, Director General of Indian Coast Guard at Kolkata.

The 6<sup>th</sup> in the series of eight LCU Class ships "IN LCU L-56", constructed by your Company, was commissioned by Vice Admiral Atul Kumar Jain, Flag Officer, Commanding-in-Chief (FOC-in-C), Eastern Naval Command at Visakhapatnam on 29 Jul 2019.

Commissioning Annie Besant



Commissioning of L-56



The entire design of these LCU Class Mark-IV ships has been developed in-house by your Company as per the requirements specified by the Indian Navy. These ships boast of over 90% indigenous content, proving once again, your Company's commitment towards successful implementation of 'Make in India' initiative of the Government of India.

### Launching of ships

The last ship of the 05 Fast Patrol Vessel (FPV) project, 'Kanaklata Barua', Yard 2117, was launched by Smt. Veena Ajay Kumar, in the august presence of Dr. Ajay Kumar, Defence Secretary, Government of India on 10 Aug 2019 with the pre-launch progress of more than 56%, the highest percentage progress at pre-launch stage ever achieved at your Company.

The ship was delivered to the Indian Coast Guard on 09 Jun 2020. The ship was originally scheduled to be delivered to the Indian Coast Guard on 26 Mar 2020.

### Keel Laying

Keel of the following ships were laid during the FY 2019-20:

Sl. No.	Project	Yard	Date
1	SURVEY VESSEL (L)	3025	08 Nov 19
2	P-17A	3023	24 Jan 20

Keel of the 2<sup>nd</sup> P-17A ship (Yard 3023) was laid on 24 Jan 20 by VAdm G Ashok Kumar, AVSM, VSM, Vice Chief of the Naval Staff. Keel of first Survey Vessel (Large) was laid on 08 Nov 2019 by VAdm Ajay Kumar Saxena, AVSM, VSM, Controller of Warship Production & Acquisition, Indian Navy.

### Start Production

Start Production of the 2<sup>nd</sup> ship of the Survey Vessel (Large) project (Yard 3026) commenced on 29 Nov 2019 and start

of the production of the 3<sup>rd</sup> i.e. the last Frigate of the P-17A Project is scheduled to commence in Aug 2020. These are credible achievements during the FY 2019-20.

### Contracts Signed

The contract of Anti-Submarine Warfare Shallow Water Craft (ASW SWC) Project of 08 ships was signed on 29 Apr 2019 and this project was won by your company through competitive bidding which signifies the capability and confidence of your Company to win such major contracts.

### Major Projects Near Delivery

Details of Projects near delivery are given below:

Sl. No.	Ship	Yard	Status
1	5 <sup>th</sup> FPV	2117	The ship was fully ready and scheduled for delivery on 26 Mar 2020. The delivery has been delayed due to the lockdown owing to COVID 19.
2	4 <sup>th</sup> FPV	2116	Ship completed her CST in Feb 20. Delivery delayed as the ship is now earmarked to be exported to a friendly foreign country. The delivery formality is expected post improvements in COVID 19 situation.
3	8 <sup>th</sup> LCU	2099	BT/CST delayed to Aug 20 and Delivery is planned by Oct 20. Delivery schedule impacted due to COVID-19 Pandemic

## B. ENGINEERING DIVISION

The Value of Production achieved by the Engineering Division during the financial year 2019-20 amounted to ₹35.28 crore.

Launching of Kanaklata Barua



Keel laying 02<sup>nd</sup> P-17A Ship



## Portable Steel Bridge Unit

The Value of Production achieved by the Bailey Bridge Unit during the financial year 2019-20 amounted to ₹26.20 crore [consisting of forty-two (42) Bridges with combined 3998 MT] as against ₹25 crore [consisting of thirty-five (35) Bridges with combined 3250 MT] during the previous year 2018-19.

It is pertinent to mention that there has been a major increase in competition in the field of Portable Steel bridges and suppliers of Bailey type Bridges registered with CQA (EE) is now around eighteen (18) Nos. as against five (5) Nos. two years back.

During 2019-20, your Company exported one Bridge to Nepal and another to Bhutan.

To meet the latest requirements of prospective customers, the following R&D initiatives were under taken:

- Indigenous development of Cable Gripper used in Suspension Bridges.
- Development and successful trials of 30 feet span of Portable Pedestrian Bridge (Assault Bridge) made of light weight composite material.
- Development and successful trials of 140 feet Double Lane Modular Steel Bridge using 7 feet panel.

The major achievements of the Portable Steel Bridge Unit during FY 2019-20 are as follows:

- The Portable Steel Bridge manufacturing facility at DEP/ Ranchi has received CQAE (EE) registration certificate.
- The Unit supplied & erected one number (01) 140 feet extra wide 70R Bailey Bridge to Kolkata Metropolitan Development Authority (KMDA) at Salt Lake Town, Kolkata within a record time of 12 days.



## Deck Machinery and Naval Pumps Unit

The Taratala Unit of your Company is engaged in manufacturing and supply of various Deck Machinery

equipment comprising of Anchor Capstan, Anchor Windlass, Mooring Capstan, Dock Capstan, General Purpose Davits, Ammunition Davit/ Rocket Launcher Davit, Electric Boat Davits, Electro-Hydraulic Boat Davits, Survey Motor Boat Davits, Hydrographic Davits, Oceanographic Winch, Anchor cum General Purpose Winches for beaching operations, Helo traversing system (both Rail based and Rail Less type) & various types of Naval Pumps consisting of marine fresh water and sea water pumps of different discharge and capacity based on application.

During FY 2019-20, a total of thirty-one (31) Nos. of different Deck Machinery equipment and pumps have been supplied to various new construction yards as well as to operational ships of Indian Navy and Indian Coast Guards. The Ground Support Equipment of Rail Less Helicopter Traversing System for Advance Light Helicopter (ALH) has been indigenously designed and manufactured for use on board Indian Navy and Indian Coast Guard ships.

With this, the Value of Production of the Deck Machinery and Naval Pump Unit for the financial year was ₹9.12 crore.

## C. ENGINE DIVISION

During the year under review, your Company has delivered three (3) MTU engines after overhauling and testing. The Division has also successfully completed Setting to Work and Commissioning of main engines and controls of Yard 2114 to Yard 2117 (04 Ships) FPV warships of Indian Coast Guard.

The DEP, Ranchi unit has achieved Value of Production of ₹44.11 crore during the financial year 2019-20 against ₹0.47 crore in the financial year 2018-19.

## ORDER BOOK POSITION

The total order book position of your Company for the three (3) divisions as on 31 Mar 2020 is as follows:

(in ₹ crore)

Sl. No.	DIVISION / DEPTS	Closing order Value as on 31 Mar 2020
<b>A</b>	<b>Ship Division</b>	
	Ship (including B&D Spares)	26,280.76
<b>B</b>	<b>Engineering Division</b>	
	Bailey Bridge	29.95
	Deck Machinery & Pump	50.20
	<b>Total Engineering Division</b>	<b>80.15</b>
<b>C</b>	<b>Engine Division</b>	<b>183.46</b>
	<b>Total (A+B+C)</b>	<b>26,544.37</b>

The details of ships under construction in your Company as on 31 Mar 2020 is as follows:

Project / Vessel Type	Outstanding Ships as on 31 Mar 2020
Landing Craft Utility (LCUs)	01
Fast Patrol Vessel	02*
Project P-17A	03
Survey Vessel (Large)	04
ASW-SWC	08
<b>Total</b>	<b>18</b>

\*5<sup>th</sup> FPV-Kanaklata Barua delivered on 09 Jun 2020

## NEW INITIATIVES

- In order to explore manufacture of propulsion waterjets in India with high level of Indigenous Content, an MoU was signed between GRSE and M/S Kongsberg, Sweden. This MOU will help the parties continue with discussions to evaluate the contributions and benefits for various activities.
- Your Company has signed an MoU with M/s Bridge Engineering Research & Design (BERD), Matosinhos, Portugal to explore and identify synergies and partnerships to approach the bridge market with new design bridges in India and friendly neighbouring countries. GRSE and BERD co-operation offers more and diverse products of Modular Steel Bridges to the markets.



MoU with Berd, Portugal to explore bridge market in India and for Transfer of Technology.

## MAKE IN INDIA INITIATIVES

Your Company has implemented the “Make in India and Indigenisation” Policy whereby indigenous vendors are encouraged to quote with maximum indigenisation content through Licensed production with collaboration, Licensed production by way of Transfer of Technology (ToT), Co-production, Assembling, Design and Manufacture in India with ToT. Your Company has developed in-house capabilities to design & build most modern warships in the country. Of these ships, the ongoing ASW Corvettes and LCUs have about 90% indigenous content which is a major step towards achieving self-reliance in state-of-the-art warship design and construction.

## EXPORT INITIATIVES

GRSE is the first Indian shipyard to export a warship, an Offshore Patrol Vessel to Mauritius in 2014. Thereafter, GRSE has taken initiatives to export Naval ships to the friendly foreign countries and has identified SAARC, ASEAN, African & Latin American countries and particularly countries such as Seychelles, Bangladesh, Vietnam, Phillipines, Myanmar, Guyana, Mauritius etc. as areas of focus.

GRSE has also adopted a strategy of engaging with the authorities of the target market countries for export of its products. The company is also regularly supplying considerable amount of Bailey Bridges and its components to the neighbouring countries such as Nepal & Bhutan. Efforts are on further to enhance the export of Bailey Bridges & their components to other friendly foreign countries as well.

## CREATION AND RENOVATION OF INFRASTRUCTURE

Company has been continuously modernising its infrastructure to be in tune with the changing needs of the technology/products. During the year 2019-20, the company has spent ₹5,189 lakh as part of CAPEX investment towards modernisation of Plant & Machinery and infrastructure up-gradation etc. Following are some of the facilities modernised during the year:-

- Upgradation of Engineering Complex:** Engineering Complex consisting of five bays has been upgraded/revamped for better work environment at a cost of ₹684.23 lakh
- Restoration of FAC Store at Main Unit:** The FAC Store including one EOT crane which was damaged due to collapsed 250-ton goliath crane in 2018, has been restored and functioning fully since Jan 2020.
- Renovation of Ship Building Shop (SBS) and Plate Preparation Shop (PPS) at Main Unit:** Both SBS and PPS shops has been renovated with replacement of asbestos roof sheet to metal sheet and other civil & structural jobs for better internal environment.
- Modernisation of Raja Bagan Dockyard (RBD):** Raja Bagan Dockyard facility spread across over 31.5 acre of area has a good scope for augmentation/improvements to its old marine infrastructures. As part of a modernisation plan of RBD, following major actions have been completed/initiated:-
  - Dry Dock No.1 has been rejuvenated including development of surrounding areas.
  - Slipway-1 – Rejuvenation of the old slipway is underway.

- (iii) Dock No. 3 (West Dock) is planned to be converted into a Wet Basin. Towards this, entire dock has been cleared to enable feasibility study by a consultancy firm.
- (iv) A new state of the art underwater CNC Plasma Plate Cutting Machine has been installed and commissioned in Ship Building Shop.
- (v) Construction of two nos. Block fabrication sheds of sizes 85mX27m & 50Mx25m is in progress and expected to be completed by Sept 2020. This will add up to Shipyards' Block fabrication capacity.

On completion of the above modernization project by 2023, the shipbuilding construction capacity of GRSE will increase from 20 to 24 ships.

- (e) Your Company has a **strong Design Department** having a modern 3D Virtual Reality Lab. Both SVL & ASW (SWC) projects are being built using inhouse design by our Design Department. This will give further boost to your Company design capability.

## FUTURE OUTLOOK

A strong order book for construction of 15 warships concurrently for the Indian Navy at this juncture holds exciting times ahead for the GRSE. Recent policy announcement by the Raksha Mantri declaring 101 items in the negative list of imports over next five years in defence segment provides huge opportunities to Indian Industry as part of larger objective of Atmanirbhar Bharat Abhiyan. The defence shipbuilding segment continues to look promising on account of ambitious acquisition plan of Indian Navy and Indian Coast Guard which is quite encouraging for the Indian Shipbuilders and the entire ecosystem. A number of RFPs for various shipbuilding projects have been floated by the Ministry of Defence during last one year and some more are expected to come out in the near future. Further, the Ministry of Defence plan to increase export of defence products to 5 Billion USD by 2024 augurs well for all of us.

With all the policy initiatives taken by the Government of India in the recent times for encouraging & supporting Atmanirbharta, the overall scenario for warship building looks quite positive in coming years. However, it requires building capabilities and competencies to meet global standards. It's a good opportunity for the company to become part of global value chain to meet our vision of becoming global player in Shipbuilding.

Your Company's major future plans for steady business growth and stability are as follows:

- (a) The Vision is to become a Global Player by increasing exports footprint by looking at the entire operations from the view point of cost, delivery time, quality & credibility. In this regard, GRSE is actively pursuing all possibilities to engage Marketing Representatives to increase geo-strategic reach for exports to friendly countries.
- (b) Your Company believes that innovation in the production processes coupled with enhanced efficiency and optimum utilisation of resources is the key to reduce production costs. The Company intends to leverage its design, engineering and manufacturing capabilities to improve its procurement and production processes.
- (c) Continuous endeavour towards assessment of tentative & likely opportunities from the Indian Navy, Indian Coast Guard, Ministry of Home Affairs, Inland Waterways Authority of India over next 05 Years.
- (d) In Indian context, the demand for warships by the Indian Navy and Indian Coast Guard has remained positive. Both these maritime forces have approved a shipbuilding programme spanning over 15 years under which they aspire to grow their fleet sizes by 200 ships each by end of this decade. Your Company is also targeting for orders from the Indian Navy and Indian Coast Guard for AMC & Refits of GRSE built ships and have plans to diversify to ship repair business verticals.

## VENDOR DEVELOPMENT

Your Company has analysed the production activities, identified core and strategic operations and undertaken comprehensive mapping of activities to be outsourced. Accordingly, vendor development initiatives like organizing Vendor Meet/participation in Vendor Fairs / Melas / Programs / Seminars / Conferences / Conclaves organized by CII, FICCI, MSME-DI, BCCI, NSIC, FOSME, other Defence Shipyards, State / Central Governments, Industry Defence Linkage, etc. have been undertaken to induct technically competent and financially capable vendors from across the country for outsourced jobs.



Vendor Development Programme

## IMPETUS TO MICRO, SMALL AND MEDIUM ENTERPRISES

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

During the financial year 2019-20, your Company procured items worth ₹226.71 crore from the SMEs, which is 38% (approx.) of the total annual procurement value (considering exclusions as applicable for SMEs). List of items reserved for SMEs procurement is available on your Company's website at: [http://www.grse.in/mse\\_notice\\_website.pdf](http://www.grse.in/mse_notice_website.pdf)

Your Company has on-boarded on TReDS Platform and MSME "Sambandh" & MSME "Samadhaan" Portals complying with Government guidelines/ directives.

## GOVERNMENT e-MARKETPLACE (GeM)

Your Company has registered with GeM as per Rule No.149 of the General Financial Rules, 2017, towards online procurement of common use of Goods & Services.

## ERP & IT

The highlights in the area of ERP & IT are as follows:

- (a) **Cyber Security**:- GRSE has well defined organisational structure for Cyber Security Management. Director (Personnel) is nominated as Chief Information Security Officer (CISO) for GRSE. At each Unit/ Department, Information Security Officers are nominated. Cyber Security Enhanced Awareness Training by CDAC to cyber security core group consisting of 20 personnel was conducted in Nov 2019. AIR-GAP implementation across organization and ILL based internet LAN was implemented in GRSE (MW & FOJ Units).
- (b) **ERP-SAP**:- GRSE has adopted a centralised approach to manage critical IT infrastructure on which all business processes are dependent. It includes ERP infrastructure, mail servers, WAN, LAN, network security components, Antivirus and patch management. During the year 2019-20, organization wide ERP refresher training was conducted for 250 SAP users, towards improving the efficiency of the operations. Further, ERP/SAP core team has also been re-vitalized.

- (c) **PDM/PLM (Product Data Management/ Product Lifecycle Management)**:- Implementation of AVEVA Marine based PDM & Siemens Team Centre based PLM software is under implementation. Modular construction technology with the use of PDM / PLM will improve efficiency and reduction of construction time of P17A ships.
- (d) **DMS (Document Management System)**:- Manual files have been reduced substantially and approximately 70% of the organizational processes have been digitized.

## HUMAN RESOURCE & ADMINISTRATION

### Manpower

The total Manpower strength under permanent roll of the Company as on 31 Mar 2020 was 1973 including 467 Officers on regular roll, 1 Officer and 21 Supervisors on Fixed Term contract and 4 tradesmen as Journeyman.

Statements showing the representation of SC/ ST/ Women, etc., as on 31 Dec 2019 as well as the total recruitment made during the period from Jan to Dec 2019 are given at **Appendices "A & B"** of this report.

Further, in accordance with Ministry of Corporate Affairs Notification dated 05 Jun 2015, Government Companies are exempted from the provisions of Section 197 of the Companies Act, 2013 and its rules thereof.

### Industrial Relations

Industrial Relations during the period under review across all Units of the Company including DEP, Ranchi remained more or less peaceful.

The Union election was held through secret ballot method on 27 Jun 19 and operatives posted in Main Yard, 61 Park, FOJ, Taratala, RBD, TTC, Belur and Regional Office-Delhi participated for electing the Sole Bargaining agent. This election was conducted by the Office of Registrar of Trade Unions, Govt. of West Bengal. In the election, GRSE Ltd. Workmen's Union has secured 59.14 % votes and emerged as 'Sole Bargaining Agent' for a period of 02 years w.e.f. 27 Jun 19. Management made all arrangements to ensure smooth conduct of the elections.

### Human Resource Development

GRSE intends to nurture and develop a well-balanced workforce of talented individuals who can contribute towards enhancing organization's growth trajectory. Your Company has undertaken various initiatives to enhance the efficiency of the workforce in an atmosphere that encourages pursuit of individual excellence and cohesive teamwork.



The company has prepared and promulgated a comprehensive Training & Development Manual encompassing all necessary details on courses, target groups, training institutions, SOPs and formats related to training activities. A structured training need assessment exercise was conducted where Officers and Supervisors were given opportunity to self-assess the training requirement and prepare their Individual Development Plan (IDP) in consultation with their Reporting Officers. This will help employees reach short and long term career goals, as well as improve current job performance.

In FY 2019-20, your company has implemented a well-defined Annual Training Plan covering technical, leadership, managerial effectiveness, functional, cross-functional and behavioural competencies development topics for all categories of employees. During the year, 4700 training man-days were achieved by organizing more than 200 programs conducted in-house by inviting faculty/ trainers from reputed institutions as well as deputing participants in courses/ seminars/ workshops/ conferences organized by external institutions/ training providers in India and abroad. A brief of the capability development programs conducted during FY 2019-20 for building technical & managerial competencies of the workforce is given below:

- (a) **Leadership Development Programmes:** A batch of 30 Officers from middle management level who were identified from the Performance Potential Matrix (PPM) were sent to Indian Institute of Management, Calcutta for a 6 days Leadership Development Programme. Senior management executives were nominated for Masterclass for Directors programme, Advanced Leadership Programme with overseas learning module, Workshop for succession planning for Board level positions etc. An outbound teambuilding residential workshop titled "Utkarsh" was organized for a batch of 25 high performing young executives.
- (b) **Advanced Technical Training Programmes:** GRSE executives were imparted technical upgradation training conducted by reputed training providers in India and abroad on topics like Advanced Welding, Non-Destructive Testing (NDT), Hydraulics, AVEVA Marine design software, Radiography Testing certification, Liquid Penetrant Testing (Level-2) certification, NACE CIP Level-1 certification, Shock & Vibro acoustics, Cyber & Information Security, HT/LT Motors, Piping Engineering, maintenance of CNC Plasma cutting machine etc.
- (c) **Managerial & Behavioural Competencies Development Programmes:** Executives were nominated for various Management Development Programmes conducted by reputed institutions on topics relevant to

present and future business requirements of the company. Few in-house programs on improving managerial effectiveness, negotiation skills, inter-personal skills, emotional intelligence were also organized. For non-executives, Employee development programs for Organizational Excellence were organized in batches for which trainers from Dattopant Thengdi National Board for Workers Education and Development, Ministry of Labour, Govt. of India and other experts were invited by the company.

- (d) **Functional Development Programmes:** Workshops on various functional areas like Contract management, QMS, Management of Discipline, Corporate Risk Management, Project Management, MS Project, HR related issues, Labour Laws, Reservation matters, etc were conducted.
- (e) **Training Programmes on Emerging Topics:** In order to keep abreast with latest technological development and management concepts, executives were trained on Business analytics, People analytics, Supply chain analytics, design thinking, Ideation process, Artificial Intelligence & machine Learning, Internet of Things (IOT), Industry 4.0, etc.
- (f) **Introduction of E-learning:** Your Company has introduced a structured e-learning scheme for all categories of employees. A Standard Operating Procedure (SOP) for undertaking web based courses conducted by NPTEL, IIMBx and World Bank has been promulgated. On completion of the online courses, reimbursement of fee and monetary award is given to the participants.
- (g) **Women Development Programmes:** Workshops were conducted exclusively for women executives and employees on topics like improving work-life balance, Gender sensitization, awareness about sexual harassment at workplace etc. Five women executives were nominated for women leadership development programme.
- (h) **Awareness programmes on IPR:** More than 200 employees from technical disciplines were imparted awareness training on Intellectual Property Rights (IPR) by senior officials of the Patent Office, Kolkata (under Ministry of Commerce, Govt. of India) who were invited by the company as guest faculty. Two Officers from your company were deputed for Advanced IPR training conducted by RGNIPM, Nagpur.

#### Employee Engagement Initiatives

- (a) **GRSE Day celebration (Commencement of the Diamond Jubilee year):** GRSE celebrated the occasion with much fanfare on 19 & 20 Apr 2019. The event on

April 19 was an in-house affair which saw wholehearted and enthusiastic participation from all sections of GRSE employees. Employees were awarded in recognition of their contribution and retired workers who had served the Company for 40 years were felicitated. The function on 20 Apr 2019 was an evening of grandeur as Hon'ble Governor of West Bengal, Shri Keshari Nath Tripathi, graced the occasion as the Chief Guest. He also unveiled a book titled, "Voyage to the Centennial Warship" – a memorabilia celebrating and chronicling GRSE's commendable journey spanning from its delivery of the first indigenous warship of Independent India to Indian Navy in 1961 till the recent landmark of delivering the 100<sup>th</sup> warship, Landing Craft Utility, IN LCU – L-56 to Indian Navy. The Hon'ble Governor also released a copy of 'GRSE Varta 2019', an Annual In-House Journal during this event.

- (b) **GRSE Family Day Function:** The Annual Family Day 2019-20 'Ahoban' was celebrated on 02 Feb 2020. The year being the Diamond Jubilee year of your Company, large scale arrangements were made for the family members of the employees to come together for a day full of fun and to bond with each other.
- (c) **Annual Sports:** In order to reinforce its focus on creating team spirit as also improving work-life balance for the employees, different types of sport events were conducted during the year, from 10 Dec 2019 to 28 Jan 2020. Various events such as Cricket, Badminton, Volleyball, Table Tennis, Chess and Carom are included which witnessed huge participation of both female and male employees and created immense enthusiasm not only among participants but also among other employees.



- (d) **Award Schemes:** In order to recognize the officers who display excellence in their performance and who have served in an exceptional manner by rendering outstanding service through his/ her work and exhibiting a positive and supportive attitude, one new award scheme i.e. 'STAR PERFORMER' has been introduced

during the year. This award scheme is promulgated to instill a sense of healthy competition amongst officers to perform at optimum level in large interest of the organization and also help in generating a spirit of perseverance. All other awards like GRSE Exemplary Service Awards, On the Spot CMD's Commendation & On the Spot Cash Award, Employee of the Month Award, Employee Innovation Scheme, GRSE Merit Award for employees' children, Group Awards like Quality Circle and 5'S' etc. have been continued.

### New HR Initiatives

- (a) **Annual Health Check-up for Employees:** Safety and health issues are of paramount importance for every organization. Employees' health is a key criterion to the success of every organization as it leads towards increased efficiency and productivity among their teams. Accordingly, Annual Health Check-up covering all the important health checks has been introduced by the Company in respect of all category of employees on permanent roll as a welfare measure.



- (b) **Introduction of Cafeteria:** There was a long felt need to start a cafeteria in all units so that employees and outsiders visiting GRSE can avail quality and hygienic food especially during odd hours. In Main Unit, cafeteria was started in association with West Bengal Livestock Development Corporation Ltd. (A Govt. of W.B. Undertaking) in Feb 2020. Similar initiative is being planned for other Units.



(c) **Implementation of Contract Labour Management System (CLMS):** With introduction of outsourcing of various activities in your Company, the strength of contractors' labour have increased substantially over the years. In order to ensure real-time compliances by the contractors, the Contract Labour Management System (CLMS) was implemented in Oct 2019 in three major units viz. Main, FOJ and RBD Units to replace the existing manual compliance management with system - based compliance management.

(d) **Employee Satisfaction Survey:** An Employee Satisfaction Survey for all Officers and Supervisors has been conducted in month of Jan 2020. The objective of the survey was to measure employee satisfaction on a number of parameters related to work environment, compensation/ benefits/ facilities, communication, training and development, rewards & recognition and job satisfaction. Overall, the responses received will help the company in improving the processes and making the company a great place to work.

(e) **General Awareness Assessment Test (GAAT):** In order to reinforce greater general awareness about company's affairs, activities of various departments, Policies & Rules, a General Awareness Assessment Test (GAAT) was conducted for all officers upto the rank of AGM in the Company. A comprehensive Study Material consisting of information of all departments was prepared and distributed to all the officers in advance. The test was conducted through online as well as offline modes on 14 Feb 20.

### Swachhta Campaigns

GRSE has adopted innovative methods to take forward the nationwide Swachh Bharat Campaign and created awareness among internal and external stakeholders so as to make it a mass awareness movement and bring about a lasting behaviour change.

As a part of Swachh Bharat Abhiyan, GRSE observed DPE Swachhta Pakhwada (from 16 Aug to 31 Aug, 2019), Swachhta Hi Seva (from 11 Sep to 02 Oct, 2019) and MoD's Swachhta Pakhwada (from 01 Dec to 15 Dec, 2019).

### Observance of Rashtriya Ekta Diwas (National Unity Day)

National Unity Day (also known as Rashtriya Ekta Diwas) was celebrated on 31 Oct 2019 to commemorate the birth anniversary of Sardar Vallabhbhai Patel who unified the country.



### Persons with Disabilities

Your Company extended all necessary the relaxations / concessions to the employees with disabilities as per the Statute / Govt. directives. During the year 2019-20, the Company has recruited 01 PWD out of total recruitment of 32 employees.

### Empowerment of Women

The women representation is 5% of the total strength in your Company. During 2019-20, 01 lady employee has been appointed out of 32 which is 3.1%.

### SAFETY AT WORK



The Shipyard continually strives to ensure safe working environment to achieve the objective of "zero accident". In order to achieve the same, close monitoring and safety surveillance system has been instituted for strict implementation of safety norms and procedures at all work locations, including on-board ships.

In order to upgrade the safety awareness amongst the employees, 49<sup>th</sup> National Safety Day / Week was celebrated in all units of your Company during 04 -10 Mar 2020 through

administering National Safety Council's Health & Safety Pledge, displaying of Safety Banners at strategic locations of various Units and organised safety competitions. The Contractors Firms had also organised safety awareness programme for their employees across the GRSE Units.

Fire safety awareness programmes were conducted in the Yard for all categories of employees including CISE, BOPT, Apprentices and contractor's personnel and 400 participants attended the training session during the period under review.

During the FY 2019-20, the Shipyard has achieved a Safety Frequency Rate (Industrial Injuries Index) of 2.58 as against the last year's Safety Frequency Rate of 3.32, indicating an improvement in the area of Safety Culture of the Shipyard.

### INDUSTRIAL SECURITY



The physical security of your Company has been entrusted to the Central Industrial Security Force (CISF) contingent in all the three production units of GRSE i.e. MAIN, FOJ and RBD of 397 CISF personnel, headed by an officer of the rank of Commandant.

Total security of your Company continued to be robust without occurrence of any serious security incident during the year. All security systems and measures introduced and installed in your Company are of international standards. As per the security plan and policy of the Company, periodic security mock drills were conducted to ensure prompt mitigating action in the event of any security breach, crisis or calamities.

Effective access control systems including biometric attendance system for GRSE employees and contractors' labourers at the gates are in place in the Company. A full-fledged visitor's facilitation centre is operated for scrutiny and verification of the credentials of the visitors to the Company. Baggage scanning system has also been installed at the main entry gates of the Company. Apart from these, special systems and measures such as exclusive photo entry

pass and CCTV surveillance system is being installed for complete fortification of GRSE Units by way of observations and surveillance.

Materials entry and exit system has also been made robust in terms of recording by CISE, which ensures effective and vigilant monitoring of materials movement in and out of the Company. No case of theft, sabotage, leakage of information etc. was reported during the year.

### OFFICIAL LANGUAGE

In pursuance of sub rule (4) of rule 10 of the Official Language (Use for the Official Purposes of the Union) Rules, 1976, as notified by the Government of India, 80% of ministerial staff of your Company have acquired working knowledge / proficiency in Hindi.

**Official Language Implementation Committee:** Official Language implementation has increased considerably during the period under review. Quarterly meetings of Official Language Implementation Committee were held regularly under the chairmanship of Chairman & Managing Director, to review the progress made by various Units and Departments.

### Rajbhasha Awards:

- (a) Rajbhasha Shield was awarded to GRSE for the year 2018-19 for Excellence in Implementation of Official Language in the company by Town Official Language Implementation Committee (TOLIC).
- (b) Deputy Manager (Official Language) was also awarded appreciation letter by TOLIC for Excellence in Implementation of Official Language in the company.

**Hindi Day / Fortnight Celebrations:** Your Company observed Hindi Fortnight from 01-14 Sep 2019 and Hindi Day on 27 Sep 2019. During the period, various competitions like Hindi Essay, Hindi Noting-Drafting & Hindi Translation were organised. Cash Awards and certificates were distributed to winners by C&MD on Hindi Day function.

**Efforts to Promote Use of Official Language:** In order to promote use of Official Language in your Company, the following activities had been undertaken:

- (a) Hindi Computer Workshops;
- (b) In-House Hindi Training;
- (c) Induction Programme for newly joined Officers/ Supervisors;
- (d) Implementation of various incentive schemes.

# AWARDS & RECOGNITIONS



“PSE Excellence Award – 2018” by Indian Chamber of Commerce for the year 2018 in the category of “Operational Performance Excellence”.



“SODET Award 2016-17” in the ‘Innovation’ Category.



“SCOPE Corporate Communication Excellence Award 2019” for Best External Corporate Communication Campaign and Program.



“Governance Now 6<sup>th</sup> PSU Award for 2019” for the category of ‘Communication Outreach’, ‘Digital PSU’ and ‘CSR Commitment’.



“World CSR Day Congress Awards” for ‘Best Corporate Social Responsibility Practices’ and ‘Business Leader of the Year Awards’ for Corporate Social Responsibility Program of the Year.



“Rajbhasa Shield 2018-19” award for best implementation of Rajbhasa in the Company during 2018-19 from Hon’ble Governor of West Bengal.



“Stars of the Industry Awards” for ‘Excellence in Training & Development’ and ‘Best Apprenticeship Programme’.



“Kolkata Best Employer Brand Awards 2019” for ‘Award of Excellence in Training’.



National Awards for Excellence in Cost Management 2018.



“Recognition of WIPS Activity Award 2019” at 30<sup>th</sup> National Meet of WIPS.



GRSE was recognised as one of the “Next Fortune 500 Companies of India”

## CORPORATE GOVERNANCE

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 complies with the applicable regulations under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and also the Guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises (DPE) vide its Office Memorandum dated 14 May 2010, both in letter and spirit. The Company also strives to comply with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Our *Report on Corporate Governance* alongwith Compliance Certificate from M/s. Maheshwari R & Associates, Company Secretaries, confirming compliance with the conditions of Corporate Governance, as required under both, the SEBI Listing Regulations and the DPE Guidelines on Corporate Governance for CPSEs forms part of this Annual Report.

## BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

The Board of your Company comprises a total of ten (10) directors which includes four (4) Whole-Time Directors, five (5) Part-Time Non-Official (Independent) Directors, including one (1) Woman Director and one (1) Government Nominee Director.

During the year 2019-20, the following changes took place in the Board of Directors and of Key Managerial Personnel (KMP) of your Company:

Sl. No.	Name of Director	Designation	Date of Appointment	Date of Cessation
1	Shri A K Nanda	Director (Personnel)	-	30.09.2019
2	Cmde Hari P R	Director (Personnel)	21.10.2019	-

Subsequent to the closure of the Financial Year 2019-20 to the date of this report following changes has taken place:

Sl. No.	Name of Director	Designation	Date of Appointment	Date of Cessation
1	Shri S S Dogra	Director (Finance)	-	30.06.2020
2	Shri R K Dash	Director (Finance)	01.07.2020	-
3	Ajai Bhandari	Independent Director	09.03.2018	20.07.2020

## DIRECTORS RETIRING BY ROTATION

Pursuant to Section 152(6) of the Companies Act, 2013 and Articles of Association of the Company, Cmde Sanjeev Nayyar, IN (Retd), Director (Shipbuilding), who has served on the Board of Directors and the longest amongst the retiring directors, is liable to retire by rotation, and being eligible, offers himself for reappointment.

## DECLARATION AND MEETING OF CRITERIA BY INDEPENDENT DIRECTORS

Your Company has received declarations from all the Independent Directors of your Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013, the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises and the SEBI Listing Regulations. Further, in the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the SEBI Listing Regulations and are independent of the management of the Company. The Independent Directors of the Company have confirmed that they have registered themselves with the Indian Institute of Corporate Affairs, Manesar and have included their name in the databank of Independent Directors within the statutory timeline and they will also appear for the online proficiency test within a period of one year, wherever applicable.

## MEETINGS OF INDEPENDENT DIRECTORS

During the year, a separate meeting of Independent Directors was held on 29 Feb 2020 in which all Independent Directors were present except Shri Bharat Bhushan Jain, who was not present due to his pre-occupation.

## MEETINGS OF THE BOARD

Ten (10) meetings of the Board of Directors were held during the year under review. For further details, please refer to the ‘*Report on Corporate Governance*’.

## REMUNERATION POLICY & EVALUATION OF BOARD’S PERFORMANCE

Your Company is a 74.50% Government of India owned Public Sector Enterprise under Ministry of Defence. Presently, the Directors of the Company are Presidential appointees and their remuneration is fixed in accordance with the DPE Guidelines in this regard. Accordingly, Articles 194 and 214 of the Articles of Association of your Company states that the President of India will appoint Directors and determine their remuneration. Since, the Board level appointments are made by President of India, the evaluation of performance of such appointees is also done by the Government of India. A separate meeting of Independent Directors was held on 29 Feb 2020 to evaluate the Board processes.

## AUDIT COMMITTEE

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

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

For further details, please refer the 'Report on Corporate Governance'.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2020, 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;
- 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<sup>st</sup> March, 2020 and of the profit of your Company for the year ended on that date;
- 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;
- The Directors had prepared the Annual Accounts on a 'going concern' basis;
- The Directors had laid down internal financial controls to be followed by your Company and such internal financial controls are adequate and were operating effectively; and
- 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.

## STATUTORY AUDITORS

The Comptroller & Auditor General of India have, under Section 139(5) of the Companies Act, 2013, appointed M/s.

A. Kayes & Co., Chartered Accountants, Kolkata, as the Statutory Auditors of your Company and M/s. Chanakya Ashok & Co., Chartered Accountants, as Branch Auditors for the Diesel Engine Plant, Ranchi, for the financial year 2019-20.

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 2019-20 form part of this Report.

## COST AUDITORS

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. Mou Banerjee & Co., Cost Accountants, Kolkata, as the Cost Auditors of your Company for the financial year 2019-20 to conduct audit of cost records maintained by your Company.

## SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013, your Board appointed M/s. Vinod Kothari & Co., Practicing Company Secretaries, to conduct Secretarial Audit of the Company for the FY 2019-20. The Secretarial Audit Report of M/s. Vinod Kothari & Co. is placed at **Appendix - "C"** to this Report. The said report does not contain any qualification, reservation or adverse remarks.

Pursuant to the SEBI circular no. CIR/CFD/ CMD1/27/2019 dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report for the year 2019-20 from M/s Vinod Kothari & Co., Practicing Company Secretary, confirming compliance of SEBI Regulations / Circulars / Guidelines issued thereunder and applicable to the Company and the said report has filed with the National Stock Exchange of India Limited and BSE Ltd. There are no observations or adverse remarks in the said report.

## INTERNAL AUDITOR

The Board of your Company has appointed M/s. V Singhi & Associate, Chartered Accountants, to conduct Internal Audit for the financial year 2019-20.

## DETAILS OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143

Nil

## CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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 and Regulation 23 of



the SEBI Listing Regulations. Your Directors draw attention of the Members to Note 33 to the financial statements which sets out related party disclosures as per Indian Accounting Standard 24. The Form AOC-2 on details of related party transactions has been attached as **Appendix - “D”** to this Report, as required under section 134(3)(h) of the Companies Act, 2013. The Company has a Policy on Related Party Transactions, which can be accessed at the following link: <http://www.grse.in/pdf/investors/Policy%20on%20Related%20Party%20Transactions.pdf>

## **PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS**

During the year under Report, your Company has not:

- (a) given any loan to any person or other body corporate;
- (b) given any guarantee or provided security in connection with a loan to any other body corporate or person; nor
- (c) acquired by way of subscription, purchase or otherwise, the securities of any other body corporate, as prescribed under Section 186 of the Companies Act, 2013.

## **VIGIL MECHANISM**

As a part of its vigil mechanism, your Company has adopted a Whistle Blower Policy to provide appropriate avenues to the employees of your Company to report to the management, instances of unethical behaviour, actual or suspected fraud or violation of your Company’s Code of Conduct. As per the Whistle Blower Policy, a whistle blower can send written communications to the Chairman & Managing Director of your Company (or any person to whom he has delegated his power). Alternatively, the whistle blower 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 <http://www.grse.in/pdf/investors/Whistle%20Blower%20Policy.pdf>

## **EXTRACT OF ANNUAL RETURN**

An extract of the Annual Return of your Company for the FY 2019-20 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.

## **MANAGEMENT DISCUSSION & ANALYSIS**

The *Management Discussion & Analysis Report* as required under the SEBI Listing Regulations and the DPE Guidelines on Corporate Governance for CPSEs forms part of this Annual Report.

## **CORPORATE SOCIAL RESPONSIBILITY**

GRSE’s Corporate Social Responsibility (CSR) initiatives have played a significant role in socio-economic development of the vast stretch underprivileged inhabitants belonging mostly to minority community, in the vicinity of our production units. The CSR and Sustainability Policy of your Company is in line with the provisions of Companies Act, 2013 and the rules framed thereunder and DPE Guidelines on Corporate Responsibility and Sustainability and the same can be accessed on the website of the Company at <http://grse.in/pdf/investors/GRSE%20Policy%20on%20Corporate%20Social%20Responsibility%20and%20Sustainability.pdf>.

The CSR projects have been implemented in various broad thematic domains such as Skill Development, Swachh Bharat initiatives, mainstreaming differently abled persons and health related initiatives for improving the quality of life of the marginalized segment mainly residing in the vicinity of the production units of your Company.

The CSR & Sustainability Committee of the Board of Directors comprises of Smt. Kanwaljit Deol, Independent Director, as Chairperson, Director (Shipbuilding) and Director (Personnel) as Members.

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.

## **RISK MANAGEMENT**

Your Company has in place a Board approved Risk Management Policy & charter and implemented a structured and comprehensive Enterprise Risk Management System. This charter is intended to establish a common understanding, language and methodology for identifying, assessing, responding, monitoring and reporting risks and to provide assurance to the management that key risks are being properly identified and effectively managed in the company. The Company has in place a mechanism to inform the Board Members about Risk Assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

## **BUSINESS RESPONSIBILITY REPORT**

The Securities and Exchange Board of India (SEBI) has mandated inclusion of Business Responsibility Report (“BR

Report”) as part of the Annual Report for the top 1000 listed entities based on market capitalisation. Regulation 34(2)(f) of SEBI (LODR) Regulations stipulates that the annual report shall include a Business Responsibility Report describing the initiatives taken by the listed entity from an environmental, social and governance perspective in the format specified. Accordingly, the Business Responsibility Report for the year 2019-20 has been drawn up and appended to this Report.

### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an adequate system of internal controls in place, commensurate with the size, scale and complexity of its operations supported by an Enterprise Resource Planning (ERP) platform i.e. SAP for its main business process. It has documented policies and procedures covering financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations. The internal control system ensures that the resources of the Company are optimally used for the business purposes and safeguarded from loss, misuse and physical impairment. A comprehensive delegation of power exists for smooth functioning and decision making, and the same is periodically reviewed to align it with changing business environment

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company being a Government Company engaged in producing defence equipment, the disclosure of information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo under the provisions of Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is not required as the Ministry of Corporate Affairs vide Notification GSR No.680 (E) dated 04 Sept 2015 has granted exemption to Defence Public Sector Undertakings.

### IMPLEMENTATION OF RTI ACT

The information required to be provided as per Section 4(1) (b) of the Right to Information Act, 2005 has been posted on the website of the Company ([www.gsre.in](http://www.gsre.in)).

During the year 2019-20, total of 70 no. RTI requests through online/ offline mode were received, while opening balance from previous year was 2 in nos. A total of 69 no. RTI applications were replied to during the year, 1 no. RTI Application transferred to concerned Department of

Government of India and remaining 2 no. RTI applications were taken as ‘carried forward’ to the year 2020-21. In case of RTI appeals, 6 no. RTI First Appeals were received during 2019-20 through online/ offline mode and 1 no. First Appeal was shown as ‘opening balance’ from previous year. A total of 7 no. RTI First Appeals were decided and replied to, while no RTI First Appeal was ‘carried forward’ to the year 2020-21. 2 no. Second Appeals were heard during 2019-20 before the Central Information Commission and disposed of without any adverse orders against Public Information Officer or the Public Authority. The Quarterly Returns are being uploaded on the CIC’s website as well as on the DoPT website timely.

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

In pursuance of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Internal Committee was reconstituted on 18 Aug 2017 with an external member who is a person familiar with the issues relating to sexual harassment.

In accordance with Section 21 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder, the following details are submitted:

- (i) Number of complaints of sexual harassment received during the year: **Two**
- (ii) Number of complaints disposed off during the year: **One**
- (iii) Number of complaints pending for more than ninety days: **One**
- (iv) Number of workshops or awareness programme against sexual harassment carried out: **Two**
- (v) Number of meetings of Internal Committee conducted during the year – **Ten**

### PUBLIC GRIEVANCES

In order to facilitate resolution of grievances in a transparent and time bound manner, the Department of Administrative Reforms & Public Grievances, Ministry of Personnel, Public Grievance & Pensions, Government of India has initiated a web-based monitoring system at [www.pgportal.gov.in](http://www.pgportal.gov.in) (PG Portal).

Your Company is committed to the resolution of public grievances in an efficient and time bound manner. Upon receipt of Public Grievances, the matters are being resolved by thorough examination of facts of the case with due diligence by the concerned departments. During the year under review, a total of 14 Public Grievances through

online / offline mode were received and 2 of grievances were carried forward from previous year. All the 16 grievances were resolved during the year. There was no grievance to be carried forward to the year 2020-21 for its resolution. All the pending grievances were resolved during 2019-20. Details of the Grievance Committee have been uploaded on your Company's website with provision of a link to the PG Portal to enable the citizen to file grievances online.

### VIGILANCE ACTIVITIES

The main thrust of the Vigilance Department is to ensure transparency, fairness & probity in all spheres of activities of your Company. Towards this, focus of the department was on both, punitive & 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. In many cases, the management was advised for systemic improvements. Apart from the above, the following activities were also carried out by the Vigilance Department during the year:

- (a) Investigations were conducted on 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.
- (c) Suggestions for system improvements have been made to the management for implementation.
- (d) Based upon above investigation / inspections and suggestion the following preventive measures are under implementation:
  - (i) Contract Labour Management Service for monitoring of Contract labours through Biometric Attendance.
  - (ii) Bill Tracking Systems for monitoring of Bill Payments to vendors at various stages.
- (e) Annual Property Returns filed by the officers were scrutinized. Vigilance status of officers was assessed at various stages. Identified Sensitive Posts in the Company & actions initiated in a phased manner for rotation of officers. The implementation of actionable points is being monitored through quarterly reports and submitted to MoD informing the status of action taken.
- (f) Inter Organisation Auditing was taken up amongst all DPSUs as per MOD directives.
- (g) Agreed List was also drawn up with the CBI and close liaison was maintained with the CBI.

(h) Your Company observed Vigilance Awareness Week during 28 Oct - 02 Nov 2019 and carried both for outreach activities for citizens/public and within the organisation.

(i) Meeting with C&MD were held at regular intervals to apprise the status of vigilance cases.

### GENERAL

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

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

### Acknowledgements

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 Government of India and 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 Indian Coast Guard Headquarters, Ministry of Home Affairs, Ordnance Factory Board, Kolkata Port Trust, Public Works Departments of various State Governments, Police Department of West Bengal & Kolkata and other valued customers as well as business associates for the confidence reposed by them in your Company. We will fail in our duty if we do not acknowledge the cooperation and positive approach of the Warships Production Superintendent and his dedicated team under whose watchful eyes our ships are being built. Also, we thank all classification societies, in particular, IRS & ABS, who have ensured quality and adherence to the required standards.

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, the Department of Public Enterprises, the Securities Exchange Board of India, the National Stock Exchange of India Limited and BSE Limited.

The Directors wish to place on record their appreciation to its Statutory, Cost, Internal and Secretarial Auditors, Company's 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**

Kolkata,  
Dated: 21<sup>st</sup> July, 2020

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

## APPENDIX - A

STATEMENT SHOWING REPRESENTATION OF SC / ST / OBC / EX-SERVICEMEN / PHYSICALLY CHALLENGED AND WOMEN EMPLOYEES AS ON 31<sup>st</sup> DECEMBER, 2019 UNDER PERMANENT & CONTRACT CATEGORIES

Group/Category	Total Strength	SCs	STs	OBCs	Ex-Servicemen	Physically Challenged	Women Employees
Group-A	434	82	24	102	53	11	28
Group-B	29	4	1	7	14	1	2
Group-C	1344	299	47	165	71	33	32
Group-D	184	48	11	13	11	9	39
(Excluding Safaiwalas)							
Group-D (Safaiwalas)	20	18	-	-	-	-	-
<b>Total</b>	<b>2011</b>	<b>451</b>	<b>83</b>	<b>287</b>	<b>149</b>	<b>54</b>	<b>101</b>

## APPENDIX - B

DETAILS OF RECRUITMENT MADE DURING 2019 UNDER PERMANENT CATEGORY & CONTRACT CATEGORIES (FIXED TERM / JOURNEYMEN)

Group/Category	Total Recruitment	SCs	STs	OBCs	Ex-Servicemen	Physically Challenged	Women Employees
Group-A	9	4	-	2	7	-	-
Group-B	3	1	-	2	1	-	-
Group-C	20	6	-	8	-	1	1
Group-D	-	-	-	-	-	-	-
(Excluding Safaiwalas)							
Group-D (Safaiwalas)	-	-	-	-	-	-	-
<b>Total</b>	<b>33</b>	<b>11</b>	<b>-</b>	<b>12</b>	<b>8</b>	<b>1</b>	<b>1</b>

# APPENDIX - "C"

## FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration Managerial Personnel) Rules, 2014]

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Garden Reach Shipbuilders & Engineers Limited** (hereinafter called the "Company") for the financial year ended 31<sup>st</sup> March, 2020 ('Audit Period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company as provided in Annexure I and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during audit period, complied with the statutory provisions listed hereunder and also that Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter;

We have examined the books, papers, minute books, forms and returns filed and other records as maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 (the "Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992: -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - d. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015;
  - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
5. Secretarial Standards 1 and 2 as issued by the Institute of Company Secretaries of India.

We report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

1. The Environmental Protection Act, 1986;
2. The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016;
3. The Water (Prevention & Control of Pollution) Act, 1974 and Rules made thereunder;
4. The Air (Prevention & Control of Pollution) Act, 1981;
5. The Indian Electricity, 2003 and The Indian Electricity Rules, 2005;
6. Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;
7. Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises.

### Management Responsibility:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;

2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. Wherever our Audit has required examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns;
5. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.;
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;
7. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practice;
8. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/ to be furnished by any other auditor(s)/ agencies/ authorities with respect to the Company;
9. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

The observations mentioned in this report are in addition to the observations and qualifications, if any, made by the statutory auditors of the Company or any other professional and the same has not been reproduced herein for the sake of repetition.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above. As regards, certain Corporate Governance

provisions, the Company being a CPSE, the regulatory framework applicable to Government companies is designed to ensure compliances in respect of matters pertaining to appointment, evaluation and succession of directors.

**Recommendations as a matter of best practice:**

In the course of our audit, we have made certain recommendations for good corporate practices, separately placed before the Board, for its necessary consideration and implementation by the Company.

**We report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company being a Government Company is not required to comply with the provisions of section 152(6) of the Act, 2013.

All the changes in the composition of the Board of Directors during the Audit Period were made in due compliance of the various provisions of the Act.

Adequate notices and agenda were given to all directors to schedule the Board Meetings. All the decisions of the Board were taken with requisite majority and recorded as part of the minutes.

**We further report that** subject to above observations, the Company has complied with the conditions of Corporate Governance as stipulated in the Act and Guidelines for Corporate Governance for CPSEs and other specific laws.

**We further report that** there are adequate systems and processes in the Company to commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the Audit Period, the Company has not incurred any specific event that can have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For Vinod Kothari and Company  
Practicing Company Secretaries**

Sd/-

**Munmi Phukon**

ACS No.: A60355

C P No.: 22846

UDIN: A060355B00044306

Place: Kolkata

Date: 13<sup>th</sup> June, 2020

# ANNEXURE - A1

## LIST OF DOCUMENTS

1. Corporate Matters;
  - 1.1 Minutes books of the following meetings were seen till 31<sup>st</sup> December, 2019:
    - 1.1.1 Board Meeting;
    - 1.1.2 Audit Committee;
    - 1.1.3 Nomination and Remuneration Committee;
    - 1.1.4 Stakeholders Relationship Committee;
    - 1.1.5 Corporate Social Responsibility Committee;
    - 1.1.6 General Meeting;
  - 1.2 Agenda Papers for Board and Committee Meeting along with Notices till 31<sup>st</sup> March, 2020,
  - 1.3 Annual Report for the Financial year 2018-19;
  - 1.4 Memorandum and Articles of Association;
  - 1.5 Disclosures under the Act;
  - 1.6 Policies framed under the Act & Listing Regulations;
  - 1.7 Register maintained under the Act;
  - 1.8 Forms and returns filed with the Registrar of Companies.



# APPENDIX - “D”

## FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/agreements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

### 1. Details of contracts or arrangements or transactions not at arm's length basis

Name(s) of the related party and nature of relationship	Not Applicable
Nature of contracts / arrangements / transactions	Not Applicable
Duration of the contracts / arrangements / transactions	Not Applicable
Salient terms of the contracts or arrangements or transactions including the value, if any	Not Applicable
Justification for entering into such contracts or arrangements or transactions	Not Applicable
Date(s) of approval by the Board	Not Applicable
Amount paid as advances, if any	Not Applicable
Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not Applicable

### 2. Details of material contracts or arrangements or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Not Applicable
Nature of contracts / arrangements / transactions	Not Applicable
Duration of the contracts / arrangements / transactions	Not Applicable
Salient terms of the contracts or arrangements or transactions including the value, if any	Not Applicable
Date(s) of approval by the Board	Not Applicable
Amount paid as advances, if any	None

For and on behalf of the Board of Directors

Sd/-  
**RAdm Vipin Kumar Saxena, IN (Retd.)**  
Chairman & Managing Director  
DIN: 07696782

# APPENDIX - “E”

## FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended 31<sup>st</sup> March, 2020

[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	L35111WB1934GOI007891
(ii)	Registration Date	26 Feb 1934
(iii)	Name of the Company	Garden Reach Shipbuilders & Engineers Limited
(iv)	Category / Sub-Category of the Company	Government Company / Public Limited
(v)	Address of the Registered Office and contact details	43/46, Garden Reach Road, Kolkata 700 024 Tel: 033-2469 8100 to 8114 Fax: 033-2469 8150 E-mail: <a href="mailto:co.sec@grse.co.in">co.sec@grse.co.in</a>
(vi)	Whether listed company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Alankit Assignments Limited Alankit Heights, 3E/7, Jhandewalan Extension New Delhi – 110 055 Phone: 011-42511234/23541234 Website: <a href="http://www.alankit.com">www.alankit.com</a>

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

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

Sl. No.	Name and Description of main products / services	*NIC Code of the Product / Service	% to total turnover of the Company
1.	Ship Construction	301/3011 – Building of ships and floating structures	94.43

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

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

The Company does not have any Holding, Subsidiary or Associate Company.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoter and Promoter Group</b>									
<b>1. Indian</b>									
(a) Individual/ HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt.	8,53,41,180	60	8,53,41,240	74.5	8,53,41,240	-	8,53,41,240	74.5	-
(c) State Govt.(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1)</b>	<b>8,53,41,180</b>	<b>60</b>	<b>8,53,41,240</b>	<b>74.5</b>	<b>8,53,41,240</b>	<b>-</b>	<b>8,53,41,240</b>	<b>74.5</b>	<b>-</b>
<b>2. Foreign</b>									
<b>Sub-Total (A)(2)</b>									
<b>Total Promoter Shareholding (A) = A(1) + A(2)</b>	<b>8,53,41,180</b>	<b>60</b>	<b>8,53,41,240</b>	<b>74.5</b>	<b>8,53,41,240</b>	<b>-</b>	<b>8,53,41,240</b>	<b>74.5</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual Funds	70,20,031	-	70,20,031	6.13	1,23,13,843	-	1,23,13,843	10.75	4.62
(b) Banks / Financial Institutions	67,26,997	-	67,26,997	5.87	66,522	-	66,522	0.06	(5.81)
(c) Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt.(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	1,17,60,244	-	1,17,60,244	10.27	67,11,367	-	67,11,367	5.86	(4.41)
(g) FPIs / FIIs	-	-	-	-	16,86,103	-	16,86,103	1.47	1.47
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	<b>2,55,07,272</b>	<b>-</b>	<b>2,55,07,272</b>	<b>22.27</b>	<b>2,07,77,835</b>	<b>-</b>	<b>2,07,77,835</b>	<b>18.14</b>	<b>(4.13)</b>
<b>2. Non-Institutions</b>									
(a) Bodies Corporate									
(i) Indian	13,52,742	-	13,52,742	1.18	10,45,143	-	10,45,143	0.91	(0.27)
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital up to ₹1 lakh	21,15,845	100	21,15,945	1.85	43,65,264	115	43,65,379	3.81	1.96
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	45,008	-	45,008	0.04	23,49,421	-	23,49,421	2.05	2.01
(c) Others									
(i) Clearing Member	18,921	-	18,921	0.02	99,028	-	99,028	0.09	0.07
(ii) Employee/ Office Bearers	58,607	-	58,607	0.05	43,395	-	43,395	0.04	(0.01)
(iii) NRI	57,608	-	57,608	0.05	2,17,268	-	2,17,268	0.19	0.14
(iv) Resident (HUF)	54,657	-	54,657	0.05	2,64,891	-	2,64,891	0.23	0.18
(v) NBFCs registered with RBI	-	-	-	-	48,050	-	48,050	0.04	0.04
(vi) Trust	-	-	-	-	350	-	350	0.00	0.00
<b>Sub-Total (B)(2)</b>	<b>37,03,388</b>	<b>100</b>	<b>37,03,488</b>	<b>3.23</b>	<b>84,32,810</b>	<b>115</b>	<b>84,32,925</b>	<b>7.36</b>	<b>4.13</b>
<b>Total Public Shareholding (B) = B(1) + B(2)</b>	<b>2,92,10,660</b>	<b>100</b>	<b>2,92,10,760</b>	<b>25.50</b>	<b>2,92,10,645</b>	<b>115</b>	<b>2,92,10,760</b>	<b>25.5</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>11,45,51,840</b>	<b>160</b>	<b>11,45,52,000</b>	<b>100</b>	<b>11,45,51,885</b>	<b>115</b>	<b>11,45,52,000</b>	<b>100</b>	<b>-</b>

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	The President of India	8,53,41,240	74.50	Nil	8,53,41,240	74.50	Nil	-

## iii) Change in Promoters' Shareholding

Particulars	Date	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>The President of India</b>					
At the beginning of the year	01 Apr 2019	8,53,41,240	74.50	8,53,41,240	74.50
Change during the year	-	-	-	-	-
At the end of the year	31 Mar 2020	8,53,41,240	74.50	8,53,41,240	74.50

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31 Mar 2020

Sl. No.	Name of Shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	<b>General Insurance Corporation of India</b>				
	At the beginning of the year	33,60,036	2.93	33,60,036	2.93
	(+) Bought during the year	-	-	-	-
	(-) Sold during the year	(26,71,500)	(2.33)	6,88,536	0.60
	At the end of the year	6,88,536	0.60	<b>6,88,536</b>	<b>0.60</b>
2.	<b>Life Insurance Corporation of India</b>				
	At the beginning of the year	84,00,208	7.33	84,00,208	7.33
	(+) Bought during the year	-	-	-	-
	(-) Sold during the year	(31,65,283)	(2.76)	52,34,925	4.57
	At the end of the year	52,34,925	4.57	<b>52,34,925</b>	<b>4.57</b>
3.	<b>HDFC Trustee Company Limited</b>				
	At the beginning of the year	42,06,955	3.67	42,06,955	3.67
	(+) Bought during the year	46,69,245	4.08	88,76,200	7.75
	(-) Sold during the year	-	-	-	-
	At the end of the year	88,76,200	7.75	<b>88,76,200</b>	<b>7.75</b>
4.	<b>Reliance Capital Trustee Company Limited</b>				
	At the beginning of the year	21,39,934	1.87	21,39,934	1.87
	(+) Bought during the year	6,46,922	0.56	27,86,856	2.43
	(-) Sold during the year	-	-	-	-
	At the end of the year	27,86,856	2.43	<b>27,86,856</b>	<b>2.43</b>

Sl. No.	Name of Shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
5.	<b>Aditya Birla Sun Life Insurance Company Limited</b>				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	7,87,906	0.69	7,87,906	0.69
	(-) Sold during the year	-	-	-	-
	At the end of the year	7,87,906	0.69	<b>7,87,906</b>	<b>0.69</b>
6.	<b>Ramesh Damani</b>				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	12,87,159	1.12	12,87,159	1.12
	(-) Sold during the year	(2,79,825)	(0.24)	10,07,334	0.88
	At the end of the year	10,07,334	0.88	<b>10,07,334</b>	<b>0.88</b>
7.	<b>SBI PSU Fund</b>	10,07,334	0.50		
	At the beginning of the year	6,73,142	0.59	6,73,142	0.59
	(+) Bought during the year	-	-		
	(-) Sold during the year	(99,254)	(0.09)	5,73,888	0.50
	At the end of the year	5,73,888	0.50	<b>5,73,888</b>	<b>0.50</b>
8.	<b>Bodhivriksha Advisors LLP</b>				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	3,50,000	0.31	3,50,000	0.31
	(-) Sold during the year	-	-	-	-
	At the end of the year	3,50,000	0.31	<b>3,50,000</b>	<b>0.31</b>
9.	<b>Mkt Capital LP</b>				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	2,34,823	0.20	2,34,823	0.20
	(-) Sold during the year	-	-	-	-
	At the end of the year	2,34,823	0.20	<b>2,34,823</b>	<b>0.20</b>
10.	<b>Samrat Vivekananda Chanda</b>				
	At the beginning of the year	-	-	-	-
	(+) Bought during the year	2,48,821	0.22	2,48,821	0.22
	(-) Sold during the year	(22,270)	(0.02)	2,26,551	0.02
	At the end of the year	2,26,551	0.20	<b>2,26,551</b>	<b>0.20</b>

#### v) Shareholding of Directors and Key Managerial Personnel

None of the Directors and Key Managerial Personnel hold any shares of the Company either at the beginning or at the end of the year or at any time during the year.

#### V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the financial year 2019-20.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:***(in ₹ lakh)*

Sl. No	Particulars of Remuneration	Name of MD / WTD					Total Amount
		RAdm V K Saxena	Shri S S Dogra	Shri A K Nanda	Cmde S Nayyar	Cmde Hari P R	
1.	Gross salary						
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	39.84	36.28	36.04	37.34	17.95	167.45
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.83	3.78	2.37	3.27	0.16	10.41
	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 / Pension)	5.89	5.40	2.26	5.50	2.15	21.20
	<b>Total (A)</b>	<b>46.56</b>	<b>45.46</b>	<b>40.67</b>	<b>46.11</b>	<b>20.26</b>	<b>199.06</b>
	Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.					

**B. Remuneration to other Directors\*:***(in ₹ lakh)*

Sl. No.	Particulars of Remuneration	Name of Independent Director					Total Amount
		Shri Bharat Bhushan	Smt. Kanwaljit Deol	Dr. Ajai Bhandari	RAdm IPS Bali	Dr. Biswapriya Roychoudhury	
1.	Fee for attending Board / Committee Meetings	4.80	5.30	4.10	3.15	2.30	19.65
2.	Commission	-	-	-	-	-	-
3.	Others	-	-	-	-	-	-
	<b>Total (B)</b>	<b>4.80</b>	<b>5.30</b>	<b>4.10</b>	<b>3.15</b>	<b>2.30</b>	<b>19.65</b>
	Overall Ceiling as per Act	Being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable.					
	<b>Total Managerial Remuneration (A + B)</b>	<b>₹ 218.71</b>					
	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	22.51
	(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 / Pension)	2.79
	<b>Total</b>	<b>25.30</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act, 2013 against the Company or its Directors or other officers in default, if any, during the year.

# APPENDIX - “F”

## ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2019-20

### I. A brief outline of the Company’s CSR policy

GRSE has been undertaking CSR activities much before the same was made mandatory under Companies Act, 2013. It reflects the Company’s commitment towards the marginalized segment primarily in the vicinity of production units. GRSE strives for excellence in promoting sustainable development and improvement in quality of life of its surrounding communities through CSR activities, as well as by implementing ethical, transparent and sound governance practices.

GRSE through various CSR initiatives endeavors to uplift the underprivileged segment primarily residing around its production units and predominantly hailing from the minority community. GRSE’s CSR Policy lays down the requisite guidelines for identifying the areas of concern and needs of the local community, framing and implementing various CSR initiatives aiming to improve the quality of life of the target group of beneficiaries in the catchment areas. All the CSR initiatives of GRSE are undertaken in conformity with the Schedule VII and the Companies (Corporate Social Responsibility Policy) Rules, 2014, framed under Companies Act, 2013. The Board Level Committee on CSR & Sustainability headed by Independent Director recommends various CSR and Sustainability projects for the approval of the Board of Directors. The projects are implemented after obtaining Board approval. Meticulous planning is done before implementing the projects and the projects are reviewed during implementation to ensure desired progress as well as for mid- course correction, if any required. The Board Level Committee monitors progress of various CSR & Sustainability projects. Impact study is carried out by third party to assess the efficacy of the projects.

### II. Major CSR Projects / Programs Undertaken

#### 1. Skill India Mission

Skill development is one of the thrust areas of GRSE’s CSR objective as it addresses the challenging issue of unemployment in the country. The main focus of GRSE’s Skill development initiatives under CSR is to transform the existing skill development programmes into industry-oriented training programmes. In FY 2019-20, the skill development activities were undertaken to

scale up Apprenticeship training in the company both in terms of quality and quantity and also supported three Government Industrial Training Institutes in developing their training infrastructure and organizing developmental programmes for their students.

#### (a) **Development of local govt. Industrial Training Institutes (ITIs)**

Since FY 2016-17, GRSE is supporting local Government ITIs in improving their skill development training. In FY 2019-20, GRSE has continued the support provided to Women ITI Kolkata, ITI Tollygunge, Kolkata (where GRSE has set up a Centre of Excellence in Welding) and ITI Balurghat, located in Dakshin Dinajpur District of West Bengal. Overall, around 290 students in 10 different trades in these three ITIs got benefitted through our CSR initiatives. The brief of skill development programmes undertaken in the ITIs are given below:

#### (b) **Development of training infrastructure in supported ITIs**

- Basic Cosmetology trade run by Women ITI Kolkata has good job and entrepreneurial prospects. In order to upgrade the infrastructure of the trade workshop to the latest standard, GRSE has provided new equipments being used by the modern beautician industry to Women ITI so that the students can get hands on training and improve their practical skills.
- Upgradation of training facilities in the workshop of Electronics Mechanic trade of ITI Balurghat as per NSQF Level-5 trade syllabus. The workshop is now well equipped with modern electronics equipments with safety features which will not only improve the training quality but also increase the trade capacity.
- The infrastructure of the Centre of Excellence in Welding set up by GRSE in ITI Tollygunge has been further enhanced by providing two nos. of advanced welding machines and Auto darkening Welding Helmets with UV/IR protection.

With the above capacity enhancement initiatives through provisioning of latest machines, tools and equipment, existing students as well as future batches will be benefitted immensely.

**(c) Developmental programmes for the ITI students**

The ITIs have been provided support for arranging various developmental programmes which will help in holistic development of the students and equip them with skills required for getting gainful employment after their course. The following programmes are organized for the ITI students during FY 2019-20:

- Specialized training programmes for COPA, Electronics Mechanic, Basic Cosmetology and Secretarial Practice trade students of Women ITI Kolkata.
- Industrial visits to GRSE and other organizations were arranged for the ITI students so that they can get industrial exposure.
- Special training on life skills, interview skills, communication skills and yoga were arranged in the three ITIs.
- Sponsoring bright ITI students from COPA and Welder trades for the CII Regional Workskills competition. Two students of ITI Tollygunge secured 1<sup>st</sup> and 2<sup>nd</sup> position in the 32<sup>nd</sup> CII Eastern Regional Workskills Competition held in Feb 2020.
- Cash awards given to 56 nos. meritorious students of the three supported ITIs who have excelled in the AITT examination conducted by DGT, Govt. of India.

**(d) Improvement of Apprenticeship training**

Your Company has initiated several programmes for improvement of the apprenticeship training. Along with on the job training provided to the Trade Apprentices for improving their practical skills, various developmental programmes are arranged for enhancing their employability skills:

- A General Aptitude Development Programme (GADP) of 5 days duration was arranged for Apprentices through the Board of Practical Training (Eastern Region). The programme was designed to improve soft skills like Communication, Attitude Development, Time Management, Analytical Creativity skills & Innovation, Multi-tasking and Team Dynamics.
- 09 GRSE Trade apprentices who were winners of 31<sup>st</sup> CII Eastern Regional Workskills

Competition were sponsored for the 31<sup>st</sup> National level Competition. 07 GRSE Apprentices secured 1<sup>st</sup> & 2<sup>nd</sup> positions in National level.

- In the 32<sup>nd</sup> CII Regional Workskills competition held in Feb 20, 21 Trade Apprentices from 09 different trades were sponsored for participation. 09 GRSE apprentices secured 1<sup>st</sup> & 2<sup>nd</sup> positions in the competition and are eligible for the National level Workskills competition.
- Placement assistance training on life skills and interview skills by external faculty were arranged for all the apprentices undergoing training.
- Cash awards given to facilitate the meritorious apprentices for their performance in Work skills competition.

**2. Empowering Differently Abled Children**

GRSE joined hands with Indian Institute of Cerebral Palsy (IICP), since 2010-11, in an endeavor to provide comprehensive educational and rehabilitation facilities for children with cerebral palsy. With support from GRSE, IICP upgrades the usages of innovative methods to teach these special children simple tasks of being self-sufficient and prepare them better to face the challenges of the world.

GRSE has been supporting three classes, namely Education Development Unit IV (for children in the age band of 12 – 14 years), Education Development Unit V (for children in the age band of 14 – 18 years), and Life Skill Training Unit (for children in the age band of 15 – 18 years). Through this initiative it is aimed to provide a broad-based, holistic learning experience for children with cerebral palsy so as to give them an opportunity to realize their highest potential. A total of 43 children with severe multiple impairments are being annually supported by this project for the last ten years.

GRSE supplemented its support to IICP by providing additional customized devices and smart class room facilities for the students of Education Development Unit- IV, V and Life Skill Training Unit with an aim to help these children for better learning and communication skills.

Such endeavors are targeted to make these special children more self-reliant and thereby to finally mainstream them.



### 3. Holistic Development of Under Privileged Tribal Children of Aspirational District-

GRSE has undertaken a CSR initiative to bring about all-round development of under privileged children of tribal areas of Badree, Getalsud, Kuturloba and Tupudana of Ranchi District. The project is being implemented in association with Ramakrishna Mission, Belur Math under their Gadadhar Abhyuday Prakalp (GAP) which is a PAN India project for holistic development of under privileged children.

GRSE is supporting 05 GAP units comprising of about 255 tribal children wherein daily nutritive food supplements are provided, periodic medical check-up, health awareness classes, free- hand exercise / yoga sessions, sports activities are undertaken for physical development. Toiletry items like toothpaste, tooth brush, soap, hair oil, socks, footwear etc. are provided to each children for ensuring personal hygiene.

### 4. Swachh Bharat Mission Initiatives

Sanitation and community building have become a core area of intervention for GRSE under its CSR umbrella much before the launch of Swachh Bharat Abhiyan.

In significant move towards fulfilling Hon'ble Prime Minister's commitment towards providing hygienic sanitation facilities, GRSE has constructed toilets units, hand washing facility, provided colour coded waste bins, installed incinerators and other ancillary support structures/items to the govt. schools located in the vicinity of the Production Units of GRSE.

#### (a) Construction of Toilets in Local Schools under Swachh Vidhyalaya

Swachh Vidyalaya Abhiyan is a vital component of Swachh Bharat Abhiyan. Under the broader guidelines of Swachh Vidyalaya Mission, GRSE has adopted a holistic approach by implementing multiple interventions for improvement in the overall sanitation and hygiene conditions of the local schools with special thrust on the girls' schools. As part of the flagship programme 'Swachh Vidyalaya Abhiyan' a national drive on 'Clean India Clean Schools', GRSE has made its contribution by providing clean and well maintained toilet facilities. In FY 2019-20, GRSE has constructed a total of 36 toilets in 10 Government schools located in Metiabruz, Maheshtala, Kidderpore and Howrah region. The construction of additional toilets has positively impacted the students' toilet ratio. This intervention has improved children's health, school enrolment, attendance and retention. The female

students have been greatly benefited since in many schools the basic sanitation facilities were either inadequate or unavailable before this intervention. This project which include sets of urinal and toilets and hand washing basins has also made positive impact on the overall school sanitation.

#### (b) Maintenance of School Toilets

Since 2017-18, GRSE has adopted a robust mechanism in the arena of WASH (Water, Sanitation and Hygiene) by undertaking maintenance of school toilets. This intervention has ensured that the facilities created by GRSE are properly maintained and also guarantees that students have access to clean and hygienic toilets, which is an essential element for children's health, attendance and retention. During FY 2019-20, total 161 toilets and 165 urinals of 14 schools were maintained in association with Sulabh International Social Service Organization.

#### (c) Installation of Incinerator

Maintaining menstrual hygiene has been listed as a significant component of the Swachh Vidyalaya guidelines. Most importantly, hygienic disposal of menstrual waste is an important facet of solid waste management in the schools. Accordingly, GRSE has provisioned for incinerators in girls' schools. In FY 2019-20, incinerators have been installed in 06 local girls' schools where toilets have been constructed by GRSE. This project has not only improved the sanitation facilities in these girls' school but will also reduce the rate of absenteeism and drop out of girls' students. Through these initiatives, GRSE has inculcated a habit of cleanliness and hygiene amongst the children thereby converting them into ambassadors of cleanliness in their locality.

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

To assess the effectiveness of CSR projects implementation in FY 19-20, Maulana Abul Kalam Azad University of Technology, West Bengal (MAKAUT) was engaged to conduct a transparent impact assessment study.

### 6. Health-Care Projects

#### (a) Health Check-up Camp

The Health Camps were introduced by your Company during FY 2011-12, for providing basic diagnostic and curative health care facility for the economically and socially deprived population from the locality. Initially health check-up camps / clinics were held once in a month in 61 Park Unit. However, the project was scaled up in 2019-20, by

# CSR GALLERY



Empowering Differently Abled Children



Holistic Development of Under Privileged Tribal Children



Health on Wheel



Swachh Bharat Mission Initiatives



Swachh Bharat Mission Initiatives



AHOBAN 2019-20

conducting one additional health check-up camp in RBD unit every month. The camp caters to an average 250-300 patients. This is a much sought after project and is successfully continuing since last 09 years which has impacted and benefited around 30,000 persons.

#### (b) Blood Donation Camp

Blood donation camp was conducted in association with the Thalassaemia Society of India on 26 Feb 2020. GRSE employees, Trade Apprentice, CISF personnel and Contractors' workers whole heartedly attended the blood donation camp. In FY 2019-20, approx. 131 personnel donated blood for the noble cause of providing blood for Thalassemia patients

#### 7. Contribution towards Innovation for Defence Excellence (iDEX)

The 'Innovation for Defence excellence (iDEX)' was formally launched by the Hon'ble Prime Minister during CPSE Conclave in April, 2018. The iDEX initiative is aimed to create an eco-system to foster innovation, technology development etc. in Defence by engaging premier R&D Institutes of repute. For GRSE, Centre for Innovation Incubation & Entrepreneurship (CIIE) - IIM (Ahmedabad) has been identified as the Defence Innovation Organization (DIO) partner. GRSE has contributed an amount of ₹ 20 lakh towards Innovation for Defence excellence (iDEX).

### III. The Composition of the CSR & Sustainability Committee

(a)	Smt. Kanwaljit Deol <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Cmde S. Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	Member
(c)	Cmde P R Hari, IN (Retd.) <i>Director (Personnel)<sup>[1]</sup></i>	Member
(d)	Shri Sandeep Mahapatra <i>Company Secretary</i>	Secretary to the Committee

<sup>[1]</sup> Admitted as a member of the Committee w.e.f. 21 Oct 2019.

### IV. Average Net Profit of your Company in last three financial years

2016-17	:	₹20.89 crore
2017-18	:	₹127.75 crore
2018-19	:	₹178.96 crore
Total Net Profit	:	₹327.6 crore
<b>Average Net Profit</b>	:	<b>₹109.2 crore</b>

### V. Details of CSR spent during the Financial Year

- Prescribed CSR expenditure for FY 2019-20 : ₹218.4 lakh (2% of avg. net profit of previous 3 years)
- Amount spent on projects and programmes in FY 2019-20: ₹221 lakh

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

Sl. No.	CSR project of activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project of Program (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 2018 – 2019* (₹ in lakh)	Amount Spent Direct or through Implementing Agency
(i)	<b>SKILL INDIA</b>						
1.	Stipend paid to the apprentices engaged over and above the 2.5% of the statutory requirement to meet the target of MoD directive of 10% of manpower strength.	Clause – (ii) promoting employment enhancing vocational skills.	West Bengal - Kolkata and neighboring districts.	25.41	25.41	25.41	GRSE Ltd.

Sl. No.	CSR project of activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project of Program (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 2018 – 2019* (₹ in lakh)	Amount Spent Direct or through Implementing Agency
2.	Development and placement assistance to trade apprentices undergoing training at GRSE.	Clause – (ii) promoting employment enhancing vocational skills.	West Bengal - Kolkata and neighboring districts.	7.06	7.06	7.06	GRSE Ltd.
3	Development of training facility at ITI, Tollygunge (Centre of Excellence in Welding), Women ITI, Kolkata and ITI Balurghat (erstwhile Aspirational District)	Clause – (ii) promoting employment enhancing vocational skills.	Tollygunge, Kolkata, West Bengal Gariahat, Kolkata, West Bengal Balurghat, Dakshin Dinajpur, West Bengal	14.93	14.93	14.93	Women ITI, Kolkata , ITI, Tollygunge & ITI Balurghat
4.	Development of students and Faculty of Tollygunge Govt. ITI, Women ITI, Kolkata and ITI Balurghat and placement assistance to the students.	Clause – (ii) promoting employment enhancing vocational skills.	Tollygunge, Kolkata, West Bengal Gariahat, Kolkata, West Bengal Balurghat, Dakshin Dinajpur, West Bengal	5.73	5.73	5.73	Women ITI, Kolkata , ITI, Tollygunge & ITI Balurghat
5.	Adoption of three classes comprising 43 severely disabled children of Indian Institute of Cerebral Palsy (IICP)	Clause – (ii) promoting education, including special education and employment enhancing vocational skills among the differently abled children.	West Bengal - Kolkata and neighboring districts.	30.84	30.84	30.84	Indian Institute of Cerebral Palsy (IICP)
6.	Evaluation/ Impact study of projects implemented in FY 2018-19	Clause – (ii) promoting education, including special education	Metiabruz and other places of Kolkata West Bengal	5.00	5.00	5.00	Maulana Abul Kalam Azad University of Technology, West Bengal
<b>(ii) SWACHH BHARAT MISSION</b>							
7.	Construction of 36 toilets in 10 local schools	Clause – (i) promoting healthcare including preventive healthcare and sanitation	Metiabruz and Maheshtala of Kolkata, and Howrah, West Bengal.	52.49	52.49	52.49	Sulabh International Social Service Organization, WB Branch and GRSE Ltd.

Sl. No.	CSR project of activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project of Program (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 2018 – 2019* (₹ in lakh)	Amount Spent Direct or through Implementing Agency
8.	Maintenance of toilets in 14 schools where toilets have been constructed by GRSE	Clause – (i) promoting healthcare including preventive healthcare and sanitation	Metiabruz and Maheshtala of Kolkata, West Bengal.	21.72	21.72	21.72	Sulabh International Social Service Organization, WB Branch
9.	Installation of incinerators in 06 local girls' school	Clause – (i) promoting healthcare including preventive healthcare and sanitation	Metiabruz and Maheshtala of Kolkata, West Bengal.	1.84	1.84	1.84	Sulabh International Social Service Organization, WB Branch
10.	Organize Swachhta Hi Sewa, Swachhta Pakhwada(s) in the locality and administrative cost etc.	Clause – (i) promoting healthcare including preventive healthcare and sanitations	Metiabruz Maheshtala and Howrah areas of Kolkata, West Bengal.	0.74	0.74	0.74	GRSE Ltd.
11.	Contribution to Clean Ganga Fund	Clause – (iv) contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;	PAN India	2.50	2.50	2.50	GOI
<b>(iii)</b>	<b>OTHERS PROJECTS</b>						
12.	Health check- up camps and blood donation camp	Clause – (i) Eradicating hunger, poverty and malnutrition promoting preventive health care.	Metiabruz, Kolkata, West Bengal.	8.55	8.55	8.55	GRSE Ltd.
13.	Holistic development of 255 under privileged children of Ranchi District (Aspirational District)	Clause – (i) eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare	Ranchi District.	24.19	24.19	24.19	Rama Krishna Mission, Belur Math
14.	Contribution towards Innovation for Defence Excellence (iDEX)- DIO	Clause – (ix) Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;	PAN India	20.00	20.00	20.00	CIIE-IIM (Ahmedabad)
	<b>TOTAL =</b>			<b>221</b>	<b>221</b>	<b>221*</b>	

\* The above figure is excluding GST component.

## VI. Details of Implementing Agency

- (a) **Sulabh International:** Sulabh International is a Pan India based social service organization that works to promote sanitation, waste management etc. It is registered as Society under the Societies Registration Act 1860. The organization was selected as an implementation partner based on the recommendation of TISS in the study and report on Swachhta Roadmap of Metiabruz.
- (b) **Rama Krishna Mission:** The Rama Krishna Mission is registered as a Society under the Societies Registration Act 1860. The annual CSR theme for 2019-20 was 'School Education and Nutrition'. Since the RKSM runs a project titled Gadadhar Abhyudaya Prakalpa (GAP) all over the country for holistic development of children from under privileged segment, GRSE extended support for running 05 GAP units of RKSM at Ranchi District (Aspirational District).
- (c) **Centre for Innovation Incubation and Entrepreneurship (CIIE):** MoD nominated Centre for Innovation Incubation and Entrepreneurship (CIIE) at IIM (Ahmedabad) as the GRSE's iDEX (Defence Excellence) partner for contributing CSR fund in order to develop innovation ecosystem in Defence.
- (d) **Maulana Abul Kalam Azad University of Technology (MAKAUT), West Bengal:** It is a state university, having more than 200 affiliated colleges. Since it is a State Govt. entity engaged in CSR related work, the organization was engaged to conduct impact study for past CSR projects of GRSE.

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

Not Applicable

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

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

Sd/-  
**Cmde Hari P R, IN (Retd.)**  
 Director (Personnel)

Sd/-  
**Kanwaljit Deol**  
 Chairperson, CSR & Sustainability Committee

**Date:** 21<sup>st</sup> July, 2020

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## 1. INDUSTRY SCENARIO

### 1.1 Global Scenario

The slowdown observed in the global naval shipbuilding market during the past few years due to the cutback on military spending by major western countries continues to prevail. However, the global shipbuilding market is expected to turn around given the need to replace older vessels in the naval fleet in major economies and the increase in the level of sophistication in combat technology. The global naval shipbuilding market would peak during the first half of this decade, driven by demand for both surface combatants and submarines. Globally, the average age of warships is as high as twenty-five (25) years and around 180 procurement programs are under execution in various countries.

### 1.2 The Indian Scenario

Defence shipbuilding in India is emerging as an area of focus of both the public and private sector shipyards. While the public sector shipyards such as your Company, Mazagon Dock Shipbuilders Limited (MDL), Goa Shipyard Limited (GSL), Hindustan Shipyard Limited and Cochin Shipyard Limited (CSL) are the frontrunners in the defence shipbuilding space, private shipyards are also undertaking specific measures to enhance competence and modify their existing shipbuilding infrastructure to suit the needs of the Indian Navy and the Indian Coast Guard. Among the private shipyards, L&T Shipbuilding and Shoft Shipyard, which entered the shipbuilding market as commercial shipbuilders, have been repositioning themselves as company with defence shipbuilding capabilities.

Currently, the Indian Navy fleet includes 135-140 ships and submarines while the Indian Coast Guard fleet are each expected to grow about 200 vessels by 2027. The two defence establishments have jointly approved a shipbuilding programme spanning over fifteen (15) years, under which they would place orders for about 165 warships in coming years.

The Indian Coast Guard (ICG), with an existing fleet of 130 ships, plans to take its fleet strength to 200 ships

by 2022. Currently, 70 ships for the ICG are under construction in six (6) shipyards, while the bidding process for 30 more ships is in process. For the ICG, the Government has approved a ₹32,000 crore action plan.

According to industry sources, Indian Navy's estimated capital budget for up to 2027 amounts to ₹4,50,000 crore approx. The planned expenditure includes a separate estimate for various vessel categories including submarines (₹2,20,000 crore approx.), destroyers / frigates (₹90,000 crore approx), aircraft carriers (₹45,000 crore approx.), corvettes, landing platform etc.

## 2. ORGANISATION STRUCTURE

Presently, GRSE has three (3) separate facilities for shipbuilding, all of which are located in close vicinity of each other in Kolkata, India and also connected by river. We build our ships at the Main Works Unit and the Rajabagan Dockyard (a facility mainly dedicated for construction of small vessels). Our third facility, the FOJ unit is primarily used for fitting out and repair of ships. Our Diesel Engine Plant (DEP), Ranchi Unit is engaged in assembly of semi-knocked down units of diesel engines and the testing and overhauling of marine propulsion engines. Our engineering segment is engaged in the manufacturing and fabrication of portable steel bridges, deck machinery items of ships and marine pumps.

## 3. PRODUCTS AND SERVICES

GRSE is a shipbuilding company in India under the administrative control of the MoD and primarily adhere to the shipbuilding requirements of the Indian Navy and Indian Coast Guard. In addition to our ship and warship building capabilities, we are engaged in engineering and engine production activities. As a part of our engineering division, we manufacture deck-machinery items, pre-fabricated portable steel bridges and marine pumps. Our shipbuilding division contributes a significant majority of our revenue from operations.

#### 4. SWOT ANALYSIS

Considering the dynamic nature of the environment a SWOT Analysis of GRSE was carried out and followings are identified:-

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>(a) Profit making &amp; dividend paying Company for over 26 years with healthy order book.</li> <li>(b) Excellent, state-of-the-art infrastructure for shipbuilding enabling simultaneous construction and fitting out of 20 small and large ships.</li> <li>(c) Well diversified Company with proven capability to produce wide spectrum of ships ranging from 24,600 Ton fleet tanker to 5T Boats and diversified business of Engineering products viz Deck Machinery Equipment, Marine Pumps, Portable Steel Bridges and Marine Diesel Engine assembly facility.</li> <li>(d) Dedicated stand-alone facility (Raja Bagan Dockyard) with an area of 33 Acres and 550 M water front for concurrent construction/fitting out of five small ships.</li> <li>(e) Dedicated Fitting Out Jetty to concurrently undertake post-launch outfitting of four large ships.</li> <li>(f) Strong 100 plus member strong Design House with capability for ship design in terms of good infrastructure with seamless IT Network including modern Design Software, Tools and Virtual Reality Lab.</li> <li>(g) Availability of legacy data of previous designs.</li> <li>(h) Business partnerships with renowned design houses of shipbuilding.</li> <li>(i) Proven in-house capability for Project Management.</li> <li>(j) Competent and highly skilled human resource at all levels.</li> <li>(k) Has market share of about 60% in Bailey Bridge Segment.</li> <li>(l) Long standing relationships with main customers like Indian Navy and Indian Coast Guard.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>(a) Constraints of a riverine shipyard due to limitations of the depth and width of navigable channel with effects of silting in river.</li> <li>(b) Location of the Company in thickly populated residential areas having narrow roads.</li> <li>(c) Challenging industrial environment around the shipyard</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>(a) Acquisition plan of Indian Navy and Indian Coast Guard aimed at significant expansion of fleet size.</li> <li>(b) Acquisition plan of MHA &amp; IWAI.</li> <li>(c) Export potential especially for small and medium size warships and patrol vessels to South East Asia, West Asia, African countries and Latin America.</li> <li>(d) Government policy on thrust for exports including extension of Line of Credit (LoC).</li> <li>(e) Repair and Refit of Ships for Indian Navy and Indian Coast Guard has got significant business potential.</li> <li>(f) Capacity and Capability enhancement through collaboration with private shipyards.</li> <li>(g) Acquisition of suitable shipbuilding or repair yards in India and abroad.</li> <li>(h) Scope for increasing business volumes in Bridges, Engineering Products and Engines through aggressive marketing, capacity augmentation and product diversification.</li> <li>(i) Capability of developing basic design of varied range of vessels which can be utilized in rendering design and associated services to other Shipyards enabling the Design Office to become a separate cost center.</li> <li>(j) Only DPSU Shipyard to have supplied amphibious vessels (ACVs, LSTs, LCUs etc.) and Fleet Tanker.</li> <li>(k) Sufficient area available at Raja Bagan Dockyard to expand future Shipbuilding capacity.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>(a) Serious competition from Private and Public Shipyards.</li> <li>(b) Non-availability of strong local vendors to support shipbuilding activities.</li> <li>(c) Geographical location and environment.</li> <li>(d) Competition for Engineering Products from small players.</li> </ul>



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

## 5. OUR STRATEGIES

We intend to pursue the following principle strategies to exploit our competitive strengths and grow our business:

- (a) Thrust towards cost reduction and improvement of productivity and internal efficiency.
- (b) Focus on enhancement in Customer satisfaction.
- (c) Leverage Information & Communication Technology (ICT).
- (d) Maximise indigenous content in warship construction.
- (e) Optimum utilization of space and integrated construction facility to bring down Build Period.
- (f) Business Development through concerted marketing effort.
- (g) Focus on Sustainable Development.
- (h) Developing Businesses other than shipbuilding separately.
- (i) Enhance Human Resource Development through identification of competency gaps, business requirement and imparting suitable training to employees always at right time.
- (j) Adopt Industry 4.0 suitably in business operations of the Shipyard.
- (k) Facilitate development of vibrant echo system for Shipbuilding activities in Eastern region.

## 6. SEGMENT-WISE / PRODUCT-WISE PERFORMANCE

The Ministry of Corporate Affairs vide Notification dated 23 Feb 2018 granted exemption to the companies engaged in defence production to the extent of application of relevant Accounting Standard on segment reporting. Hence, the segment-wise / product-wise performance is not appended to this Report.

## 7. OUTLOOK

While the overall Indian Shipbuilding industry has witnessed healthy growth in the recent past. Defence Shipbuilding segment looks promising on account of the ship acquisition plans of Indian Navy and Coast Guard.

Your Company is predominantly in the defence shipbuilding segment and has gained sufficient expertise in large, medium and small size ships required by Indian Navy and Indian Coast Guard, in particular, and generally enjoys excellent reputation for ships that it has built. Your Company has delivered its 105<sup>th</sup> warship to Indian Coast Guard in Jun 2020 and only Shipyard in the country who has achieved such a feat.

GRSE is operating in a highly competitive environment across all its product segments. The private shipbuilding players are tough competitors for orders from Defence sectors where the Company has predominant business. Despite competition from International and Indian Shipyard in Public and Private sector, your Company continues to make efforts to secure shipbuilding orders at domestic and international level and is maintaining the growth momentum. During the financial year 2019-20, your Company has been awarded eight (08) ASW-SWC warship building at a value of ₹6,311.32 crore through competitive bidding.

## 8. MEASURES TO TACKLE CHALLENGES

The following are the major initiatives taken to ensure sustained performance and growth:

- a) Develop Design Department into a Centre of Excellence
- b) Upgrade shipbuilding technology / processes
- c) Streamline Material Management / Supply Chain Management
- d) Vendor development & building long term Partnerships
- e) Improve Project Management System for shipbuilding projects
- f) Upgrade products of Bridges Unit, Deck Machinery Unit and Diesel Engine Plant
- g) Business Development through concerted marketing effort with focus on Exports.
- h) Developing Businesses other than shipbuilding, as separate profit centres

## 9. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

GRSE has a well-defined system of internal controls in place which is designed in the form of well documented policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of assets, the prevention & detection of frauds and errors, the accuracy & completeness of the accounting records, and the timely preparation of reliable financial information. It has documented policies and procedures on Purchase, Sub-contract, Works contract, Accounting, HR, IT and Security, Sub-delegation of Powers, etc. covering all financial and operating functions, and revised in tune with the changing times.

Internal Audit checks the adequacy and effectiveness of internal control system through regular audits, system reviews, process reviews, data analytics, etc. and provides assurance on compliance with the legal and regulatory requirements, and internal policies and procedures of the company.

The control framework provides elaborate system of checks and balances based on self-assessment as well as audit of controls conducted by Internal Auditors at the process level. The Company has a process monitor the action to be taken towards improvement of the systems and processes and strengthening of the governance mechanism.

The Company has an Internal Audit Department, which monitors compliances of Company's procedures, and policies with well-defined annual Audit Program and significant audit observations are reported to the Audit Committee of Board of Directors. GRSE is subject to Audit by Comptroller & Auditor General of India. 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.

## 10. DISCUSSION AND ANALYSIS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Performance Highlights of the Company during the year ended 31 Mar 2020 are as follows:

(₹ in crore)

Particulars	As on 31 Mar 20	As on 31 Mar 19
Gross Income	1,658.79	1,557.66
Revenue from Operations	1,433.30	1,386.42

Particulars	As on 31 Mar 20	As on 31 Mar 19
Value of Production	1,424.70	1,378.77
Gross Margin	255.00	211.16
Profit Before Exceptional Items & Tax	234.48	181.16
Exceptional Item	(10.61)	(2.20)
Profit Before Tax	223.87	178.96
Tax Expense	60.39	69.02
Profit After Tax	163.48	109.94
Net Worth	1,040.23	1,038.31
Book Value per Share (in ₹)	90.81	90.64
Earnings Per Share (in ₹)	14.27	9.60
Dividend Per Share (in ₹)	7.14	6.95

Ratios (%)	As on 31 Mar 20	As on 31 Mar 19
Debtors Turnover	37.35	15.86
Inventory Turnover	25.49	21.50
Current Ratio	1.13	1.22
Operating Profit Margin	0.63	0.56
Net Profit Margin	11.43	7.93

- **Gross Revenue** registered a growth of 6.49% from ₹1,55,766.09 lakh in 2018-19 to ₹1,65,879.47 lakh in 2019-20.
- **Value of Production** has increased from ₹1,37,877.46 lakh in 2018-19 to ₹1,42,470.32 lakh in 2019-20, an increase of 3.33%.
- **Net Profit (PBT)** has increased from ₹17,896.02 lakh in 2018-19 to ₹22,387.00 lakh in 2019-20, an increase of 25.10%.
- **Value Addition per Employee** has increased from ₹21.06 lakh in 2018-19 to ₹23.07 lakh in 2019-20.
- **Book Value per share** has increased from ₹90.64 in 2018-19 to ₹90.81 in 2019-20.
- **Net Worth** has increased from ₹1,03,830.71 lakh in 2018-19 to ₹1,04,023.10 lakh in 2019-20, an increase of 0.19%.
- **Dividend per share** has increased from ₹6.95 in 2018-19 to ₹7.14 in 2019-20.

## 11. HUMAN RESOURCE DEVELOPMENT

The Company has been focussing on sustained development of its employees, both at the individual and at the team level through various human resources development initiatives. Some of the initiatives rolled out during the year are enumerated below:-

- (a) **Capability Building Initiatives:** The Company has been undertaken various initiatives in updating the competencies of its human resources through exposure to various learning & development organised by premier institutes in India and abroad. The major capacity building initiatives in FY 2019-20 are given below:
- (i) Leadership Development Programmes
  - (ii) Advanced Technical Training Programmes
  - (iii) Managerial & Behavioural Competencies Development Programmes
  - (iv) Functional Development Programme
  - (v) Training Program on Emerging Topics
  - (vi) E-learning courses
  - (vii) Women Development Programmes
  - (ix) Awareness programmes on IPR and Cyber Security
- (b) **New Award Schemes:** In order to recognize the officers who displays excellence in their performance and who have served in an exceptional manner by rendering outstanding service through his/ her work and exhibiting a positive and supportive attitude, one new award scheme i.e. 'STAR PERFORMER' has been introduced during the year. All other awards like GRSE Exemplary Service Awards, On the Spot CMD's Commendation & On the Spot Cash Award, Employee of the Month Award, Employee Innovation Scheme, GRSE Merit Award for employees' children, Group Awards like Quality Circle and 5'S' etc. have been continued.

## 12. MANPOWER

The employee strength of your Company was 1973 persons as on 31 Mar 2020.

Total Employees as on 31 Mar 2020	Officers	Supervisors	Office Assistants	Workmen		
				Direct	Indirect	Total
1973	468	144	75	987	299	1286

## 13. ENVIRONMENT PROTECTION

Your Company contributes in all aspects for clean and green environment by systematically integrating best practices to bring in cleaner technologies and greening the environment through recycle, reuse and reduce approach. Effluent and Sewage Treatment Plant are being operated. Various environmental protection activities such as water conservation, tree plantation, disposal of hazardous waste and metal scrap, e-waste management and use of solar energy have been carried out.

## 14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Relevant information in this regard is disclosed in the 'Directors' Report'.

## 15. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY (CSR)

Relevant information in this regard is disclosed in the section 'Annual Report on CSR Activities' provided at **Appendix – "F"** of the Directors' Report.

**Cautionary Statement-** *Certain statements made in the Management Discussion and Analysis Report related to the Company's objectives, projections, outlook, expectations, estimates and other may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.*

# REPORT ON CORPORATE GOVERNANCE

(FOR THE FINANCIAL YEAR 2019-20)

## 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, Government 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 major good governance practices have been put in place:
  - Code of Business Conduct and Ethics for Board of Directors and Senior Management
  - Code of Conduct for Prevention of Insider Trading and Fair disclosure of Unpublished Price Sensitive Information
  - Whistle Blower Policy
  - Policy on Corporate Social Responsibility and Sustainability
  - Policy on Related Party Transactions
  - Preservation of Documents and Archival Policy

- Policy on determination of Materiality of Disclosures
- Risk Management Policy
- Dividend Distribution Policy
- Policy on Determining Material Subsidiary
- HR Manuals
- SOPs for ensuring compliance of Applicable Laws, Rules & Regulations

## BOARD OF DIRECTORS

3. The Board of Directors of the Company, 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 Shareholders' value. The decisions of the Board are aligned to serve in the best interest of your Company. The Board has constituted Sub-Committees to facilitate smooth and efficient flow of decision making process.

## SIZE AND COMPOSITION OF THE BOARD

4. The Board of Directors of your Company consists of an optimum combination of Executive and Non-Executive Directors, with half of the Board consisting of Independent Directors. As on 31 Mar 2020, the Board consists of 10 Directors comprising 04 Whole-Time Directors, including the Chairman & Managing Director, 01 Government Nominee Director and 05 Part-Time Non-Official (Independent) Directors including one Woman Director.
5. The details of the Members of the Board of Directors of your Company during the period from 01 Apr 2019 to 31 Mar 2020 are given below:

Name of the Directors	Date of Appointment	Other Directorships (incl. in Listed Entities)	No. of Committee position held in other Companies	
			Chairman	Member
<b>Whole-Time Directors</b>				
RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman &amp; Managing Director</i>	01 Mar 2017	-	-	-

Name of the Directors	Date of Appointment	Other Directorships (incl. in Listed Entities)	No. of Committee position held in other Companies	
			Chairman	Member
Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	31 Dec 2014	-	-	-
Shri Asit Kumar Nanda <sup>[1]</sup> <i>Director (Personnel)</i>	03 May 2016	-	-	-
Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	16 Dec 2017	-	-	-
Cmde Hari P R, IN (Retd.) <i>Director (Personnel)</i>	21 Oct 2019	-	-	-
<b>Government Nominee Director</b>				
Shri Ashwani Kumar Mahajan <i>Addl. FA (AK) &amp; JS</i>	02 Apr 2016	One (01) Bharat Dynamics Limited (Listed company) – Government <i>Nominee Director</i>	-	-
<b>Part-Time Non-Official (Independent) Directors</b>				
Shri Bharat Bhushan	15 Sep 2017	-	-	-
Smt. Kanwaljit Deol, IPS (Retd.)	15 Sep 2017	-	-	-
Dr. Ajai Bhandari, IAS (Retd.)	09 Mar 2018	-	-	-
RAAdm Inder Paul Singh Bali, AVSM, VSM, IN (Retd.)	09 Mar 2018	-	-	-
Dr. Biswapriya Roychoudhury	15 Aug 2018	-	-	-

<sup>[1]</sup> Superannuated as Director (Personnel) of the Company on 30 Sept 2019.

6. One (1) new Director has been inducted to the Board of Directors during the year under review. Brief Resume of the newly appointed Director is provided below:

**Cmde Hari P R, IN (Retd.)**

Cmde Hari P R, IN (Retd.), having an experience of over 31 years, assumed charge as Director (Personnel) of our Company w.e.f. 21 Oct 2019. He has over 28 years of commissioned service in the Indian Navy with varied experience onboard warships, Naval repair Organisations and various Staff appointments. He holds a Bachelor's Degree in Engineering and a Master's Degree in Defence and Strategic Studies. He is also an alumnus of the Defence Services Staff College and the Naval War College. Prior to assumption of charge as Director (Personnel), he was functioning as Chief General Manager (Technical) of GRSE and headed Production, Planning and Control division of GRSE and was also actively involved in formulating long term Corporate Strategy, Succession Planning & Training Development and Wage Negotiation etc.

**Other Directorships:** Nil

**Committee Membership of other Companies:** Nil

7. One (1) new Director has been inducted to the Board of Directors of the Company on 01 Jul 2020. Brief Resume of the newly appointed Director is provided below:

**Shri R K Dash**

Shri R K Dash, assumed charge as Director (Finance) and Chief Financial Officer of our Company w.e.f 01 Jul 2020. Shri Dash aged 55 years, is an Associate member of the Institute of Cost Accountants of India (ICAI). He is also a law graduate and Master in Commerce. He has over 28 years of extensive experience in Finance, Accounts, Pricing, Budgeting, Taxation and Audit Functions. Prior to his appointment in the Company, Shri R K Dash was working with Hindustan Aeronautics Limited (HAL). He was a Nominee Director on the Board of M/s HALBIT AVIONICS Private Limited, Bangalore (a Joint Venture Company of HAL) from 25 Jul 2019 to 17 May 2020.

**Other Directorships:** Nil

**Committee Membership of other Companies:** Nil

## KEY BOARD EXPERTISE AND SKILLS

8. The Directors in your Company are appointed by the President of India acting through the Department of Public Enterprises, Government of India. The selection of Directors on the Board of your Company is done through a meticulous screening process adopted by the Government of India.
9. The Board of your Company comprises qualified members who bring in the required skills, competence

and expertise that allow them to make effective contributions to the Board and its Committees. The Directors are committed to ensuring that the Board is in compliance with the highest standards of Corporate Governance. The table below summarizes the key Board skills, expertise and attributes which, in the opinion of the Board, are required in the context of the business of the Company:

Skills and Attributes	Description
Organisational Purpose	Ability to comprehend the industry and its operations, maritime needs of the country, the socio-economic, political, regulatory and competitive environment, both domestic and global, in which the Company is operating and insight to identify opportunities and threats for the Company's businesses. Ability to contribute towards creating an inspiring Vision for the Company.
Financial and Managerial Acumen	Knowledge and skills in accounting and finance, business judgment, general management practices and processes, crisis response and management, industry knowledge, macro-economic perspectives, human resources, labour laws and risk management and internal controls.
Policy Evaluation	Ability to evaluate policies, systems and processes in the context of legal ecosystem, Government Directives and applicability to the Company's businesses, and review the same periodically.
Corporate Governance	Knowledge on matters of regulatory compliance, Board and Management accountability, protecting shareholders' interest, observing appropriate governance practices and contribute towards its refinement.
Technological Understanding	Understanding of emerging trends in technology and innovation that may have an impact on the business and have the ability to guide necessary interventions that can be utilised in making the business more competitive and sustainable.
Culture Building	Ability to contribute to the Board's role towards promoting an ethical organisational culture, eliminating conflict of interest, and setting & upholding the highest standards of ethics, integrity and organisational conduct.

10. Given below is a list of core skills, expertise and competencies of individual Directors:

Name of Director	Skills / Expertise / Competencies					
	Organisational Purpose	Financial and Managerial acumen	Policy Evaluation	Corporate governance	Technological understanding	Culture Building
RAdm Vipin Kumar Saxena	√	√	√	√	√	√
Shri Sarvjit Singh Dogra	√	√	√	√	√	√
Cmde Sanjeev Nayyar	√	√	√	√	√	√
Cmde Hari P R	√	√	√	√	√	√
Shri Ashwani Kumar Mahajan	√	√	√	√	√	√
Shri Bharat Bhushan	√	√	√	√	-	√
Smt. Kanwaljit Deol	√	√	√	√	-	√
Dr. Ajai Bhandari	√	√	√	√	-	√
RAdm Inder Paul Singh Bali	√	√	√	√	√	√
Dr. Biswapriya Roychoudhury	√	√	√	√	-	√

## BOARD PROCEDURE

11. 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, quarterly, half yearly and annual results, annual accounts, annual operating plan and budgets besides considering matters that are statutorily required to be placed before the Board.

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

### MEETINGS AND ATTENDANCE

13. During the year 2019-20, ten (10) Board Meetings were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors Present
1.	03 May 19	10	10
2.	29 May 19	10	10
3.	11 Jul 19	10	9
4.	09 Aug 19	10	10
5.	20 Sep 19	10	10
6.	31 Oct 19	10	9
7.	18 Dec 19	10	10
8.	01 Feb 20	10	10
9.	28 Feb 20	10	9
10.	19 Mar 20	10	10

14. The maximum interval between any two Board Meetings held during the year was forty-seven (47) days. Details of Directors' attendance at the Board Meetings and Annual General Meeting held during the FY 2019-20 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 20 Sep 19
	03 May 19	29 May 19	11 Jul 19	09 Aug 19	20 Sep 19	31 Oct 19	18 Dec 19	01 Feb 20	28 Feb 20	19 Mar 20		
RAdm Vipin Kumar Saxena											100	
Shri Sarvjit Singh Dogra											100	
Shri Asit Kumar Nanda <sup>[1]</sup>						NA	NA	NA	NA	NA	100	
Cmde Sanjeev Nayyar											100	
Cmde Hari P R <sup>[2]</sup>	NA	NA	NA	NA	NA						100	NA
Shri Ashwani Kumar Mahajan			×								90	
Shri Bharat Bhushan									×		90	
Smt. Kanwaljit Deol											100	
Dr. Ajai Bhandari											100	
RAdm Inder Paul Singh Bali						×					90	
Dr. Biswapriya Roychoudhury											100	

- Present    × - Absent    NA - Not Applicable

<sup>[1]</sup> Ceased as Whole-time Director of the Company w.e.f. 01 Oct 2019.

<sup>[2]</sup> Appointed as Whole-time Director of the Company w.e.f. 21 Oct 2019.

### COMMITTEES OF THE BOARD

15. Currently, the Board has constituted nine (9) Sub-Committees to assist it in the management of the day-to-day affairs of your Company and to facilitate a smooth and efficient flow of decision-making process. The Board Sub-Committees consists of the following:

- Audit Committee;
- HR, Nomination and Remuneration Committee;

- CSR & Sustainability Committee;
- Project Review Sub-Committee;
- Procurement Committee;
- Business Strategy & Capacity Augmentation Committee;
- MoU Committee;
- Legal Committee; and
- Stakeholders Relationship Committee.

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

#### Audit Committee

17. The composition of the Audit Committee is in line with Section 177 of the Companies Act, 2013, the DPE Guidelines on Corporate Governance for CPSEs, 2010 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).
18. The composition of the Audit Committee as on 31 Mar 2020 is as under:

(a)	Shri Bharat Bhushan <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Smt. Kanwaljit Deol <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	RAAdm Inder Paul Singh Bali, IN (Retd.) <i>Part-Time Non-Official (Independent) Director</i>	Member
(d)	Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	Member

19. Director (Finance) is the Permanent Special Invitee to the Audit Committee. The Company Secretary is the Secretary to the Audit Committee. Chief General Manager (Finance), Additional General Manager (Internal Audit), Statutory Auditors (when quarterly and annual accounts discussed) and Internal Auditors (when internal audit report discussed) of the Company also attend the Meetings of the Audit Committee regularly.
20. The terms of reference of the Audit Committee

Name of the Director	Meeting held and attended during respective Tenure of Directors							% of attendance
	28 May 19	10 Jul 19	08 Aug 19	30 Oct 19	17 Dec 19	01 Feb 20	18 Mar 20	
Shri Bharat Bhushan								100
Smt. Kanwaljit Deol								100
RAAdm Inder Paul Singh Bali				×				86
Cmde Sanjeev Nayyar								100

- Present × - Absent NA - Not Applicable

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

#### HR, Nomination and Remuneration Committee

25. The composition of the HR, Nomination and Remuneration Committee is in line with Section 178 of the Companies Act, 2013, the DPE Guidelines

are specified in accordance with Section 177 of the Companies Act, 2013 and the rules framed thereunder, the SEBI Listing Regulations 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.

21. The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors and discusses their findings, suggestions and other related matters and reviews the major accounting policies followed by your Company. The Audit Committee reviews the quarterly, half yearly and annual financial statements before their submission to the Board.
22. 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. All the recommendations made by the Audit Committee were accepted by the Board during the year.
23. During the financial year 2019-20, seven (7) Meetings of the Audit Committee were held. The attendance of the members at the Audit Committee meetings during the financial year 2019-20 is given below:

on Corporate Governance for CPSEs, 2010 and the SEBI Listing Regulations, in so far as applicable to Government Companies.

26. The HR, Nomination and Remuneration Committee consists of three (3) Independent Directors. The composition of the HR, Nomination and Remuneration Committee as on 31 Mar 2020 is as under:



(a)	Smt. Kanwaljit Deol <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Shri Bharat Bhushan <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	Dr. Ajai Bhandari <i>Part-Time Non-Official (Independent) Director</i>	Member

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

28. The terms of reference of HR, Nomination and Remuneration Committee are as follows: -

(a) To decide the annual bonus / variable pay pool

Name of the Director	Meeting held and attended during respective Tenure of Directors							% of attendance
	27 May 19	10 Jul 19	08 Aug 19	19 Sep 19	17 Dec 19	01 Feb 20	17 Mar 20	
Smt. Kanwaljit Deol								___100
Shri Bharat Bhushan								___100
Dr. Ajai Bhandari								___100

- Present      × - Absent      NA - Not

30. All the recommendations made by the HR, Nomination and Remuneration Committee were accepted by the Board during the year.

#### Appointment and Remuneration of Whole-Time Directors

31. 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. 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.

Performance Related Pay (PRP) and policy for its distribution across the executives (including Board Level executives) and non-unionised supervisors within the prescribed limits for each financial year;

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

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

29. During the financial year 2019-20, seven (7) Meetings of the HR, Nomination and Remuneration Committee were held. The attendance of the members at the HR, Nomination and Remuneration Committee meetings during the financial year 2019-20 is given below:

The Whole-time Directors of your Company are paid such remuneration as the President of India, may, from time to time determine. The pay and allowances of Board level executives are paid in accordance with the terms of appointment, Department of Public Enterprises (DPE) Guidelines on the above subject and other benefits and perquisites in accordance with the rules of GRSE. The remuneration of below Board level executives and non-unionized supervisors is as per DPE guidelines and as approved by the administrative ministry i.e. Ministry of Defence. The remuneration of workers is as per the long-term settlement between the management and recognized trade unions.

32. The details of remuneration of Whole-Time Directors during the FY 2019-20 are given below:

(₹ in lakh)

Name of Director	Salary*	Perquisites	Company's Contribution to PF / Gratuity / Pension	Performance Related Pay	Total
RAdm V K Saxena, IN (Retd.) <i>Chairman &amp; Managing Director</i>	38.93	0.83	5.89	0.91	<b>46.56</b>
Shri S S Dogra, <i>Director (Finance)</i>	35.59	3.78	5.40	0.69	<b>45.46</b>
Shri A K Nanda, <i>Director (Personnel)</i> <sup>[1]</sup>	35.45	2.37	2.26	0.59	<b>40.67</b>

Name of Director	Salary*	Perquisites	Company's Contribution to PF / Gratuity / Pension	Performance Related Pay	Total
Cmde S Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	36.63	3.27	5.50	0.71	<b>46.11</b>
Cmde Hari P R, IN (Retd.) <i>Director (Personnel)</i> <sup>[2]</sup>	17.95	0.16	2.15	-	<b>20.26</b>

\*Salary includes arrears

<sup>[1]</sup> Ceased as Whole-time Director of the Company w.e.f. 01 Oct 2019.

<sup>[2]</sup> Appointed as Whole-time Director of the Company w.e.f. 21 Oct 2019.

### Appointment and Remuneration of Part-Time Directors

33. The Government Nominee Director is appointed by the President of India and he/she holds the office till further orders from the Government. They are not entitled to any remuneration or sitting fees.
34. The Independent Directors appointed or reappointed by the President of India in consultation with the Chairman & Managing Director of the Board of Directors, generally for a period of three (03) years. They are not paid any remuneration except the sitting fee for attending Board and Committee Meetings.
35. The criteria for making payments to Non-Executive Directors of the Company are disclosed on the Company's website at <http://grse.in/pdf/investors/Terms%20and%20Conditions%20of%20Appt%20of%20Non-Executive%20Directors.pdf>
36. The sitting fees paid to the Independent Directors during the FY 2019-20 is as follows:

(₹ in lakh)

Name of Independent Director	Board Meetings	Committee Meetings	Total Remuneration
Shri Bharat Bhushan	1.80	3.00	<b>4.80</b>
Smt. Kanwaljit Deol	2.00	3.30	<b>5.30</b>
Dr. Ajai Bhandari	2.00	2.10	<b>4.10</b>
RAdm Inder Paul Singh Bali	1.80	1.35	<b>3.15</b>
Dr. Biswapriya Roychoudhury	2.00	0.30	<b>2.30</b>

37. Further, there has been no other pecuniary relationship or transactions of the Part-time Directors vis-à-vis the Company during the year under review.

### Evaluation Criteria

38. Since the Board level appointments are made by the President of India, evaluation of performance of such appointees is also done by the Government of India.

### Procurement Committee

39. The Procurement Committee has been delegated full powers of the Board in respect of:
- Approval of proposals in excess of ₹30 crore for placement of orders for procurement of materials, equipment, tools, stores and spares, imports including from Russian Sources, approval of works, sub-contracts and facility hire, etc. for sanctioned projects;
  - Approval of proposals for capital expenditure in excess of ₹5 crore in respect of the items provided for in the Capital Budget approved by the Board / Government;
  - 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;
  - All the procurement proposals approved by Procurement Committee are placed before the Board for information.
40. The composition of the Procurement Committee of the Board of Directors as on 31 Mar 2020 is as follows:

(a)	RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman &amp; Managing Director</i>	Chairperson
(b)	Shri Bharat Bhushan <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member
(d)	Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	Member

41. The Company Secretary is the Secretary to the Committee.
42. The Chairman of the Procurement Committee apprises the Board about the observations of the Procurement Committee during the Board Meeting.
43. During the financial year 2019-20, three (3) Meetings of the Procurement Committee were held. The attendance of the members at the Procurement Committee meeting during the financial year 2019-20 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors			% of attendance
	11 Jul 19	30 Oct 19	19 Mar 20	
RAdm Vipin Kumar Saxena				___100
Shri Bharat Bhushan				___100
Shri Sarvjit Singh Dogra				___100
Cmde Sanjeev Nayyar				___100

- Present      × - Absent      NA - Not Applicable

#### Corporate Social Responsibility & Sustainability Committee (“CSR & SD Committee”)

44. 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.

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

- 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;
- Recommend amount of expenditure to be incurred on CSR activities;
- Monitor the Corporate Social Responsibility and Sustainability Policy of your Company and its effective implementation from time to time.

46. The composition of the CSR & SD Committee of the Board of Directors as on 31 Mar 2020 is as follows:

(a)	Smt. Kanwaljit Deol <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	Member
(c)	Cmde Hari P R, IN (Retd.) <sup>[1]</sup> <i>Director (Personnel)</i>	Member

<sup>[1]</sup>Admitted as a member of the Committee w.e.f. 21 Oct 2019.

47. The Company Secretary is Secretary to the Committee.
48. During the financial year 2019-20, four (4) Meetings of the CSR & SD Committee were held. The attendance of the members at the CSR & SD Committee meetings during the financial year 2019-20 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors				% of attendance
	15 May 19	07 Aug 19	30 Oct 19	17 Mar 20	
Smt. Kanwaljit Deol					___100
Shri Asit Kumar Nanda <sup>[1]</sup>			×	×	___100
Cmde Sanjeev Nayyar					___100
Cmde Hari P R <sup>[2]</sup>	×	×			___100

- Present      × - Absent      NA - Not Applicable

<sup>[1]</sup> Ceased as Whole-time Director of the Company w.e.f. 01 Oct 2019.

<sup>[2]</sup> Appointed as Whole-time Director of the Company w.e.f. 21 Oct 2019.

#### MoU Committee

49. 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.

50. The composition of the MoU Committee of the Board of Directors as on 31 Mar 2020 is as follows:

(a)	Shri Bharat Bhushan <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Dr. Ajai Bhandari <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member
(d)	Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	Member

51. The Chief General Manager / General Manager (CE&CP) is the Secretary to the Committee.

52. During the financial year 2019-20, three (3) Meetings of the MoU Committee were held. The attendance of the members at the MoU Committee meetings during the financial year 2019-20 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors			% of attendance
	08 Aug 19	18 Dec 19	18 Mar 20	
Shri Bharat Bhushan				___100
Dr. Ajai Bhandari				___100
Shri Sarvjit Singh Dogra				___100
Cmde Sanjeev Nayyar				___100

- Present      × - Absent      NA - Not Applicable

#### Project Review Sub-Committee

53. 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.

54. The composition of the Project Review Sub-Committee of the Board of Directors as on 31 Mar 2020 is as follows:

(a)	RAdm I P S Bali, IN (Retd.) <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member
(c)	Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	Member

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

56. During the year 2019-20, three (3) Meetings of the Project Review Sub-Committee were held. The attendance of the members at the Project Review Sub-Committee meetings during the financial year 2019-20 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors			% of attendance
	27 May 19	21 Sep 19	19 Dec 19	
RAdm I P S Bali				___100
Shri Sarvjit Singh Dogra				___100
Cmde Sanjeev Nayyar				___100

- Present      × - Absent      NA - Not Applicable

#### Business Strategy and Capacity Augmentation Committee

57. 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.

58. The composition of the Business Strategy and Capacity Augmentation Committee of the Board of Directors as on 31 Mar 2020 is as follows:

(a)	RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman &amp; Managing Director</i>	Chairperson
(b)	RAdm I P S Bali, IN (Retd.) <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member
(d)	Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i>	Member

59. The Chief General Manager / General Manager (CE&CP) is the Secretary to the Committee.

60. 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.
61. The recommendations of the Committee are placed to the Board for consideration and approval.
62. During the financial year 2019-20, no Meeting of the Business Strategy and Capacity Augmentation Committee was held.

#### Legal Committee

63. 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.
64. The composition of the Legal Committee of the Board of Directors as on 31 Mar 2020 is as follows:

(a)	Dr. Ajai Bhandari <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Smt. Kanwaljit Deol <i>Part-Time Non-Official (Independent) Director</i>	Member
(c)	Cmde Hari PR <sup>[1]</sup> <i>Director (Personnel)</i>	Member

<sup>[1]</sup> Admitted as a member of the Committee w.e.f. 21 Oct 2019.

65. The Company Secretary is the Secretary to the Committee.
66. During the year 2019-20, four (4) Meetings of the Legal Committee were held. The attendance of the members at the Legal Committee meetings during the year 2019-20 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors				% of attendance
	15 May 19	07 Aug 19	17 Dec 19	17 Mar 20	
Dr. Ajai Bhandari					___100
Smt. Kanwaljit Deol					___100
Shri Asit Kumar Nanda <sup>[1]</sup>			NA	NA	___100

Name of the Director	Meeting held and attended during respective Tenure of Directors				% of attendance
	15 May 19	07 Aug 19	17 Dec 19	17 Mar 20	
Cmde Hari P R <sup>[2]</sup>	NA	NA			___100

- Present      × - Absent      NA - Not Applicable

<sup>[1]</sup> Ceased as Whole-time Director of the Company w.e.f. 01 Oct 2019.

<sup>[2]</sup> Appointed as Whole-time Director of the Company w.e.f. 21 Oct 2019

#### Stakeholders Relationship Committee







67. The Stakeholders Relationship Committee was constituted in line with the Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations.
68. In line with recent amendments to the SEBI Listing Regulations, terms of reference of the Stakeholders Relationship Committee include the following:
- Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc;
  - Review of measures taken for effective exercise of voting rights by shareholders;
  - Review of adherence to the service standards adopted by your Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
  - Review of the various measures and initiatives taken by your Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the Shareholders.


69. The composition of the Stakeholders Relationship Committee of the Board of Directors as on 31 Mar 2020 is as follows:

(a)	Dr. Biswapriya Roychoudhury <i>Part-Time Non-Official (Independent) Director</i>	Chairperson
(b)	Shri Sarvjit Singh Dogra <i>Director (Finance)</i>	Member
(c)	Cmde Hari PR <sup>[1]</sup> <i>Director (Personnel)</i>	Member

<sup>[1]</sup> Admitted as a member of the Committee w.e.f. 21 Oct 2019.

70. The Company Secretary of the Company is the Secretary to the Committee.
71. During the year 2019-20, two (2) Meetings of the Stakeholders Relationship Committee of the Board of Directors were held. The attendance of the members at the Stakeholders Relationship Committee meetings during the year 2019-20 is given below:

Name of the Director	Meeting held and attended during respective Tenure of Directors		% of attendance
	19 Aug 19	19 Mar 20	
Dr. Biswapriya Roychoudhury			___100
Shri Sarvjit Singh Dogra			___100
Shri Asit Kumar Nanda <sup>[1]</sup>		NA	___100
Cmde Hari PR <sup>[2]</sup>	NA		___100

 - Present      × - Absent      NA - Not Applicable

<sup>[1]</sup> Ceased as Whole-time Director of the Company w.e.f. 01 Oct 2019.

<sup>[2]</sup> Appointed as Whole-time Director of the Company w.e.f. 21 Oct 2019

72. Status of Investor Complaints as on 31 Mar 2020 and reported under Regulation 13(3) of the SEBI Listing Regulations is as under:

Complaints as on 01 Apr 2019	0
Received during the year	23
Resolved during the year	23
Not solved to the satisfaction of shareholders	0
Pending as on 31 Mar 2020	0

### Independent Directors' Meeting

73. During the year, one Meeting of Independent Directors was held on 29 Feb 2020.

### Confirmation of Independence of the Independent Directors

74. The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6) of the Companies Act, 2013.

75. In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

### ANNUAL GENERAL MEETINGS

76. The details of the last three (3) Annual General Meetings of your Company are given below:

Financial Year	Date and Time	Venue	Special Resolution Passed
2016-17	25 Aug 17 1400 Hrs.	Registered Office at 43/46, Garden Reach Road, Kolkata 700 024	(i) To amend the Memorandum of Association of the Company for Sub-Division of Shares  (ii) Conversion of the Company from Private Limited to Public Limited by amending the Articles of Association of the Company
2017-18	04 Oct 18 1000 Hrs.	Registered Office at 43/46, Garden Reach Road, Kolkata 700 024	No special resolution passed in the meeting
2018-19	20 Sep 19 10.30 Hrs.	Bhasha Bhawan Auditorium, National Library, Belveria Road, Block-A, Alipore, Kolkata 700025	No special resolution passed in the meeting

### POSTAL BALLOT

77. No postal ballot was conducted during the FY 2016-17 and 2017-18.
78. During the FY 2019-20, two resolution was put to vote through Postal Ballot. Details of resolutions passed through postal ballot and details of the voting pattern:

The Company sought the approval of shareholders through notice of postal ballot dated 29 May 19 for

Consent to authorize the Board of Directors to borrow under section 180(1)(c) of the Companies Act, 2013 upto ₹5,000 crore and Consent to authorize the Board of Directors for creation of charges etc, in respect of borrowings under section 180(1)(a) of the Companies Act, 2013 upto ₹5,000 crore, by way of special resolutions. The aforesaid resolutions were duly passed and the results of postal ballot/e-voting were announced on 09 Jul 19. Mr. A K Labh, of M/s A K Labh & Co., Company Secretaries, was appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

Resolution	No. of Votes Polled	No. of Votes Cast in Favour	No. of Votes Cast Against	% of Votes Cast in Favour on Votes Polled	% of Votes Cast Against on Votes Polled
(a) Consent to authorize the Board of Directors to borrow under section 180(1)(c) of the Companies Act, 2013 upto ₹ 5,000 crore	65608	64620	988	98.49	1.51
(b) Consent to authorize the Board of Directors for creation of charges etc, in respect of borrowings under section 180(1)(a) of the Companies Act, 2013 upto ₹ 5,000 crore	65223	62281	2942	95.49	4.51

79. None of the business proposed to be transacted in the ensuing AGM requires the passing of a Special Resolution by way of Postal Ballot.

#### Procedure for Postal Ballot

80. The postal ballot is conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 22 of the Companies (Management and

Administration) Rules, 2014. The shareholders are provided the facility to vote either by physical ballot or through e-voting. The postal ballot notice is sent to shareholders in electronic form to the email addresses, where available, or in physical form through permitted mode where email addresses are not available. The Company also publishes a notice in the newspapers in accordance with the requirements under the Companies Act, 2013.

81. Shareholders holding equity shares as on the cut-off date may cast their votes through e-voting or through postal ballot during the voting period fixed for this purpose. After completion of scrutiny of votes, the scrutinizer submits his report to the Chairman and the results of voting by postal ballot are announced within 48 hours of conclusion of the voting period. The results are displayed on the website of the Company ([www.grse.in](http://www.grse.in)), and communicated to the Stock Exchanges, Depositories, and Registrar and Share Transfer Agents. The resolutions, if passed by the requisite majority, are deemed to have been passed on the last date specified for receipt of duly completed postal ballot forms or e-voting.

#### FAMILIARISATION PROGRAMME AND TRAINING FOR DIRECTORS

82. Familiarization programme for Directors generally form part of the Board process. All new Directors are provided with an overview of the operations of the Company at the time of their induction to the Board. They are familiarized to your Company's culture, values and commitments through orientation sessions. They are also regularly encouraged and assisted for attending training programmes on various topics of Corporate Governance. Further, the Independent Directors are updated on an on-going basis at the Board / Committee meetings, inter-alia, on the following:

- Nature of industry in which the Company operates;
- Business environment and operational model of various business divisions of the Company including important developments thereon;
- Important changes in regulatory framework having impact on the Company.

83. Details of the familiarization programme for Independent Directors can be accessed at <http://grse.in/pdf/investors/Familiarisation%20Programme.pdf>

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

84. 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 and 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 2020. A declaration to this effect signed by the Chairman & Managing Director of your Company is appended at the end of this Report.

### INSIDER TRADING CODE

85. In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company has approved the Company’s Code of Conduct for Prevention of Insider Trading and Fair disclosure of Unpublished Price Sensitive Information, which *inter alia*, set up an appropriate mechanism to regulate, monitor, report and prohibits trading in securities of the Company by Designated Persons while in possession of unpublished price sensitive information in relation to the Company. The Code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company, and cautioning them of the consequences of violations. The Code of Conduct for Prevention of Insider Trading and Fair disclosure of Unpublished Price Sensitive Information is hosted on the website of the Company and can be accessed at [http://grse.in/pdf/investors/InsiderTradingCode\\_GRSE.pdf](http://grse.in/pdf/investors/InsiderTradingCode_GRSE.pdf)

### SHAREHOLDER INFORMATION

86. Various shareholder information required to be disclosed pursuant to Schedule V of the SEBI Listing Regulations is provided in *Annexure I* to this Report titled ‘Shareholder Information’.

### DISCLOSURES

87. (a) **Conflict of Interest:** During the year 2019-20, your Company has not entered into any transaction 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. The Policy on Related Party Transactions of the Company may be accessed at <http://www.grse.in/pdf/investors/Policy%20on%20Related%20Party%20Transactions.pdf>

- (c) **Material Subsidiaries:** Your Company does not have any subsidiary or associate company. The Company’s Policy on Determining Material Subsidiaries framed as per Regulation 16 of the SEBI Listing Regulations is available on the Company’s website at <http://www.grse.in/pdf/investors/POLICY%20FOR%20DETERMINING%20MATERIAL%20SUBSIDIARIES.pdf>
- (d) **Inter-se relationships between Directors and Key Managerial Personnel of the Company:** None
- (e) **Number of Equity Shares held by Directors in the Company:** None
- (f) **Vigil Mechanism/ Whistle Blower Policy**

The Company has formulated Whistle Blower Policy in line with Section 177 of the Companies Act, 2013, Regulation 22 of SEBI Listing Regulations and the DPE Guidelines on Corporate on Corporate Governance for CPSEs, 2010. The Policy has been formulated with a view to provide a mechanism for employees and other stakeholders to raise concerns of any violations of legal or regulatory requirements, suspected misconduct of anyone concerned with the Company to come forward and express their concerns without fear of punishment/victimization or unfair treatment.

During the year, no personnel have been denied access to the Members of the Audit Committee or its Chairperson.

Synopsis of the Whistleblower Policy of the Company is also provided in the ‘Directors’ Report’, forming part of this Annual Report.

- (g) **Integrity Pact:** The Central Vigilance Commission (CVC) issued a circular on 04 Dec 07 recommending adoption and implementation of the Integrity Pact in respect of all major procurements of the Government Organisations. Accordingly, your Company adopted the Integrity Pact for procurement of material and / or service for a value above ₹2 crore. 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 Girish Shankar, IAS (Retd.), and Shri R Kuppan, IRSME (Retd.) 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 investigation and submits recommendations to the management. During their visit to the Corporate Office every quarter, the IEMs hold structured meetings with the Chairman & Managing Director.

(h) **Compliance with Presidential Directives:**

The Company has complied with all Presidential Directives issued by Central Government regarding the operation of PSUs, both during the year and also in the last three (3) years.

(i) **Items of expenditure debited in books of accounts, which are not for the purposes of the business:** Nil

(j) **Expenses incurred, which are personal in nature and incurred for the Board of Directors and top Management:** Nil

(k) **Details of Administrative and Office expenses as a percentage of total expenses vis-à-vis financial expenses:**

(₹ in crore)

Sl. No.	Particulars	2019-20	2018-19
(a)	Total Expenditure (Other than materials)	702.56	613.21
(b)	Administrative & Office Expenses	12.90	9.74
(c)	Percentage of (b) on (a)	1.84	1.58
(d)	Finance expenditure as a % of total expenditure	0.09	0.37

(l) **Mandatory Compliances:** During the last three (3) years, there has been no instance of non-compliance by your Company on any matter related to Companies Act, 2013, SEBI Listing Regulations and the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises, Government of India. A Compliance Certificate from M/s. Maheshwari R & Associates, Company Secretaries, confirming compliance with the conditions of Corporate Governance, as required under both, the SEBI Listing Regulations and the DPE Guidelines on Corporate Governance for CPSEs is provided as **Annexure II** to this Report.

Further, no penalties / strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter relating to capital markets during the last three years.

The Company has complied with the requirements of Corporate Governance Report of Paras (2) to (10) mentioned in Part 'C' of Schedule V of the SEBI Listing Regulations. Further, your Company confirms compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the SEBI Listing Regulations and disclosed necessary information in the respective places in this Report.

(m) **Non-Mandatory Compliances under SEBI Listing Regulations 2015:** The status of compliance with the discretionary requirements under the SEBI Listing Regulations is provided below:

(i) **The Board:** As per para A of Part E of Schedule II of the SEBI Listing Regulations, a non-executive Chairman of the Board may be entitled to maintain a Chairman's Office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties. The Chairman of the Company is an Executive Director and hence this provision is not applicable to us.

(ii) **Shareholder Rights:** Your Company displays the quarterly and half yearly financial results on the Company's website [www.grse.in](http://www.grse.in) and also publishes the financial results in widely circulated newspapers. We have communicated the payment of dividend by e-mail to shareholders in addition to dispatch of letters to all shareholders.

(iii) **Modified Opinion in Audit Report:** Your Company continuously strives to maintain

accounts in a transparent, true and fair manner in conformity with the accounting principles generally accepted in India. During the last fifteen years (2003-2004 to 2018-19) there have been no audit qualifications. Your Company has also received “Nil” comments from the CAG during these years. Further, for the FY 2019-20, the Statutory Auditors have issued an unmodified opinion on the financial statements of the Company.

- (iv) **Separate posts of Chairman and Chief Executive Officer:** Being a Government Company, the appointment of the Chairman & Managing Director is done by the President of India. At present, the post of the Chairman & Managing Director is held by an Executive Director.
- (v) **Reporting of Internal Auditor:** The Head of Internal Audit Department of the Company administratively reports to the Chairman & Managing Director. He is regularly invited to attend the Audit Committee meetings. Further, the Internal Auditors of the Company are also invited to the Audit Committee meetings to discuss their Internal Audit Report on a quarterly basis.
- (n) **Prevention of Sexual Harassment of Women at Workplace:** The Company is committed to provide a work environment that ensures every employee is treated with dignity, respect and afforded equal

treatment. Please refer ‘Disclosure under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013’ Section of Director’s Report for more details.

- (o) **Certificate from Practicing Company Secretary on qualification of the Board:** A certificate from M/s. Maheshwari R & Associates, Company Secretaries, confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI / Ministry of Corporate of Affairs or any such authority is provided at **Annexure III** to this Report.
- (p) **Fees to Statutory Auditors:** The total fees paid for all services by the Company to M/s. A Kayes & Co., Statutory Auditors of the Company during FY 2019 -20 aggregate to ₹14.40 lakh. Details are available under Note 27 of the ‘Financial Statements’.
- (q) **CEO and CFO Certification:** The Chairman and Managing Director (CMD) and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations, copy of which is attached to this Report as **Annexure-IV**. The CMD and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

## DECLARATION

Pursuant to the Department of Public Enterprises Guidelines on Corporate Governance for Central Public Sector Enterprises dated 14<sup>th</sup> May, 2010 and Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby declared that all Board Members and Senior Management Personnel of your Company have affirmed compliance with the Code of Conduct & Ethics for Board Members and Senior Management Personnel of Garden Reach Shipbuilders & Engineers Limited for the year ended 31<sup>st</sup> March, 2020.

**For Garden Reach Shipbuilders & Engineers Limited**

Kolkata  
21<sup>st</sup> July, 2020

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

# ANNEXURE - I

## SHAREHOLDER INFORMATION

### ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2019-20

<b>Date</b>	<b>11<sup>th</sup> September, 2020</b>
<b>Venue</b>	<b>AGM through VC/OVAM (Demed Venue for Meeting; Registered Office: 43/46, Garden Redach Road, Kolkata - 700 024)</b>
<b>Time</b>	<b>10:30 A.M.</b>

### DIVIDEND PAYMENT

- The final dividend for the year ended 31 Mar 2020, if approved at the AGM, will be paid on or after 12 Sep 2020. Your Company has been consistently paying dividend to its shareholders. The dividend declared in the last five (5) financial years are provided below:

Financial Year	Dividend per share (in ₹) <sup>^</sup>	Total Dividend paid (in ₹ crore)
2019-20*	7.14	81.79
2018-19	6.95	79.61
2017-18 <sup>#</sup>	4.44	50.80
2016-17	4.37	54.08
2015-16	4.30	53.22

<sup>^</sup> The dividend value per share has been adjusted to reflect the sub-division of the face value of the equity shares of the Company from ₹100/- to ₹10/- each in the financial year ended 31 Mar 2018.

\* Includes interim dividend of ₹5.74 per equity share of ₹10/- each.

<sup>#</sup> After effecting Buyback of 7.50% of the paid-up Equity Share capital comprising of 92,88,000 Equity Shares from the Promoter of your Company.

### LISTING OF SHARES ON STOCK EXCHANGES

- The equity shares of your Company were listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") w.e.f. 10 Oct 2018. Your Company has paid the annual listing fees to both NSE and BSE on time. Details of NSE and BSE alongwith stock codes are provided below:

Stock Exchanges	Stock Code
<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 Website: www.nseindia.com	GRSE

Stock Exchanges	Stock Code
<b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001 Website: www.bseindia.com	542011

### MEANS OF COMMUNICATION

- Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Your Company has a website ([www.grse.in](http://www.grse.in)) which provides information on GRSE's leadership, management, product spectrum, CSR initiatives, annual reports, policies, financial information etc.
  - All price-sensitive information, statutory notices and data that are material to the shareholders are disclosed to the Stock Exchanges viz. NSE and BSE. The quarterly, half yearly and annual financial results, notices of Board Meetings etc. are published in the Financial Express (in English), Prabhat Khabar (in Hindi) and Bartaman (in Bengali). The quarter and year ending 31 Mar 2020 results were published in Business Standard, Prabhat Khabar (in Hindi) and Bartaman (in Bengali). The financial results were published as under:
- |                                     |                          |
|-------------------------------------|--------------------------|
| Quarter ending 30 Jun 2019          | In the month of Aug 2019 |
| Quarter ending 30 Sept 2019         | In the month of Oct 2019 |
| Quarter ending 31 Dec 2019          | In the month of Feb 2020 |
| Quarter and Year ending 31 Mar 2020 | In the month of Jun 2020 |
- The 'Investors Corner' tab on your Company's website contains the annual reports, financial results, presentations made to the analysts and other information submitted to the Stock Exchanges such as notices and corporate announcements, shareholding pattern, corporate governance reports, dividend etc. The 'News Room' section on the website includes all major press releases from the Company and relevant media reports.

### FINANCIAL CALENDAR

- The financial year of the Company starts from the 1<sup>st</sup> day of April and ends on 31<sup>st</sup> day of March of next year. Our tentative calendar for declaration of results for the financial year 2020-21 are as given below:

Quarter Ending	Release of Results
For the Quarter ending 30 Jun 2020	Second week of Aug 2020
For the Quarter and half year ending 30 Sep 2020	Third week of Nov 2020
For the Quarter and nine months ending 31 Dec 2020	Third week of Feb 2021
For the year ending 31 Mar 2021	Fourth week of May 2021

### DEMATERIALIZATION OF SHARES AND LIQUIDITY

7. The equity shares of the Company are available for trading in the dematerialised form under both the Depository Systems in India viz. NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE382Z01011.
8. As on 31 Mar 2020, 11,45,51,885 equity shares of the Company, representing 100% (approx.) of the issued, subscribed and paid-up equity share capital of the Company are held in dematerialized form. The details of shares in physical and demat form is given below:

Form	No. of Equity Shares	% of Shareholding
Demat Form with NSDL	11,13,17,555	97.18
Demat Form with CDSL	32,34,330	2.82
Physical Form	115	0.00

9. The holding by the President of India in the equity share capital of the Company is 74.50%, which are not actively traded. The remaining 25.50% of the Company's shares are liquid and actively traded shares on the Stock Exchanges. The Company's market capitalization as on 31 Mar 2020 stood at ₹1,564.78 crore as against ₹1,123.18 crore on 31 Mar 2019.

### DISTRIBUTION OF SHAREHOLDING BY SIZE AS ON 31 MAR 2020

No. of Equity Shares	Shareholders		Shareholding	
	No.	%	No.	%
1-500	16287	89.89	1801906	1.57
501-1000	852	4.70	673534	0.59
1001-2000	492	2.72	735811	0.64
2001-3000	140	0.77	354273	0.31
3001-4000	75	0.41	267064	0.23
4001-5000	60	0.33	284069	0.25
5001-10000	95	0.52	684947	0.60
>10000	117	0.65	109750396	95.81
<b>Total</b>	<b>18118</b>	<b>100.00</b>	<b>114552000</b>	<b>100.00</b>

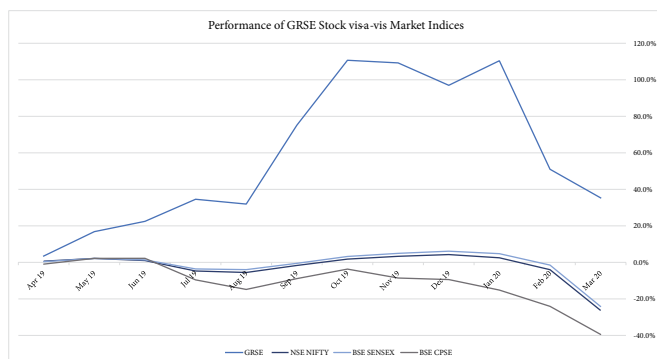
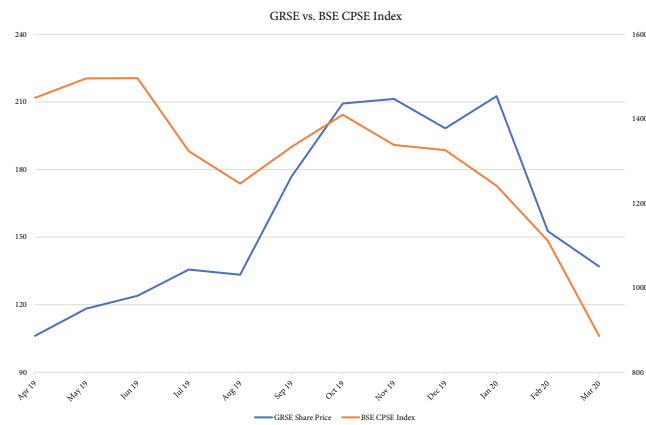
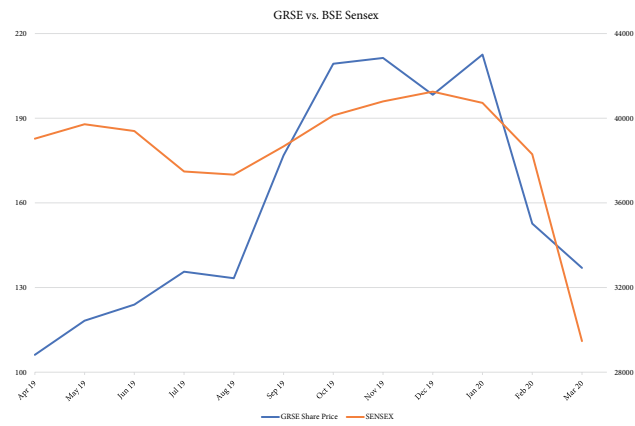
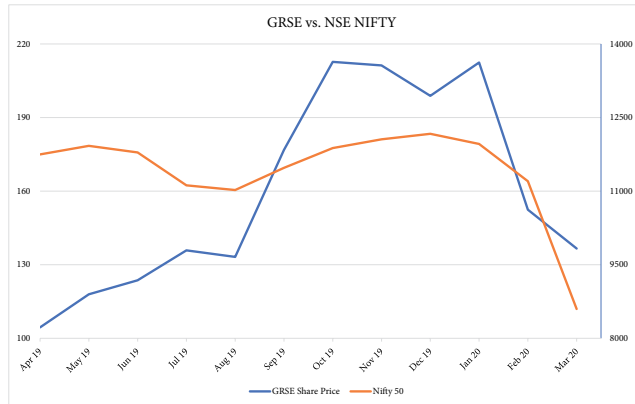
### SHAREHOLDING PATTERN AS ON 31 MAR 2020

Sl. No.	Category & name of the Shareholder	Number of Shareholders	Total No. of Shares held	Shareholding % calculated as per SCRR 1957
<b>Promoter Shareholding</b>				
	Central Government	1	8,53,41,240	74.50
(1)	<b>Total Promoter Shareholding</b>	<b>1</b>	<b>8,53,41,240</b>	<b>74.50</b>
<b>Public Shareholding</b>				
<b>Institutional</b>				
a	Mutual Funds	5	1,23,13,843	10.75
b	Financial Institutions / Banks	2	66,522	0.06
c	Foreign Portfolio Investors	33	16,86,103	1.47
d	Insurance Companies	3	67,11,367	5.86
(A)	<b>Total Institutional Shareholding</b>	<b>43</b>	<b>2,07,77,835</b>	<b>18.14</b>
<b>Non-Institutional</b>				
a	Bodies Corporate	160	10,45,143	0.91
b	Public and Others	17914	73,87,782	6.45
(B)	<b>Total Non-Institutional Shareholding</b>	<b>18074</b>	<b>84,32,925</b>	<b>7.36</b>
(2)	<b>Total Public Shareholding (A)+(B)</b>	<b>18117</b>	<b>2,92,10,760</b>	<b>25.50</b>
<b>Total Shareholding (1)+(2)</b>		<b>18118</b>	<b>11,45,52,000</b>	<b>100.00</b>

### PRICE AND VOLUME OF SHARES TRADED

Year & Month	NSE			BSE		
	High (₹)	Low (₹)	Volume (in nos.)	High (₹)	Low (₹)	Volume (in nos.)
2019 Apr	112.35	95.1	521,272	113.5	92.2	79,131
May	131.9	100.3	6,381,201	137	99.5	588,493
Jun	131.9	114	4,447,707	131.85	114	739,898
Jul	140.8	116.1	7,569,371	140.5	116.1	1,025,105
Aug	142	122.25	3,949,386	141.5	122.9	833,663
Sep	190	130.65	10,532,289	190.05	131.1	1,105,771
Oct	219.85	156.1	6,984,710	218.65	156.5	1,469,617
Nov	249	200.8	9,244,180	249.4	200	1,022,648
Dec	238	192.6	5,386,157	219.1	192.6	564,908
2020 Jan	229.2	187.8	6,497,554	229	188.35	641,919
Feb	215.4	151.15	5,036,042	217	151.3	485,855
Mar	166.5	102	3,611,043	166.6	105.3	264,605

## PERFORMANCE IN COMPARISON TO BROAD BASED INDICES



## COMMODITY PRICE RISK, FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

- Your Company had no exposure to commodity and commodity risks for the financial year 2019-20. Further, your Company does not involve in hedging activities.
- The Company is exposed to foreign exchange exposures related to procurement of materials and services. These procurements are mostly covered under exchange rate variation clause for reimbursement of exchange rate variations arising out of foreign currency fluctuations. Hence, your Company has no direct exposure on this account.

## SHARE TRANSFER SYSTEM

- The dematerialized shares of the Company are transferable through the depository system. However, the shares held in physical form are processed by the Registrar & Transfer Agent of the Company in coordination with your Company.
- The Share Transfer Committee of the Company met twenty-three (23) times during the Financial Year 2019-20 to approve share transfers. The Committee presently comprises the following:

(a)	Shri Sarvjit Singh Dogra <i>Director (Finance) &amp; CFO</i>	Chairperson
(b)	Cmdr Hari PR <sup>[1]</sup> <i>Director (Personnel)</i>	Member
(c)	Shri Sandeep Mahapatra <i>Company Secretary and Compliance officer</i>	Member Secretary

<sup>[1]</sup>Admitted as a member of the Committee w.e.f. 21 Oct 2019.

- Further, in accordance with the proviso to Regulation 40(1) of the SEBI Listing Regulations, effective from 01 Apr 2019, transfers of share of the Company shall not be processed unless the shares are held in the dematerialized form with a depository. As on 31 Mar 2020, 115 equity shares of the Company were held in physical form.

## UNCLAIMED DIVIDEND

- Pursuant to the applicable provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund ('IEPF') Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in

respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.

16. No unclaimed dividend from previous years is due to be transferred to the IEPF as on 31 Mar 2020.

#### DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT

17. The Company does not have any shares in the Demat Suspense Account or Unclaimed Suspense Account.

#### INVESTOR SERVICES

18. M/s. Alankit Assignments Limited is the Registrar & Transfer Agent to your Company in respect of the equity shares.

#### Address for correspondence:

205-208 Anarkali Complex,  
Jhandewalan Extension, New Delhi – 110 055  
Email: [info@alankit.com](mailto:info@alankit.com)

19. During the Financial Year 2019-20, twenty-three (23) investor complaints were received by the Company which was resolved promptly.
20. The e-mail ID earmarked by the Company for receiving investor complaints is [investor.grievance@grse.in](mailto:investor.grievance@grse.in).

#### DETAILS OF COMPLIANCE OFFICER / ADDRESS FOR INVESTOR CORRESPONDENCE

**Name:** Shri Sandeep Mahapatra  
**Designation:** Company Secretary and Compliance Officer  
**Address:** Garden Reach Shipbuilders & Engineers Limited  
43/46, Garden Reach Road  
Kolkata – 700 024  
Tel: +91 (033) 2469 8545  
Fax: +91 (033) 2469 8150  
Email: [co.sec@grse.co.in](mailto:co.sec@grse.co.in)  
Website: [www.grse.in](http://www.grse.in)

#### PLANT LOCATIONS

Shipbuilding Activities	Engineering Activities	Engine Activities
<b>Main Works Unit</b> 43/46, Garden Reach Road Kolkata – 700 024	<b>61 Park Unit</b> 61, Garden Reach Road, Kolkata – 700 024	<b>DEP Ranchi Unit</b> Plant Plaza Road, Dhurwa, Ranchi – 834 004
<b>Rajabagan Dockyard Unit</b> 44, Garden Reach Road, Kolkata – 700 044	<b>Taratala Unit</b> P-2/2, Taratala Road, Kolkata – 700 088	
<b>Fitting Out Jetty Unit</b> P-70, Karl Marx Sarani, Kolkata – 700 043		

#### UPDATION OF DETAILS

##### For Shares held in Demat Form

21. The Company sends Notices, Reports and Accounts and other communications in electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories and in physical mode to the other Shareholders. Shareholders who wish to register or update their e-mail addresses with the Company may update the same by sending a request to their respective Depository Participant (DPs).
22. Further, Shareholders who wishes to receive dividend through electronic mode may provide / update their Bank Account details, including IFSC (Indian Financial System Code) and MICR (Magnetic Ink Character Recognition), to their respective DPs.

##### For Shares held in Certificate Form

23. Shareholders holding shares in the certificate form are requested to promptly advise the Company's RTA or the Company of any change in their address / mandate / bank details etc. to facilitate better servicing.

# ANNEXURE II

## CERTIFICATE ON CORPORATE GOVERNANCE

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

I have examined the compliance of Corporate Governance by Garden Reach Shipbuilders & Engineers Limited, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) Regulation 46(2) and para C and D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, for the financial year ending 31<sup>st</sup> March, 2020.

The Compliance of Conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the review of procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Regulation.

On the basis of my findings from the examination of the records produced and explanations and information furnished to me, in my opinion, the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, for the financial year ending 31<sup>st</sup> March, 2020.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Maheshwari R & Associates**  
Company Secretaries

Place: 21<sup>st</sup> July 2020  
Date : Kolkata

Sd/-  
**Rashmi Maheshwari**  
C.P.No.: 3309 of ICSI  
FCS : 5126  
UDIN: F005126B000485078

# ANNEXURE III

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
**The Members**  
**Garden Reach Shipbuilders & Engineers Limited,**  
**43/46, Garden Reach Road,**  
**Kolkata-700024.**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Garden Reach Shipbuilders & Engineers Limited having CIN : L35111WB1934GOI007891 and having registered office at 43/46, Garden Reach Road, Kolkata-700024 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V, Para-C, Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	RAdmVipin Kumar Saxena, IN (Retd.)	07696782	1 <sup>st</sup> March, 2017
2.	Shri Sarvjit Singh Dogra	07052300	31 <sup>st</sup> December, 2014
3.	Cmde Sanjeev Nayyar, IN (Retd.)	07973950	16 <sup>th</sup> December, 2017
4.	Cmde Hari P R, IN (Retd.)	08591411	21 <sup>st</sup> October, 2019
5.	Shri Ashwani Kumar Mahajan	07483427	2 <sup>nd</sup> April, 2016
6.	Shri Bharat Bhushan Jain	00262278	15 <sup>th</sup> September, 2017
7.	Smt. Kanwaljit Deol	03192289	15 <sup>th</sup> September, 2017
8.	RAdm Inder Paul Singh Bali, AVSM, VSM, IN (Retd.)	07912223	9 <sup>th</sup> March, 2018
9.	Dr. Ajai Bhandari	00322233	9 <sup>th</sup> March, 2018
10.	Dr. Biswapriya Roychoudhury	08200896	15 <sup>th</sup> August, 2018

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Maheshwari R & Associates**  
Company Secretaries

Sd/-

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

FCS: 5126

UDIN: F005126B000485045

Place: 21<sup>st</sup> July, 2020

Date : Kolkata



# ANNEXURE IV

## CEO AND CFO COMPLIANCE CERTIFICATE

To,  
The Board of Directors,  
Garden Reach Shipbuilders & Engineers Limited,  
Kolkata

Dear Members of the Board,

We, V K Saxena, Chairman & Managing Director and Sarvjit Singh Dogra, Director (Finance) & Chief Financial Officer certify that:

1. We have reviewed the Financial Statements including the Cash Flow statement of Garden Reach Shipbuilders & Engineers Limited (the Company) for the year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. To the best of our knowledge and belief, none of the transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2020 are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee that:
  - (i) there has not been any significant change in internal control over financial reporting during the year under reference;
  - (ii) that there are no significant changes in accounting policies made during the year, subject to changes in the same and the same have been disclosed in the Notes to the Financial Statements; and
  - (iii) that there are no instances of any significant fraud of which we have become aware and the involvement there in, if any, of the Management or an employee having a significant role in the company's internal control system over Financial Reporting.

Kolkata  
06<sup>th</sup> June, 2020

Sd/-  
**Sarvjit Singh Dogra**  
Director (Finance) & CFO

Sd/-  
**RAdm V. K. Saxena, IN (Retd.)**  
Chairman & Managing Director

# BUSINESS RESPONSIBILITY REPORT

## Section A: General Information about the Company

1	Corporate Identity Number (CIN) of the Company	:	L35111WB1934GOI007891
2	Name of the Company	:	Garden Reach Shipbuilders & Engineers Limited
3	Registered address	:	43/46, Garden Reach Road, Kolkata, West Bengal – 700 024
4	Website	:	www.grse.in
5	E-mail id	:	<a href="mailto:co.sec@grse.co.in">co.sec@grse.co.in</a>
6	Financial Year reported	:	2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Shipbuilding – NIC Code: 301 Diesel Engine – NIC Code: 281 Engineering – NIC Code:711
8	List three key products/ services that the Company manufactures/ provides (as in balance sheet)	:	(i) Shipbuilding (ii) Diesel Engine (iii) Bailey Bridge and Deck Machinery items
9	Total number of locations where business activity is undertaken by the Company		
	(a) Number of International Locations (Provide details of major 5)	:	Nil
	(b) Number of National Locations	:	Eleven
10	Markets served by the Company – Local/ State/ National/ International	:	National / International

## Section B: Financial Details of the Company

1	Paid up Capital (INR)	:	₹ 1,14,55,20,000
2	Total Turnover (INR)	:	₹ 1,424.70 crore
3	Total profit after taxes (INR)	:	₹ 163.48 crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	2% of average Net profits of the Company made during the three immediately preceding financial years. Refer to Appendix-F, Report on CSR activities.
5	List of activities in which expenditure in 4 above has been incurred	:	(Refer to Appendix-F on CSR activities).

## Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	:	No
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	:	No

3	Do any other entity/ entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	: The Company has adopted well established procedures for outsourcing and procurement activities in order to ensure quality, on time delivery and optimum cost. The BR initiative of the Company has the cooperation of all its stakeholders, including Government of India, employees, vendors, and the local populace. Care is taken to have a panel of vendors with sound integrity. The Company has introduced e-payment, integrity pact etc., for a more transparent method of procurement. The standard terms and conditions of purchase order conforms to the Company is policy on safety, environment etc., and are accepted by the vendor. Hence, majority (more than 60%) conform to the key principles of the business responsibility.
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## Section D: BR Information

### 1. Details of Director/ Directors responsible for BR:

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1	DIN Number	:	08591411
2	Name	:	Cmde Hari P R, IN (Retd.)
3	Designation	:	Director (Personnel)

(b) Details of the BR head

No.	Particulars	:	Details
1	DIN Number (if applicable)	:	08591411
2	Name	:	Cmde Hari P R, IN (Retd.)
3	Designation	:	Director (Personnel)
4	Telephone number	:	033-24695862
5	e-mail id	:	dp@grse.co.in

### 2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

<b>P1</b>	–	Business should conduct and govern themselves with Ethics, Transparency and Accountability
<b>P2</b>	–	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
<b>P3</b>	–	Businesses should promote the wellbeing of all employees
<b>P4</b>	–	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
<b>P5</b>	–	Businesses should respect and promote human rights
<b>P6</b>	–	Business should respect, protect, and make efforts to restore the environment
<b>P7</b>	–	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
<b>P8</b>	–	Businesses should support inclusive growth and equitable development
<b>P9</b>	–	Businesses should engage with and provide value to their customers and consumers in a responsible manner

## (a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company follows all work practices, procedures and production endeavours pertaining to its area of activities/operations as mandated by Industry, Government and relevant statutory bodies.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Various policies of the Company have been formulated conforming to applicable statutes/ guidelines/ rules/ regulations etc. issued by the Government of India and updated from time to time. These policies were formulated generally keeping in view industry practices, national and international standards.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Various Policies / Manuals of the Company are implemented on due approval by the Board of Directors and as the case may be, the Competent Authority.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Board oversees the compliance and implementation of the policies through its various Committees as detailed in the Corporate Governance Report forming part of this Annual Report								
6	Indicate the link for the policy to be viewed online?	The policies are available on Company's website: <a href="http://www.grse.in/index.php/investors-corner/policies.html">http://www.grse.in/index.php/investors-corner/policies.html</a> .								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies have been communicated to the stakeholders by uploading on the Company's above-mentioned website.								
8	Does the company have in-house structure to implement the policy/ policies?	Yes, The Company has well-established in-house infrastructure, manpower pool, documented standard operating procedures and other executive & administrative machineries to implement the given policies in the area of safe and sustainable production of goods and services of the Company.								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes. The Board has set up a Committee named Stakeholder's Relationship Committee to address the grievances of the stakeholders holding securities in the Company as required under Companies Act, 2013 and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. In addition, the Company has also set up a Whistle Blower/Vigil Mechanism to address the genuine concerns. Further, representations from bidders/contractors as well as opinion sought by the Company as against various tenders are referred to Independent External Monitors (IEMs). IEMs discuss the issues with the executives concerned and bidders' representatives wherever felt necessary by IEMs and give their opinion.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company is subject to various audits such as Statutory Audits, Internal Audit, C&AG Audit, Cost Audit, Secretarial Audit, Energy Audit, Safety Audit, Integrated Management Systems Audit, etc. These audits ensure compliance to various internal and external policies. However, the policies of the Company are not audited, but such policies have been amended from time to time as per regulatory/ business/ environmental requirements.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

Not Applicable as the Company has formulated policies based on all the nine Principles.

### 3. Governance related to BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	:	Various principles of BR performance are integral to the day-to-day operations of the Company and the same are reviewed periodically by the Board/ Board Level Committee(s)/ Functional Directors as an integral item of business concerned.
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	:	Yes. The Company published BR Report annually as part of its annual report and the same can be viewed at <a href="http://grse.in/index.php/investors-corner/annual-reports.html">http://grse.in/index.php/investors-corner/annual-reports.html</a>

### Section E: Principle-Wise Performance

Principle 1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability			
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?	:	Yes, the policy covers the Company. To ensure transparency and integrity, GRSE has adopted Integrity Pact with all vendors / suppliers / contractors / service providers for all Orders / Contracts of value ₹200 lakh and above. Integrity Pact enables the bidders to raise any issues with respect to high value tenders floated from time to time with the Independent External Monitor (IEM). IEMs are appointed by the Central Vigilance Commission (CVC) to oversee implementation of the said Integrity Pact. 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. Further, all the policies relating to ethics, bribery and corruption are "inclusive" and cover the Company as well as its employees and all other external stakeholders.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	:	During the financial year 2019-20, 23 investor complaints/grievances have been received by the Company and through SEBI Scores Platform, NSE, BSE and Registrar & Transfer Agent. All these complaints were attended to and resolved on priority basis.  Further, one vendor complained had received by the Independent External Monitors and same was resolved and no case is pending.

**Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The Company is engaged in the business of Shipbuilding, Engineering item like Deck Machinery and Bailey Bridge and assembling and overhauling of Diesel Engines.
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)	<p>The Company recognises its commitment to achieve economic development through sustainable methods. This is proposed to be achieved through employment of appropriate technology, transparency in procurement and outsourcing and participation in sustainable development programmes.</p> <p>The Company has implemented various energy conservation measures namely installation of Rooftop Solar Power Plant, Electrification with LED lights instead of conventional discharge lamps etc. Most of the shops were renovated and fitted with translucent roof sheets, provided sufficient sunlight to shops hence need of switching of high consumption flood lights during day time does not exist.</p>
3	<p>Does the company have procedures in place for sustainable sourcing (including transportation)?</p> <p>(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.</p>	<p>Yes, The Company has put in place a well-defined procedure for sustainable sourcing. The Company has a well-documented Procurement Policy. This Policy has been placed on the Company's website that helps in sourcing the requisites for operations and business activities in a steady, continuous and sustainable manner. The Company has policies of long-term contracts and rate-contracts to ensure that operations and business pursuits do not suffer owing to externalities.</p> <p>Further, the Company has been following approved criteria for the selection of vendors to ensure sustainable sourcing which inter alia includes vendors having ISO certifications, vendors approved by regulatory bodies; various authorized dealers of the manufacturer, ability to provide materials as per laid down specification and other requirements, ability to supply materials as per stipulated delivery period. The Company also hand holds such vendors by regularly monitoring their performances on various parameters including quality, cost &amp; delivery. The Company regularly conducts vendors/partnership meets to address concerns, if any, to ensure sustainable sourcing. The Company's image, ethical &amp; transparent business practices, good relationship with vendors, etc., ensure that majority of the items are sourced for sustainability. A vendor is removed/ suspended from approved vendor list based on his average performance over the period of evaluation. Vendors list is reviewed and updated once in a year.</p> <p>The Company at present does not have a process in place to measure this particular parameter. However, in future, efforts will be made to capture relevant information.</p>

**Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

4	<p>Has the company taken any steps to procure goods and services from local &amp; small producers, including communities surrounding their place of work?</p> <p>(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors</p>	<p>Yes, the Company's procurement policy and practices are guided by the Government Policies and practices. These are based on transparent procurement mechanisms which promote procurement from technically competent suppliers. However, care is also taken for the interest of local suppliers and contractors within the frame-work of various Govt. guidelines including those from CVC. In order to increase indigenization content &amp; to encourage local vendors including MSMEs, GRSE is outsourcing various items &amp; services required for the manufacture of products to be supplied to defence forces. The company also participates in the annual conferences &amp; workshops of MSMEs to facilitate itself for identification of products &amp; suppliers for procurement.</p> <p>The Company has always encouraged local suppliers to participate in its tendering process and also promote them through vendor development programs. Our continued pursuit in this direction has seen improved participation of small local players and socio-economic development of communities. Further, the Company generates, updates and maintains Vendor Development database including MSMEs for standard components, materials and sub-contract items across the country. This provides ample opportunities for the small and local vendors to get qualified as the company's approved vendor by improving their capacity and capability to be in tune with the company's requirements. The Company also extends technical guidance and requisite support to these industries wherever required.</p> <p>The Company has taken necessary steps for implementation of the public procurement policy for procurement from MSMEs. Necessary provisions have been incorporated in tenders for materials and services. The Company has adopted the Government e-Marketplace (GeM) system of procurement for items which are available in GeM.</p> <p>With a view to promote procurement/avail services, through local and small producers and service providers including MSMEs, the Company attended Vendor Development Programmes (VDPs) organized by various agencies like the Dept. of MSME, GOI, FICCI, CII, KSIDC and NSIC, which included three programmes for SC/ST MSME vendors during the year 2019-20, in which GRSE representatives made presentations on GRSE's requirement of product and services from MSMEs</p>
5	<p>Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as &lt;5%, 5-10%, &gt;10%). Also, provide details thereof, in about 50 words or so.</p>	<p>The Company is involved in manufacture of products like Warships, Vessels, Diesel Engines and Bailey Bridge, which has strategic / national security applications. It would not be feasible for the Company to recycle the products as these products do not come back to the Company after selling. However, a well-established system for disposal of waste generated in the Company is in place. The wastes are disposed off through agencies dealing in such disposal or recycling and approved by the environmental authorities.</p>

**Principle 3 - Businesses should promote the wellbeing of all employees**

1	Please indicate the Total number of employees.	: 1973
2	Please indicate the Total number of employees hired on temporary/ contractual/ casual basis.	: 26
3	Please indicate the Number of permanent women employees.	: 93

**Principle 3 - Businesses should promote the wellbeing of all employees**

4	Please indicate the Number of permanent employees with disabilities	:	48																				
5	Do you have an employee association that is recognized by management?	:	Yes																				
6	What percentage of your permanent employees is members of this recognized employee association?	:	41.46%																				
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	:	<table border="1"> <thead> <tr> <th>No.</th> <th>Category</th> <th>No of complaints filed during the financial year</th> <th>No of complaints pending as on end of the financial year</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Child labour/ forced labour/ involuntary labour</td> <td>NIL</td> <td>NIL</td> </tr> <tr> <td>2</td> <td>Sexual harassment</td> <td>Two (2)</td> <td>One (1)</td> </tr> <tr> <td>3</td> <td>Discriminatory employment</td> <td>NIL</td> <td>NIL</td> </tr> </tbody> </table>	No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year	1	Child labour/ forced labour/ involuntary labour	NIL	NIL	2	Sexual harassment	Two (2)	One (1)	3	Discriminatory employment	NIL	NIL				
No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year																				
1	Child labour/ forced labour/ involuntary labour	NIL	NIL																				
2	Sexual harassment	Two (2)	One (1)																				
3	Discriminatory employment	NIL	NIL																				
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	:	<table border="1"> <thead> <tr> <th>No</th> <th>Category</th> <th>% of Persons trained on</th> <th>% of Persons trained for skill upgradation</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Permanent Employees</td> <td>4.6</td> <td>45.7</td> </tr> <tr> <td>2</td> <td>Permanent Women Employees</td> <td>1.1</td> <td>54.8</td> </tr> <tr> <td>3</td> <td>Casual/ Temporary/ Contractual Employees</td> <td>53.8</td> <td>42.3</td> </tr> <tr> <td>4</td> <td>Employees with Disabilities</td> <td>2.1</td> <td>45.8</td> </tr> </tbody> </table>	No	Category	% of Persons trained on	% of Persons trained for skill upgradation	1	Permanent Employees	4.6	45.7	2	Permanent Women Employees	1.1	54.8	3	Casual/ Temporary/ Contractual Employees	53.8	42.3	4	Employees with Disabilities	2.1	45.8
No	Category	% of Persons trained on	% of Persons trained for skill upgradation																				
1	Permanent Employees	4.6	45.7																				
2	Permanent Women Employees	1.1	54.8																				
3	Casual/ Temporary/ Contractual Employees	53.8	42.3																				
4	Employees with Disabilities	2.1	45.8																				

**Principal 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

1	Has the company mapped its internal and external stakeholders?	:	Yes
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	:	GRSE's CSR projects aims at benefiting the disadvantaged, vulnerable and marginalised community who are present in the areas of West Bengal and Ranchi. Further, GRSE ensures that the reservation policy as advised by Govt. of India is implemented. GRSE is also involved in improving the quality of life of persons for whom projects are specially designed. The Company has identified (i) SC/ST/OBC/EWS (ii) differently abled, as disadvantaged, vulnerable and marginalized for employment purpose.
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	:	GRSE has made commitments for various projects and programmes in Kolkata and Ranchi in its CSR thrust areas, largely catering to disadvantaged, vulnerable and marginalized stakeholder's viz. education, sanitation & toilets for children, healthcare initiatives for communities, several initiatives for differently abled persons, empowerment of women through income enhancing skill development programs and other interventions in rural/ semi-urban areas. The Company follows all the Government of India regulations regarding reservations for SC/ST and differently abled.



### Principle 5 – Businesses should respect and promote human rights

1	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	:	The Company has no subsidiaries/Joint Ventures/Group etc., The Human resource policies of the Company cover all aspects of human rights of its employees and others associated with it for operation of its business. No complaints have been received in the past financial year on human rights. The Company is committed to uphold and maintain the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year under review, no such complaint was received.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	:	During the year under review, no such complaints were received

### Principle 6 – Business should respect, protect, and make efforts to restore the environment

1	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.	:	It covers the Company. As a part of the integrated approach, our commitment to the mother nature is demonstrated through our ongoing effort to reduce the adverse impact on the environment and reinforcing the positive contribution. We strive to achieve this by identifying the significant environmental aspects of its activities and products and developing programs and processes to reduce or control them with an aim of protecting the environment. The Company also persuades and encourages its business partners/ vendors/ contractors to move towards environmental friendly processes, right from design to disposal.
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	:	Yes. The Company addresses issues such as climate change and global warming through energy conservation measures and energy substitution. There is a thrust to use renewable energy resources such as solar power for captive consumption. The Company, so far has installed a total of 1000kWp i.e. 1 MW Rooftop solar power plant at Main, FOJ & RBD Units. During the year, total generation power from the above 1 MW solar rooftop power plant was 8.56 Lakh unit (kWh) out of which 1.3 Lakh unit (kWh) was injected to CESC grid. Further this facility help reduction in emission of greenhouse gas by about 950 Ton.
3	Does the company identify and assess potential environmental risks? Y/N	:	No
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	:	Presently, GRSE does not have any project under Clean Development Mechanism.
5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	:	The Company has undertaken various initiatives like installation of solar power plant, electrification of new buildings is carried out with LED lights instead of conventional discharge lamps, replacement of high pressure mercury vapour lights with LED lights, installation of pedestal type LED lighting system, use of energy efficient fans instead of regular ceiling fan etc.
6	Are the Emissions/ Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	:	Yes
7	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	:	NIL

**Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with	:	<p>(a) Federation of Indian Chambers of Commerce &amp; Industry (FICCI);</p> <p>(b) Confederation of Indian Industry (CII)</p> <p>(c) Standing Conference of Public Enterprises (SCOPE)</p> <p>(d) Bengal Chambers of Commerce and Industry (BCCI)</p> <p>(e) Society of Defence Technologists (SODET)</p> <p>(f) Indian Shipbuilders Association (ISBA)</p>
2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	:	No

**Principle 8 - Businesses should support inclusive growth and equitable development**

1	Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.	:	Yes. The Company is pursuing its cherished value of “endeavouring to fulfil its Corporate Social Responsibilities”. The Company has formulated CSR & Sustainability Policy of the Company in line with the provisions of Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and DPE Guidelines on CSR & Sustainability. Further, the programmes / initiatives / projects are taken up in line with the Schedule VII of the Companies Act, 2013, which are duly incorporated in our CSR & Sustainability Policy of the Company and forms the guiding principle for all our CSR programmes. GRSE’s CSR Projects aim at benefitting the community from low socio-economic Strata and the same are attempting for inclusive growth & equitable development of such communities.
2	Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?	:	The majority of Company’s programs are done in-house and in some cases the Company collaborates with various NGOs, foundations, government agencies, and other professional agencies for execution of the project on the ground.
3	Have you done any impact assessment of your initiative?	:	Yes. Impact assessment is crucial to view the effect of the activity conducted. The Company periodically conducts impact assessment as a part of the project for the majority of projects.
4	What is your company’s direct contribution to community development projects- Amount in INR and the details of the projects undertaken	:	During the financial year 2019-20, the contribution to community development projects was ₹ 221 lakh. Please refer to the Annual Report on CSR Activities forming part of this Annual Report.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	:	Yes, the Company conducts impact assessment for majority of the projects

**Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	: NIL
2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)	: GRSE being a Defence Public Sector Undertaking, the product information is sensitive and classified. Hence, there is no display of product information.
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	: No
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	: GRSE has not undertaken any structured survey during the year 2019-20. However, GRSE takes customer feedback through various channels on a regular basis.

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Garden Reach Shipbuilders & Engineers Limited

### Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS financial statement of Garden Reach Shipbuilders & Engineers Limited ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, and the Statement of Profit and Loss (including other comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information in which are included the Returns for the year ended on that date audited by the branch auditor of the Company's branch located at Ranchi.

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on the that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion of these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matters	Our Response
1	<p><b>Contract revenue from shipbuilding</b></p> <p>Referred in Note No.1.2(i) and No.20 of the Ind AS financial statements.</p> <p>The company has adopted Ind AS 115, revenue from contract with customers, which is a new accounting standard effective from April, 2018. The company is mainly engaged in fixed price construction of ships on behalf of customers where, revenue is recognized using the percentage of completion computed as per input method based on management's estimate of contract costs. The application of the accounting standard is complex and is an area of focus in the audit. We identified revenue recognition of shipbuilding contracts as a KAM considering :</p> <p>(a) The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determining transaction price of identified performance obligation, determining variable consideration and to measure variable consideration, the appropriateness of the basis used to measure revenue recognized over a period.</p>	<p>Our audit procedures on revenue recognized from shipbuilding contracts included :</p> <p>a) Understanding of the systems, processes and control implemented by management for recording and calculating revenue and the associated contract assets, unearned and deferred revenue balances.</p> <p>b) Assessed the operating effectiveness of Key IT Controls over :</p> <p>i) Treating the IT Controls over the completeness and accuracy of the cost and revenue reports generated by the systems.</p> <p>ii) On selected samples of contracts, we tested that the revenue recognized is in accordance with the applicable accounting standards.</p> <p>c) Evaluated the appropriateness of the disclosures provided under the new accounting standard.</p>

Sl. No.	Key Audit Matters	Our Response
	<p>(b) The standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to balance sheet date.</p> <p>(c) There is significant involvement of IT system.</p> <p>(d) At year end, a significant amount of work-in-progress (contract assets) related to these contracts is recognized in the balance sheet.</p>	<p>d) Recognition of work-in-progress (Contract Assets) in the Balance Sheet has been checked with the relevant statement of Computation of work-in-progress as on the reporting date and other relevant records of the Company.</p>
2	<p><b>Lease Accounting</b></p> <p>The company has adopted Ind AS 116 (Leases), which is a new accounting standard with effect from 1<sup>st</sup> April, 2019. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognize assets, liabilities for all leases, irrespective of whether the lease is a finance lease or operating lease, except for short term leases (lease period less than twelve months) and leases of low value assets. The application and transition to this accounting standard is complex and an area of focus in the audit. We, therefore, identified lease transactions as a KAM.</p> <p>The standard establishes a comprehensive framework for determining whether the leased assets are to be considered as right- of- use assets to be recognized in the balance sheet under “Property, Plant and Equipment” (Non current assets) and how much and when expenses associated with lease contracts is to be recognized. This involves identification and recognition of assets taken on lease as ‘Right-of-use’ assets and to recognize corresponding lease liability, initial measurement of right-of-use assets and lease liability at the commencement date of lease (i.e. the date on which the lessor makes the assets available for use by the company (the lessee), subsequent measurement of right-of-use assets and lease liability, measurement of lease rental and finance costs to be paid by the company, significant involvement of IT system, disclosure of lease transaction in the financial statements of the company.</p>	<p>Our audit procedures on recognition of ‘Right-of-use’ assets, corresponding lease liability, lease expenses (comprising of depreciation on right-of-use assets and finance costs) included :</p> <p>(a) Examination of lease agreements for assets taken on lease to determine whether the lease contracts conveys the right to control the use of the subject assets taken on lease for a period of time in exchange for consideration so as to obtain substantially all the economic benefits from use of the assets taken on lease;</p> <p>(b) Examined the calculation of initial measurement of respective assets and liabilities at the lease commencement date and subsequent to initial measurement as per Ind AS-116, calculation of lease payment and depreciation on right-of-use assets for the reporting period as per Ind AS 116;</p> <p>(c) Testing the IT controls over the completeness and accuracy of the reports generated by the system in connection with lease transactions.</p>

#### Information Other than the Ind AS Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Annual Report, but does not include the Ind AS financial statements and our auditor’s report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or

otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management’s Responsibilities for the Ind AS Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate

accounting records in accordance with the provisions of the Act for safeguarding of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures

that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

- (i) We did not audit the Ind AS financial statements/ information of one branch included in the Ind AS financial statements of the Company whose Ind AS financial statements/financial information reflect total assets of ₹ 7,995.11 lakh as at 31<sup>st</sup> March 2020 and the total revenue of ₹ 4,413.85 lakh for the year ended on that date, as considered in the Ind AS financial statements. The Ind AS financial statement/ information of the branch have been audited by the branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, is based solely on the report of such branch auditor.
- (ii) Amount shown in Note No. 30 (Contingent Liabilities) does not include interest/ penalty that may be payable on final settlement of claims.

Our opinion is not modified in respect of these matters.

### 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 Companies Act, 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) 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.
  - (b) 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.
  - (c) The reports on the accounts of the branch office of the Company audited under Section 143(8) of the Act by branch auditor have been sent to us and have been properly dealt with by us in preparing this report.
  - (d) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (e) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under

Section 133 of the Act, read with the companies (Indian Accounting Standards) Rules, 2015 as amended.

- (f) In our opinion, provisions under section 164(2) of the Act, regarding disqualification of Directors are not applicable to a Government Company in terms of Notification No. G.S.R. 463(E) dated June 5, 2015 issued by Ministry of Corporate Affairs.
  - (g) 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.
  - (h) 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:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (Refer Note. 30 - Contingent Liabilities to the Ind AS financial statements) ;
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by Section 143(5) of the Act, we give in Annexure-C a statement on the matters specified in directions issued by the Comptroller & Auditor General of India in respect of the company.

For **A. Kayes & Co.**  
Chartered Accountants  
Firm's Registration No. 311149E

Sd/-  
**(CA. S.R. Biswas)**  
Partner  
Membership No. 051512  
ICAI UDIN: 20051512AAAAAE1063

Place : Kolkata  
Date: 6<sup>th</sup> June, 2020

## ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all assets are verified in a phased manner over a period of three years. Accordingly, fixed assets of some division/unit of the Company were verified internally by management during the year. Discrepancies noticed on such verification have been properly dealt with in the accounts. 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. In case of Right of use assets lease agreements have been duly executed in the name of the Company.
- (ii) The inventories (other than those lying with third parties), have been physically verified during the year by the management. In respect of goods lying with third parties, these have substantially been confirmed by them. The discrepancies between physical stock and book records arising out of physical verification, have been properly dealt with in the books of accounts.
- (iii) According to the information and explanations given to us, 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 Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loan, guarantee or provided any securities in connection with such loan and given/made any loan/investment within the meaning of Section 185 and 186 of the Companies Act, 2013. Further, in terms of Notification No. G.S.R. 463(E) dated June 5, 2015, the provisions of section 186 of the Companies Act, 2013 are not applicable to the Company as the Company is a Government Company engaged in defence production and as such, reporting under this clause is not applicable to the Company.
- (v) The Company has not accepted any deposits during the year within the meaning of section 73 to 76 or any other relevant provision of the Companies Act, 2013 and does not have any unclaimed deposits as at 31<sup>st</sup> March 2020, as such, reporting under this clause is not applicable to the Company.
- (vi) According to the information and explanations given to us, maintenance of cost records by the Company has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013 in respect of construction of ships, manufacturing of engineering goods and diesel engines. We have broadly reviewed such cost records and are of the opinion that, prima facie, prescribed accounts and records have been made and maintained.
- (vii) (a) According to information and explanations given to us, and on the basis of our examination of books and accounts, the Company has been generally regular in depositing undisputed statutory dues including provident fund, ESI, income tax, goods and service tax, duty of customs, duty of excise, cess and any other statutory dues with the appropriate authorities and no undisputed amount payable in respect of aforesaid dues as on 31<sup>st</sup> March, 2020 for a period of more than six months from the date they become payable.
- (b) According to the records of the Company and information and explanations given to us, the following are the details of disputed dues not deposited on 31<sup>st</sup> March, 2020 :

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	Central Sales Tax Act, 1956	Central Sales Tax	2010-11	1,201.93	Commissioner of Commercial Taxes, Jharkhand
3	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2010-11	768.01	Commissioner of Commercial Taxes, Jharkhand



Sl. No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in Lakh)	Forum where the dispute is pending
4	Central Excise Act, 1944	Central Excise	2016-17	106.54	Additional Secretary, Revision Application, Govt of India, New Delhi.
5	Income Tax Act, 1961	Income Tax	2008-09	352.85	Commissioner of Income Tax (Appeal)
6	Income Tax Act, 1961	Income Tax	2013-14	1.92	Commissioner of Income Tax (Appeal)
7	Income Tax Act, 1961	Income Tax	2012-13	136.98	Commissioner of Income Tax (Appeal)
8	Income Tax Act, 1961	Income Tax	2013-14	96.18	Commissioner of Income Tax (Appeal)
9	Income Tax Act, 1961	Income Tax	2016-17	8.61	Commissioner of Income Tax (Appeal)
<b>Total</b>				<b>3179.85</b>	

The amount mentioned above is exclusive of interest and penalties that may be payable on final settlement of pending cases.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.

(ix) On the basis of our examination of records and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including Debt Instruments) and term loans during the year, and as such, reporting under this clause is not applicable to the Company.

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

(xi) In view of exemption given vide Notification No. G.S.R. 463(E) dated June 5, 2015, issued by Ministry of Company Affairs, provision of section 197 read with Schedule V to the Companies Act, 2013 regarding managerial remuneration are not applicable to a Government Company, and as such, reporting under this clause is not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and as such, reporting under this clause is not applicable to the Company.

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

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

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and as such, reporting under this clause is not applicable to the Company.

(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 and as such, reporting under this clause is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and as such, reporting under this clause is not applicable to the Company.

For **A. Kayes & Co.**  
Chartered Accountants  
Firm's Registration No. 311149E

Sd/-  
**(CA. S.R. Biswas)**  
Partner  
Membership No. 051512  
ICAI UDIN: 20051512AAAAAE1063

Place : Kolkata  
Date: 6<sup>th</sup> June, 2020

## ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

### Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("The Act")

We have audited the internal financial controls over financial reporting of Garden Reach Shipbuilders & Engineers Limited ("the Company") as of 31<sup>st</sup> March, 2020 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 Board of Directors of the Company 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, both issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020, 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 A. Kayes & Co.  
Chartered Accountants  
Firm's Registration No. 311149E

Sd/-  
(CA. S.R. Biswas)  
Partner

Place : Kolkata  
Date: 6<sup>th</sup> June, 2020

Membership No. 051512  
ICAI UDIN: 20051512AAAAAE1063

## ANNEXURE- C TO THE INDEPENDENT AUDITOR'S REPORT

Sl. No.	Directions	Auditor's Comments
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the Company has system in place to process all the accounting transactions through IT system and no accounting transaction is processed outside IT system. Therefore, any implication of processing accounting transactions outside IT system on the integrity of the accounts along with financial implication does not arise.
2	Whether there is any restructuring of an existing loan and cases of waiver/written off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.	There is no instance of restructuring of an existing loan and cases of waiver/written off of debts/loans/interest etc. made by any lender to the Company due to the Company's inability to repay the loan. Therefore, the financial impact due to above reasons does not arise.
3	Whether funds received/receivable for specific scheme from Central/State agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.	No such cases of receipts/receivables of any amount by the Company in the financial year 2019-20 for specific scheme from Central/State agencies have come to our notice, nor have we been informed of receipts/receivables of any such amount by the management.

For A. Kayes & Co.  
Chartered Accountants  
Firm's Registration No. 311149E

Sd/-  
(CA. S.R. Biswas)  
Partner  
Membership No. 051512  
ICAI UDIN: 20051512AAAAAE1063

Place : Kolkata  
Date: 6<sup>th</sup> June, 2020

# COMMENTS OF C&AG

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED, KOLKATA FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of financial statements of **Garden Reach Shipbuilder & Engineers Limited, Kolkata** for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) 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 06 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Garden Reach Shipbuilders & Engineers Limited, Kolkata** for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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



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

Bangalore  
Date: 06 August 2020.

# BALANCE SHEET

AS AT 31 MARCH 2020

(₹ in lakh)

Particulars	Note No.	As at 31 March, 2020	As at 31 March, 2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	29,923.31	29,727.67
(b) Capital work-in-progress	4	5,151.52	3,418.60
(c) Intangible assets	5	445.56	497.52
(d) Financial assets			
(i) Investments	6(a)	0.44	0.44
(ii) Other financial assets	6(b)	7,660.42	18,177.09
(e) Non-current tax assets	7	12,060.02	9,171.48
(f) Other non-current assets	8	2,408.06	856.15
<b>Total non-current assets</b>		<b>57,649.33</b>	<b>61,848.95</b>
<b>(2) Current assets</b>			
(a) Inventories	9	44,102.22	34,956.91
(b) Financial assets			
(i) Current Investment	10(a)	5,400.43	183.01
(ii) Trade receivables	10(b)	53,528.00	21,985.99
(iii) Cash and cash equivalents	10(c)	72,922.75	927.43
(iv) Bank balances other than (iii) above	10(d)	1,88,207.93	1,98,012.61
(v) Other financial assets	10(e)	20,732.75	43,704.64
(c) Other current assets	11	95,818.44	57,330.46
(d) Assets classified as held for sale	12	52.82	43.09
<b>Total current assets</b>		<b>4,80,765.34</b>	<b>3,57,144.14</b>
<b>TOTAL ASSETS</b>		<b>5,38,414.67</b>	<b>4,18,993.09</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	13(a)	11,455.20	11,455.20
(b) Other equity	13(b)	92,567.90	92,375.51
<b>Total equity</b>		<b>1,04,023.10</b>	<b>1,03,830.71</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
Trade payables	14	1,075.05	762.79
(b) Provisions	15	7,662.46	6,432.07
(c) Deferred tax liabilities (net)	16	953.78	1,122.53
<b>Total non-current liabilities</b>		<b>9,691.29</b>	<b>8,317.39</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables			
(a) total outstanding dues of micro and small enterprises	17(a)	293.43	1,390.82
(b) total outstanding dues other than (i) (a) above	17(a)	54,384.37	35,618.17
(ii) Other financial liabilities	17(b)	2,426.41	2,152.46
(b) Other current liabilities	18	3,52,337.17	2,53,602.54
(c) Provisions	19	15,258.90	14,081.00
<b>Total current liabilities</b>		<b>4,24,700.28</b>	<b>3,06,844.99</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,38,414.67</b>	<b>4,18,993.09</b>
<b>Company information and Significant Accounting Policies</b>	1		
<b>Critical estimates and judgements</b>	2		

The accompanying notes 1 to 49 form an integral part of the financial statements.

In terms of our report of even date.

For and on behalf of the Board of Directors

For A. Kayes & Co.  
Chartered Accountants  
Firm Registration No - 311149E

Sd/-  
(CA. S.R. Biswas)  
Partner  
Membership No. 051512  
ICAI UDIN: 20051512AAAAAE1063

Place of Signature : Kolkata  
Date : 6<sup>th</sup> day of June 2020

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

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

Sd/-  
S. Mahapatra  
Company Secretary

# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH, 2020

(₹ in lakh)

Particulars	Note No.	Year ended 31 March, 2020	Year ended 31 March, 2019
Revenue from Operations	20	1,43,329.53	1,38,642.16
Other Income	21	22,549.94	17,123.93
<b>Total Income</b>		<b>1,65,879.47</b>	<b>1,55,766.09</b>
<b>EXPENSES</b>			
Cost of materials consumed	22(a)	69,169.71	68,018.44
Purchase of products for resale (B & D spares)		5,426.26	9,225.74
Changes in inventories of work-in-progress and scrap	22(b)	(2,419.95)	(915.38)
Sub-contracting charges		17,007.21	12,580.02
Employee benefits expense	23	29,694.15	29,146.70
Finance costs	24	133.56	511.31
Depreciation and amortisation expense	25	3,008.92	2,708.47
Other expenses - project related	26	7,311.90	5,461.31
Other expenses	27	13,099.91	10,913.57
<b>Total expenses</b>		<b>1,42,431.67</b>	<b>1,37,650.18</b>
<b>Profit before exceptional items and tax</b>		<b>23,447.80</b>	<b>18,115.91</b>
Exceptional items	28	(1,060.70)	(219.89)
<b>Profit before tax</b>		<b>22,387.10</b>	<b>17,896.02</b>
<b>Tax expense</b>	29(a)		
- Current tax		5,808.78	6,590.19
- Deferred tax		230.15	311.96
<b>Total tax expense</b>		<b>6,038.93</b>	<b>6,902.15</b>
<b>Profit for the period</b>		<b>16,348.17</b>	<b>10,993.87</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
- Remeasurements of defined benefit plans		(1,584.81)	(979.46)
- Income tax relating to above item		398.90	342.25
<b>Other comprehensive income for the year, net of tax</b>		<b>(1,185.91)</b>	<b>(637.21)</b>
<b>Total comprehensive income for the period</b>		<b>15,162.26</b>	<b>10,356.66</b>
<b>Earnings per equity share:</b>			
(Nominal value per share ₹ 10)			
Basic and diluted earnings per share		14.27	9.60
<b>Company information and Significant Accounting Policies</b>	1		
<b>Critical Estimates and Judgements</b>	2		

The accompanying notes 1 to 49 form an integral part of the financial statements.

In terms of our report of even date.

For A. Kayes & Co.  
Chartered Accountants  
Firm Registration No - 311149E

Sd/-  
(CA. S.R. Biswas)  
Partner  
Membership No. 051512  
ICAI UDIN: 20051512AAAAAE1063

Place of Signature : Kolkata  
Date : 6<sup>th</sup> day of June 2020

For and on behalf of the Board of Directors

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

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

Sd/-  
S. Mahapatra  
Company Secretary

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2020

(₹ in lakh)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2019
<b>A. Cash flow from operating activities:</b>				
Profit before taxation		22,387.10		17,896.02
Adjustments for -				
Interest income		(20,396.84)		(16,834.80)
Gain on fair valuation		(221.84)		(130.47)
Depreciation & amortisation expense		3,008.92		2,708.47
Retirement /Write off of Assets -Net		(110.53)		(17.03)
Finance cost		133.56		511.31
Unrealized loss/ (gain) on foreign exchange fluctuation		(24.59)		(2.56)
Liabilities no longer required written back		(639.03)		(10.55)
<b>Operating profit before working capital changes</b>		<b>4,136.77</b>		<b>4,120.41</b>
<b>Adjustments for changes in working capital :</b>				
(Increase)/Decrease in Trade and other receivables	(30,358.35)		(12,729.56)	
(Increase)/Decrease in Other financial assets	33,488.56		(22,455.17)	
(Increase)/Decrease in Other non-current assets	(1551.91)		(16.73)	
(Increase)/Decrease in Other current assets	(39,671.64)		(3,504.72)	
(Increase)/Decrease in Inventories	(9,145.31)		16,352.59	
Increase/(Decrease) in Trade payables	17,317.44		11,195.96	
Increase/(Decrease) in Provisions	2,239.54		(2,480.63)	
Increase/(Decrease) in Other financial liabilities	273.95		(2.32)	
Increase/(Decrease) in Other current liabilities	73,596.40	46,188.67	(14,238.00)	(27,878.58)
<b>Cash generated from/ (used in) operations</b>		<b>50,325.45</b>		<b>(23,758.18)</b>
Taxes paid (net of refunds)		12,458.21		12,590.92
<b>Net cash from/(used in) operating activities</b>		<b>62,783.65</b>		<b>(11,167.26)</b>
<b>B. Cash flow from investing activities</b>				
Purchase of Property, plant and equipment (including intangibles and capital work in progress)		(6,736.76)		(5,251.59)
Proceeds from maturity of Fixed deposits		19,791.59		11,113.22
Interest received		11,440.14		13,919.25
<b>Net cash from/(used in) investing activities</b>		<b>24,494.97</b>		<b>19,780.88</b>

(₹ in lakh)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2019
<b>C. Cash flow from financing activities:</b>				
Interest and other borrowing cost paid		(158.49)		(195.96)
Principal component of Lease Rent		(107.12)		-
Interest component of Lease Rent		(47.82)		-
Dividend paid (incl tax)		(7043.02)		(6,124.67)
Interim Dividend (incl tax)		(7,926.85)		(2,554.82)
<b>Net cash from/(used in) financing activities</b>		<b>(15,283.30)</b>		<b>(8,875.45)</b>
<b>Net Increase/(Decrease) in Cash and cash equivalents</b>		<b>71,995.32</b>		<b>(261.83)</b>
<b>Opening Cash and cash equivalents</b>		<b>927.43</b>		<b>1,189.26</b>
<b>Closing Cash and cash equivalents ( Refer note 10(c) )</b>		<b>72,922.75</b>		<b>927.43</b>

- 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.
- Cash and cash equivalents do not include any amount which is not available to the Company for its use.
- Cash and cash equivalents as at the Balance sheet date consists of: (₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Balances with banks		
Current accounts	2,057.87	927.24
Bank Deposits with maturity of less than three months	70,864.73	-
Cash in hand	0.15	0.19
<b>Cash and cash equivalents</b>	<b>72,922.75</b>	<b>927.43</b>

- The figure in brackets represent cash outflow from respective activities.
- As break up of Cash and cash equivalents is also available in Note No. 10 (c), reconciliation of items of Cash and cash equivalents as per Cash Flow Statement with the respective items reported in the Balance Sheet is not required and hence not provided.

The accompanying notes 1 to 49 form an integral part of the financial statements.

In terms of our report of even date.

For A. Kayes & Co.

Chartered Accountants  
Firm Registration No - 311149E

Sd/-

(CA. S.R. Biswas)

Partner

Membership No. 051512

ICAI UDIN: 20051512AAAAAE1063

Place of Signature : Kolkata

Date : 6<sup>th</sup> day of June 2020

For and on behalf of the Board of Directors

Sd/-

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

Chairman & Managing Director  
DIN - 07696782

Sd/-

S.S. Dogra

Director (Finance) & CFO  
DIN - 07052300

Sd/-

S. Mahapatra

Company Secretary



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH, 2020

A. Equity share capital		(₹ in lakh)
Particulars	Amount	
As at 1 April, 2018	11,455.20	
Changes in Equity share capital (Refer Note 13 (a))	-	
As at 31 March, 2019	11,455.20	
Changes in Equity share capital (Refer Note 13 (a))	-	
As at 31 March, 2020	11,455.20	

B. Other equity					(₹ in lakh)
Particulars	Reserve and surplus			Total other equity	
	Capital Redemption Reserve	General reserve	Retained earnings		
Balance as at 1 April, 2018	928.80	6,064.86	83,704.68	90,698.34	
Profit for the year (a)	-	-	10,993.87	10,993.87	
Other comprehensive income for the year (b)	-	-	(637.21)	(637.21)	
<b>Total comprehensive income for the year (a + b)</b>	-	-	10,356.66	10,356.66	
Dividend paid (incl. tax) (Refer Note 13 (b))	-	-	(6124.67)	(6,124.67)	
Interim dividend paid (incl. tax) (Refer Note 13 (b))	928.80	-	(2554.82)	(2,554.82)	
Balance as at 31 March, 2019	928.80	6,064.86	85,381.85	92,375.51	
Balance as at 31 March, 2019	928.80	6,064.86	85,381.85	92,375.51	
Profit for the year (a)	-	-	16,348.17	16,348.17	
Other comprehensive income for the year (b)	-	-	(1,185.91)	(1,185.91)	
<b>Total comprehensive income for the year (a + b)</b>	-	-	15,162.26	15,162.26	
Dividend paid (incl. tax) (Refer Note 13 (b))	-	-	(7,043.02)	(7,043.02)	
Interim dividend paid (incl. tax) (Refer Note 13 (b))	-	-	(7,926.85)	(7,926.85)	
Balance as at 31 March, 2020	928.80	6,064.86	85,574.24	92,567.90	

The accompanying notes 1 to 49 form an integral part of the financial statements.

In terms of our report of even date.

For A. Kayes & Co.  
Chartered Accountants  
Firm Registration No - 311149E  
Sd/-  
(CA. S.R. Biswas)  
Partner  
Membership No. 051512  
ICAI UDIN: 20051512AAAAAE1063

Place of Signature : Kolkata  
Date : 6<sup>th</sup> day of June 2020

For and on behalf of the Board of Directors

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

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

Sd/-  
S. Mahapatra  
Company Secretary

# NOTES FORMING PART OF FINANCIAL STATEMENTS

## NOTE 1: COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

### Note 1.1: Company information

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

### Note 1.2: Significant Accounting Policies

#### (a) Basis of preparation

##### (i) Statement of compliance

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

The accounting policies are applied consistently to all the periods presented in the financial statements.

##### (ii) Historical cost convention

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

- a) certain financial assets and liabilities that are measured at fair value;
- b) assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- c) defined benefit plans - plan assets measured at fair value.

##### (iii) Current versus Non-current classification

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

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

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

An asset is classified as current when it is:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle,
- ii. Held primarily for the purpose of trading,

- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non - current.

A liability is classified as current when it is:

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

All other liabilities are treated as non - current liabilities.

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 lakh as per the requirement of Schedule III, unless otherwise stated.

#### (v) Functional and Presentation Currency

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

#### (b) Property, Plant and Equipment

- I. Property, Plant and Equipment including Capital Work in Progress are shown at cost, less accumulated depreciation and impairment, if any.
  - (i) Cost of Property, Plant and Equipment, not ready for their intended use as at each Balance Sheet date is disclosed as Capital Work in Progress. It comprises supply cum erection contract, value of capital supplies received at site and accepted, capital goods in transit and under inspection and the cost of Property, Plant and Equipment that are yet to ready for their intended use.
  - (ii) 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, other cost for replacing part of plant & equipment borrowed cost for long term project, if the recognition criteria are met.
  - (iii) 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.

Note 1.2: Statement of Significant Accounting Policies (Contd.)

- (iv) Where cost of an item of Property, Plant and Equipment are significant and have different useful lives, they are treated as separate component and depreciated over their estimated useful lives.

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.

- II. Retirement & De-recognition: Carrying amount of an item of Property Plant and Equipment is derecognized on disposal or when no future economic benefit is expected from its use or disposal. Gain /loss arising from de recognition/retirement of an item is included in Statement of Profit & Loss of that reporting period
- III. Jointly Funded Assets

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

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

**IV. 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
<b>Plant &amp; equipment</b>	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	<b>08</b>
<b>Plant &amp; equipment</b>	Miscellaneous tools/tackles and accessories thereof; Welding Torches, Gas Torches, Portable Electrode Ovens, Masks & helmets; Small instruments, measurements /control devices	<b>05</b>
<b>Furniture &amp; fixture</b>	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	<b>05</b>

- i. In respect of additions/extensions forming an integral part of the existing assets, depreciation is provided over residual life of the respective asset. Significant additions which are required for replacement/ performed at regular interval are depreciated over the useful life of the respective item of Property, Plant and Equipment.
- ii. Depreciation on Property, Plant and Equipment
- a) Depreciation on the asset commences when asset are available for use. It ceases at the earlier of the date that the asset is classified as held for sale and the date of de recognition of the asset. Depreciation is recognized to write of the cost of asset (other than free hold land and properties under construction less their residual values) over their respective useful life.
- b) The residual value is considered at the rate of 5% of the original cost of the respective assets except computers & IT peripherals.
- c) 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. 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.
- v. 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.
- vi. 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 by technical evaluation. 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.

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 1 April, 2015 measured as per the previous GAAP (Indian GAAP) and use that carrying value as the deemed cost of the intangible assets.

**(g) Research and Development**

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

**(h) Inventories**

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

i. (a) Raw materials, stores and spares: Valued at weighted average rates.

(b) Inplant items: At standard cost.

ii. Equipment for specific projects: At cost.

iii. Stores in transit and non-stock items: At cost.

Note:

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

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

iv. Obsolete, slow-moving and defective inventories are identified at the time of physical verification and where necessary provision is made for such inventories. Project specific stores not moving for 4 years and more from the date of delivery of a vessel are valued at 50% on review. Such valuation at 50% on review is also made in respect of materials not held for any specific project which do not move for 4 years or more from the date of receipt.

v. All items of jobs in progress other than the Construction Contracts and Ship Repair Contracts are valued at lower of cost and net realisable value. Materials, if any, held by the contractors for processing are treated as part of work-in-progress.

vi. Scrap: Valued at estimated net realisable value.

vii. Inter-transfer items (Pending final transfer): At cost, limited to transfer price.

**(i) Revenue Recognition**

Keeping in view of applicable Ind AS 115, revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company considers whether there are other promises in the contract that are separate performance obligations. For each performance obligation identified in the contract, the Company determines at the inception of the contract whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

**Revenue from Operations**

(A) Revenue from Ship Construction, Ship Repair and Other Construction Contracts :

(i) Revenue from Ship Construction, Ship Repair and Other Construction Contracts is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met -

- (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- (b) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company recognises revenue for a performance obligation satisfied over time only if the entity can reasonably measure its progress towards complete satisfaction of the performance obligation.

Methods for Measuring Progress:

- Based on the nature of the goods, progress w.r.t Ship Construction is recognized over time using Input Method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract. These estimates are revised periodically.
- For ship repair contracts having defined performance obligation, revenue is recognized over time using Input Method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract.
- For Ship repair contracts involving continuous maintenance support, revenue is recognised by using Output Method to measure its progress based on time elapsed upto reporting date as the same is representative of the satisfaction of performance obligation.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

- (ii) Revenue from supply of B&D Spares is recognised based on satisfaction of performance obligation at point of time on proof of receipt of goods from Naval Stores.
  - (iii) Revenue Recognition for Modification Jobs: In case of modification jobs, revenue against completed Modification jobs is recognised on the basis of Work Done Certificate issued by appropriate authority and for which Modification Cost for Approval is submitted to the customer, duly recommended by onsite representative of customer.
- (B) Revenue from contracts for construction of diesel engine, overhauling of diesel engine, and Helo -Traversing System (a product of deck machinery) which involves designing, engineering or constructing specifically designed products and service contracts, is recognized over time using input method.

While other provisions attracting point over time, the same is recognised on the basis as stated in (A) (i) supra.

- (C) Revenue from Bailey Bridge Contracts is satisfied at point in time, as it does not meet the over-time criteria. Every set of bridge supplied is a distinct good and a separate performance obligation. Thus, the Company recognizes revenue (including transportation) when the control is transferred, that is when an entire set of bridge is delivered to customer.

For Bailey Bridge Contracts having multiple performance obligation such as the sale of Bailey Bridge, installation service and construction of approach roads, free maintenance service, project management service, etc., the Company recognises revenue of performance obligation related to sale of Bailey Bridge when the control of Bailey Bridge is transferred. However, for other performance obligations in the contract, revenue is recognised over time using input method. While other provisions attracting point over time, the same is recognised on the basis as stated in (A) (i) supra.

- (D) Revenue from sale of Deck Machinery (except Helo-Traversing System) is in substance similar to delivery of goods which is recognised when control over the assets that is subject of the contract is transferred to the customer considering performance obligations being satisfied at a point in time.
- (E) Other operational revenue represents income earned from activities incidental to the business which is recognised when a right to receive the income is established when performance obligation is satisfied as per terms of contract.
- (F) When either party to a contract has performed, the Company presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Company's performance and the customer's payment.

Contract Assets: When the contract revenue recognized by the company by satisfaction of performance obligation, exceeds the performance obligation satisfied by the customer by way of payment of consideration is presented as a Contract Assets.

Contract Liabilities: When the performance obligation satisfied by the customer through payment of consideration exceeds the contract revenue recognized by the company, the difference is presented as a Contract Liabilities.

#### Other Income

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

#### Insurance Claims

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

**(j) Foreign currency transactions:****(i) Initial recognition**

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

**(ii) Conversion**

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

**(iii) Exchange difference**

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

**(k) Grants/Subsidy****i. Capital grants / Subsidies**

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

**ii. Revenue grants / Subsidies**

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

**(l) Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit/loss before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with 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) Financial Instruments**

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

**Financial Assets****Classification**

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

**Initial recognition and measurement:**

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

**Financial Assets measured at amortised cost:**

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

**Financial Assets measured at fair value through Other Comprehensive Income (FVTOCI)**

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in Other Comprehensive Income.

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

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

**Impairment of financial assets**

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

### De-recognition of financial liability

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

### (o) 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.

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.

### (p) Leases

In view of the implementation of Ind As 116, from 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments) and variable lease payment, if any, that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- a) Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- b) Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third-party financing, and
- c) Makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

Right of use assets are measured at cost comprising the following:

- a) the amount of the initial measurement of lease liability
- b) any lease payments made at or before the commencement date less any lease incentive received, and
- c) any initial direct costs

Right-of-use assets are generally depreciated over the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### The Company as Lessor

The Company classifies leases as either operating or finance lease. A lease is classified as a financial lease if the Company transfers substantially all the risks and rewards incidental to ownership of the Asset to the lessee, and classifies it as an operating lease otherwise.

## (q) 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 yield on Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

### III. Post-employment Obligations

The Company operates the following post-employment schemes:

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

#### Gratuity

Gratuity Fund, a defined benefit scheme, is administered through duly constituted independent Trust and yearly contributions are based on actuarial valuation. Any

additional provision as may be required, is provided for on the basis of actuarial valuation as per Ind AS -19 on Employee Benefits.

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

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

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

#### 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.

## (r) Dividend to Equity Shareholders

Dividend to Equity Shareholders is recognised as a liability and deducted from shareholders equity, in the period in which



Note 1.2: Statement of Significant Accounting Policies (Contd.)

dividends are approved by the equity shareholders in the general meeting. In case of Interim dividend, the same is recognised as a liability and deducted from shareholders equity in the period in which interim dividend are approved by the Board of Director.

**(s) Provision for Current & Deferred Tax**

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income, in which case it is recognized in Equity or in Other Comprehensive Income, as applicable.

**i. Current Tax**

Current tax comprises of the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

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

**ii. Deferred Tax**

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

Deferred tax assets and liabilities are offset only if:

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

**(t) 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.

**(u) Provision, Contingent Liabilities and Contingent Assets**

- i. Provisions for legal claims, warranties, discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.
- ii. Provision for liquidated damages is made in the accounts separately as per the contractual provision/proportionate liability basis keeping in view the delay caused by the factors beyond the control of the Company.
- iii. Provision for guarantee liability in respect of delivered ships is made on the basis of actuarial estimates. Such provision for all other products is made, as applicable, on the basis of management estimates.
- iv. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.
- v. Contingent Liabilities are not recognised but are disclosed in the notes.
- vi. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period on the basis as detailed below. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**A. In non-tax civil cases**

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

- a. In the arbitration cases where the Company has not contested or does not intend to contest the adverse outcome of arbitral award, the liability is not treated as contingent and full provision is considered.
- b. Where an adverse award/ decision is given by the arbitrator or by the trial court and an appeal is preferred by the Company or intended to be preferred, provision is made as follows:-
  - i. After the claim is disposed of by the Arbitrator - 25% of the amount in dispute.
  - ii. After the claim is disposed of by Higher Appeal Court - 50% of the amount in dispute, until disposal by the final appeal court. Revision petition, larger bench of the same court is considered as part of the relevant appeal process in the said court.
- c. Full provision of the disputed claim is considered in the case of an award/ decision where the Company does not proceed to contest the appellate award.

- d. No provision is made in case of demands raised by Government department/ statutory authority/ by Commissioner or Tribunal set up by such Government department/ statutory authority if the said demand is contested within the set-up of such Government department/ statutory authority and there is likelihood of deletion of demand in appeal based on legal opinion/latest judgement in favour of the Company.

**B. In taxation cases**

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

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.

**Note 2: Critical Estimates and Judgments:**

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

**ii. Recognition and measurement of defined benefit obligations:**

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds corresponds 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 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.

**Note 3: Property, plant and equipment**

(₹ in Lakhs)

Particulars	Gross Carrying Amount				Depreciation and Amortisation				Net carrying amount	
	a	b	c	d = (a+b-c)	e	f	g	h=(e+f-g)	i=(d-h)	
	As at 1 April 2019	Addition	Deductions / Adjustments	As at 31 March 2020	As at 1 April 2019	Charge for the period	Deductions / Adjustments	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Land - Freehold	5,125.72	-	-	5,125.72	-	-	-	-	5,125.72	5,125.72
Building - Freehold	5,226.81	1,114.52	8.52	6,332.81	496.20	198.43	0.73	693.90	5,638.91	4,730.61
Plant & equipment	9,925.76	544.29	35.77	10,434.28	2,792.06	774.60	15.51	3,551.15	6,883.13	7,133.70
Electrical installations	607.73	105.52	7.25	706.00	170.81	70.86	6.07	235.60	470.40	436.92
Docks & jetties	5,115.84	67.27	-	5,183.11	1,326.40	336.02	-	1,662.42	3,520.69	3,789.44
Furniture & fixtures	775.63	233.66	4.47	1,004.82	288.96	129.53	2.80	415.69	589.13	486.67
Office equipment	387.33	26.22	5.24	408.31	100.95	19.57	2.29	118.23	290.08	286.38
Computer	1,828.87	139.40	3.38	1,964.89	876.45	422.11	2.70	1,295.86	669.03	952.42
Launches, barges & boats	60.61	56.68	-	117.29	4.84	2.96	-	7.80	109.49	55.77
Vehicles	36.06	-	-	36.06	11.40	4.32	-	15.72	20.34	24.66
Motor lorries, trailers, mobile cranes etc.	104.24	56.22	-	160.46	25.52	13.06	-	38.58	121.88	78.72
<b>Sub-total (1)</b>	<b>29,194.60</b>	<b>2,343.78</b>	<b>64.63</b>	<b>31,473.75</b>	<b>6,093.59</b>	<b>1,971.46</b>	<b>30.10</b>	<b>8,034.95</b>	<b>23,438.80</b>	<b>23,101.01</b>
<b>Previous Year</b>	<b>36,537.34</b>	<b>2,758.80</b>	<b>10,101.54</b>	<b>29,194.60</b>	<b>5,560.88</b>	<b>1,816.30</b>	<b>1,283.59</b>	<b>6,093.59</b>	<b>23,101.01</b>	
Assets jointly funded by GRSE & Indian Navy										
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	217.28	54.32	-	271.60	1,020.20	1,074.52
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	904.76	226.19	-	1,130.95	1,328.32	1,554.51
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	1,656.98	412.43	-	2,069.41	3,585.20	3,997.63
<b>Sub-total (a+b+c)(2)</b>	<b>9,405.68</b>	<b>-</b>	<b>-</b>	<b>9,405.68</b>	<b>2,779.02</b>	<b>692.94</b>	<b>-</b>	<b>3,471.96</b>	<b>5,933.72</b>	<b>6,626.66</b>
<b>Previous Year</b>	<b>9,405.68</b>	<b>-</b>	<b>-</b>	<b>9,405.68</b>	<b>2,086.08</b>	<b>692.94</b>	<b>-</b>	<b>2,779.02</b>	<b>6,626.66</b>	
Right of Use Asset										
Land -Leasehold	-	633.21	-	633.21	-	134.92	-	134.92	498.29	-
Vehicles - Leasehold	-	78.74	-	78.74	-	26.24	-	26.24	52.50	-
<b>Sub-total (3)</b>	<b>-</b>	<b>711.95</b>	<b>-</b>	<b>711.95</b>	<b>-</b>	<b>161.16</b>	<b>-</b>	<b>161.16</b>	<b>550.79</b>	<b>-</b>
<b>Total property, plant and equipment (1+2+3)</b>	<b>38,600.28</b>	<b>3,055.73</b>	<b>64.63</b>	<b>41,591.38</b>	<b>8,872.61</b>	<b>2,825.56</b>	<b>30.10</b>	<b>11,668.07</b>	<b>29,923.31</b>	<b>29,727.67</b>
<b>Previous Year</b>	<b>45,943.02</b>	<b>2,758.80</b>	<b>10,101.54</b>	<b>38,600.28</b>	<b>7,646.96</b>	<b>2,509.24</b>	<b>1,283.59</b>	<b>8,872.61</b>	<b>29,727.67</b>	<b>38,296.06</b>

Note :

- (i) Current year deductions include adjustment for Scrapping of assets valued ₹ 16.71 Lakh (Deemed Cost ₹ 22.28 Lakh) and retired assets valued ₹ 13.79 Lakh (Deemed cost ₹ 28.91 Lakh). Further it also includes assets valued ₹ 4.03 Lakh (Deemed Cost ₹ 13.44 Lakh) retired and sold during the year. Scrapping of assets and retired assets in 2018-19 were ₹ 10.93 Lakh (Deemed Cost ₹ 11.21 Lakh) and ₹ 6.87 Lakh (Deemed Cost ₹ 9.30 Lakh) respectively.

- (ii) Jointly funded assets - Plant & Machinery as at 31 March 2020 of ₹ 1328.32 Lakh (₹ 1554.51 Lakh as at 31 March, 2019) also includes Electrical installation of New Dry Dock valued ₹ 457.08 Lakh (31 March, 2019: ₹ 586.11 Lakh).
- (iii) Property, plant and equipment as at 31 March 2020 include Modern Hull Shop, a New Dry Dock, Inclined Berth, Paint cell and other miscellaneous facilities which have been created under modernisation of infrastructure development. These assets have been jointly funded by the Indian Navy to the tune of ₹ 32,325.77 Lakh (original cost).
- (iv) Assets as at 31 March, 2020 exclusively funded by Navy (original Cost) not included in Property, plant and equipment is ₹ 801.23 Lakh. (31 March, 2019: ₹ 801.23 Lakh).
- (v) Building as at 31 March 2020 includes ₹ 95.96 Lakh (original cost) (31 March, 2019: ₹ 95.96 Lakh) being one third share of the Company in Delhi Shipyard House. The building is jointly held by Garden Reach Shipbuilders and Engineers Limited, Mazagon Dock Shipyard Limited and Goa Shipyard Limited.

**Note 4: Capital work-in-progress**

(₹ in lakh)

Particulars	a	b	c	d= (a+b-c)
	As at 1 April, 2019	Addition	Deductions / Adjustments	As at 31 March 2020
Plant & equipment	22.25	843.19	-	865.44
Docks & jetties	178.60	222.40	-	401.00
Furniture, fixtures, office equipment	1,134.56	191.46	-	1,326.02
Computer	108.55	-	83.79	24.76
Civil construction	1,974.64	559.66	-	2,534.30
<b>Total capital work-in-progress</b>	<b>3,418.60</b>	<b>1,816.71</b>	<b>83.79</b>	<b>5,151.52</b>
<b>Previous Year</b>	<b>1,602.77</b>	<b>1,815.83</b>	<b>-</b>	<b>3,418.60</b>

Civil construction in capital work in progress mainly comprises of Corporate Office Building and Development of panel cum fabrication areas for P17A at RBD unit.

**Note 5: Intangible assets**

(₹ in lakh)

Particulars	Gross Block				Amortisation				Net Carrying Amount	
	As at 1 April 2019	Additions	Deductions / Adjustments	As at 31 March 2020	As at 1 April 2019	Charge for the period	Deductions / Adjustments	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Software (acquired)	1,358.36	131.40	-	1,489.76	860.84	183.36	-	1,044.20	445.56	497.52
<b>Total Intangible assets</b>	<b>1,358.36</b>	<b>131.40</b>	<b>-</b>	<b>1,489.76</b>	<b>860.84</b>	<b>183.36</b>	<b>-</b>	<b>1,044.20</b>	<b>445.56</b>	<b>497.52</b>
<b>Previous Year</b>	<b>1,289.75</b>	<b>76.11</b>	<b>7.50</b>	<b>1,358.36</b>	<b>669.11</b>	<b>199.23</b>	<b>7.50</b>	<b>860.84</b>	<b>497.52</b>	<b>620.64</b>

**Note 6: Financial assets (Non-current)****Note 6(a): Investments - Non-current**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Equity instruments</b>		
Fully Paid up, Unquoted		
At Fair value through Profit and Loss		
6,145 shares of Woodlands Multispecialty Hospital Ltd (31 March,2019: 6,145 shares ) equity shares of ₹ 10/- each.	0.44	0.44
<b>Total investments</b>	<b>0.44</b>	<b>0.44</b>
<b>Total non-current investments</b>	<b>0.44</b>	<b>0.44</b>
Aggregate amount of unquoted investments	0.44	0.44

Considering investment amount is not material, management believes that 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): Other financial assets (Non - current)**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Bank Deposits with maturity more than 12 months	13.09	10,000.00
Leave Encashment invested with LIC	6121.99	5,444.10
Deposits with electricity board and others	781.39	759.59
Deferred credit recoverable from Navy	743.74	762.79
Interest accrued but not due on deposits	0.21	1,210.61
<b>Total other financial assets (non - current)</b>	<b>7,660.42</b>	<b>18,177.09</b>

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

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Advance income tax and TDS (Net of provisions for tax)	12,060.02	9,171.48
<b>Total non-current tax assets</b>	<b>12,060.02</b>	<b>9,171.48</b>

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

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Capital advances	1792.43	811.19
<i>Advances other than capital advances</i>		
Prepaid expenses	-	18.76
Advance BG charges	615.63	-
Advance operating lease rental	-	8.30
Other advances	-	17.90
<b>Total other non-current assets</b>	<b>2,408.06</b>	<b>856.15</b>

**Note 9: Inventories**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Raw materials	37,068.42	29,767.97
Provision for obsolescence	(588.39)	(72.24)
	36,480.03	29,695.73
Work in progress	6,846.42	4,611.25
Stores, Spares & Consumables	59.77	118.70
Scrap	716.00	531.23
<b>Total inventories</b>	<b>44,102.22</b>	<b>34,956.91</b>

**Note 10: Financial assets (Current)****Note 10(a): Current Investment**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Investment in quoted mutual funds measured at fair value	5,400.43	183.01
<b>Total current investment</b>	<b>5,400.43</b>	<b>183.01</b>

**Note 10(b): Trade receivables - Current**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade receivables		
Unsecured, considered good*	53,528.00	21,985.99
Unsecured, considered doubtful	444.17	1,126.63
	53,972.17	23,112.62
Less: Provision for doubtful trade receivable	444.17	1,126.63
<b>Total trade receivables - Current</b>	<b>53,528.00</b>	<b>21,985.99</b>

Included above are following deferred Receivables:

- ₹ 3383.12 Lakh on account of last Stage (Stage XV) payment of LCU Contract (Yards 2096 - 2098) which are contractually due after completion of warranty period of 12 months and upon completion of all D-448 Liabilities & Guarantee Repairs.
- ₹ 2007.18 Lakh on account of last Stage (Stage XV) payment of FPV Contract (Yard 2113-2115) which are contractually due after completion of warranty period of 12 months and upon completion of all D-448 Liabilities & Guarantee Repairs.

**Note 10(c): Cash and Cash Equivalents**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Balances with banks		
- in current accounts	2,057.87	927.24
Bank Deposits with maturity of less than three months	70,864.73	-
Cash in hand	0.15	0.19
<b>Total cash and cash equivalents</b>	<b>72,922.75</b>	<b>927.43</b>

**Note 10(d): Other Bank Balances**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
- Bank Deposits with maturity more than 3 months to 12 months	1,78,207.93	1,37,112.61
- Current portion of Bank deposits with original maturity of more than 12 months	10,000.00	60,900.00
<b>Total other bank balances</b>	<b>1,88,207.93</b>	<b>1,98,012.61</b>

**Note 10(e): Other financial assets - Current**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Deposit with Customs and Port trust	3.69	28.16
Leave Encashment invested with LIC	239.11	469.42
Interest accrued but not due on deposits	7,965.49	10,925.05
Contract Assets	12,418.54	32,176.09
Current portion of deferred credit recoverable from Navy	105.92	105.92
<b>Total other financial assets - Current</b>	<b>20,732.75</b>	<b>43,704.64</b>

**Note 11: Other current assets**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
<i>Advances recoverable in kind or for value to be received</i>		
- Employees	135.30	136.11
- Excise	132.74	132.74
- Sales Tax /VAT	303.49	303.49
- Goods and Services Tax	4,093.33	3,354.54
- Prepaid expenses	2,030.79	2,321.51
- Advance BG charges	115.23	-
- Suppliers	78,902.29	39,791.07
- Advance operating lease rental	-	2.07
Other receivables	10,105.27	11,288.93
<b>Total other current assets</b>	<b>95,818.44</b>	<b>57,330.46</b>

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

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Plant & equipment	21.90	10.68
Docks & jetties	0.04	0.04
Furniture & fixtures	28.45	29.07
Motor cars	1.60	2.53
Office equipments	0.83	0.77
<b>Total assets classified as held for sale</b>	<b>52.82</b>	<b>43.09</b>

*Non-recurring fair value measurements*

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

**Note 13: Equity share capital and other equity****Note 13(a): Equity share capital**

(₹ in lakh)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>	12,50,00,000	12,500.00	12,50,00,000	12,500.00
Equity shares of ₹ 10/- (31 March, 2019: ₹ 10/-) each				
<b>Issued, subscribed and paid up</b>	11,45,52,000	11,455.20	11,45,52,000	11,455.20
Equity shares of ₹ 10/- (31 March, 2019: ₹ 10/-) each		11,455.20		11,455.20
		<b>11,455.20</b>		<b>11,455.20</b>

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

(₹ in lakh)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	11,45,52,000	11,455.20	11,45,52,000	11,455.20
Add: Issue of shares upon sub-division *	-	-	-	-
<b>At the end of the period</b>	<b>11,45,52,000</b>	<b>11,455.20</b>	<b>11,45,52,000</b>	<b>11,455.20</b>

**Terms and rights attached to equity shares**

Equity shares have a par value of ₹ 10/- (31 March, 2019: ₹ 10/-). They entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held.

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

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

Shareholder	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	% holding	Number of shares	% holding
The President of India including his nominees	8,53,41,240	74.5%	8,53,41,240	74.5%
Life Insurance Corporation of India	-	-	84,00,208	7.33%
HDFC Trustee Company Limited	88,76,200	7.75%	-	-

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

(₹ in lakh)

Particulars	As at	As at
	31 March, 2020	31 March, 2019
Capital Redemption Reserve	928.80	928.80
General reserve	6,064.86	6,064.86
Retained earnings	85,574.24	85,381.85
<b>Total reserves and surplus</b>	<b>92,567.90</b>	<b>92,375.51</b>



**(i) Retained earnings**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Opening balance	85,381.85	83,704.68
Net profit for the period	16,348.17	10,993.87
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of defined benefit plans (net of tax)	(1,185.91)	(637.21)
Dividend paid (incl. tax ₹ 1200.87 lakh)	(7,043.02)	(6,124.67)
Interim Dividend paid (incl. tax ₹ 1351.57 lakh)	(7,926.85)	(2,554.82)
<b>Closing balance</b>	<b>85,574.24</b>	<b>85,381.85</b>

**Nature and purpose of other reserves:**

Note:

- (i) (i) Pursuant to Section 69 of The Companies Act, 2013 the Company has transferred a sum equal to the nominal value of the shares so purchased to the capital redemption reserve account out of free reserves of the Company.

The capital redemption reserve is not in nature of free reserve.

- (ii) General reserve is primarily created to comply with the requirements of section 123(1) of the Companies Act, 2013. This is a free reserve and can be utilised for any general purpose like issue of bonus shares, payment of dividend, buy back of shares etc.

**Note 14: Financial liabilities (Non-current)****Trade payables (non-current)**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade payables		
- Russian deferred credit - foreign supplier	743.74	762.79
- Lease Liability	331.31	-
<b>Total trade payables</b>	<b>1,075.05</b>	<b>762.79</b>

**Note 15: Provisions (Non Current)**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Accrued Leave Liability (Refer Note 32)	6,121.99	5,444.10
Post retirement medical benefits	1,540.47	987.97
<b>Total provisions</b>	<b>7,662.46</b>	<b>6,432.07</b>

**Note 16: Deferred tax liabilities (net)**

The balance comprises temporary differences attributable to:

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Deferred tax liability</b>		
Property, plant & equipment and intangible asset	2,888.51	4,481.99
Financial liability	266.03	399.69
Others	-	(25.00)
<b>Total deferred tax liabilities</b>	<b>3,154.54</b>	<b>4,856.68</b>
<b>Deferred tax asset</b>		
Defined benefit obligation	1,713.26	2,842.87
Allowance for doubtful trade receivables	111.80	491.59
Financial asset	266.03	399.69
Others (Adjustment to opening deferred tax liabilities resulting from reduction in tax rate)	109.67	-
<b>Total deferred tax assets</b>	<b>2,200.76</b>	<b>3,734.15</b>
<b>Net deferred tax liabilities</b>	<b>953.78</b>	<b>1,122.53</b>

Movement in deferred tax liabilities/ (assets)

(₹ in lakh)

Particulars	Property, plant and equipment & intangible asset	Defined benefit obligation	Other items	Total
<b>At 01 April 2018</b>	<b>4,661.94</b>	<b>(3,145.23)</b>	<b>(363.88)</b>	<b>1,152.83</b>
(Charged)/credited:				
- to profit or loss	(179.95)	644.62	(152.71)	311.96
- to other comprehensive income	-	(342.26)	-	(342.26)
<b>At 31 March, 2019</b>	<b>4,481.99</b>	<b>(2,842.87)</b>	<b>(516.59)</b>	<b>1,122.53</b>
Charged/(credited):				
- to profit or loss	(1,593.48)	1,528.51	295.12	230.15
- to other comprehensive income	-	(398.90)	-	(398.90)
<b>At 31 Mar, 2020</b>	<b>2,888.51</b>	<b>(1,713.26)</b>	<b>(221.47)</b>	<b>953.78</b>

**Note 17: Financial liabilities (current)**

Note 17(a): Trade payables (current)

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade payables		
- Micro and small enterprises	293.43	1,390.82
- Russian deferred credit	105.92	105.92
- Others	54,278.45	35,512.25
<b>Total trade payables</b>	<b>54,677.80</b>	<b>37,008.99</b>

**Note 17(b): Other financial liabilities**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Security deposit	452.56	464.94
<i>Accrued expenses</i>		
Accrued salaries and benefits	627.17	501.70
Rent	173.83	136.60
Lease Liability	160.84	-
Other payables	1,012.01	1,049.22
<b>Total other financial liabilities</b>	<b>2,426.41</b>	<b>2,152.46</b>

**Note 18: Other current liabilities**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Contract liabilities	3,52,075.96	2,53,337.22
Statutory liabilities	261.21	265.32
<b>Total other current liabilities</b>	<b>3,52,337.17</b>	<b>2,53,602.54</b>

**Note 19: Provisions (Current)**

(₹ in lakh)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Guarantee repair	3,508.21	2,239.81
Provision for liquidated damages	1,891.77	3,719.51
Accrued Leave Liability	684.79	698.39
Post retirement medical benefits	128.77	295.60
Other Provisions	9,045.36	7,127.69
<b>Total provisions (Current)</b>	<b>15,258.90</b>	<b>14,081.00</b>

*Information about individual provisions and significant estimates**Guarantee repairs*

Provision is made for estimated warranty claims in respect of ships 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 include the success of the Company's productivity and quality initiatives.

*Liquidated damages*

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

*Other Provisions*

Other Provisions represent employee related provisions based on the management's assessment.

## Movements in provisions

Movements in each class of provision during the financial year, are set out below:

(₹ in lakh)

Particulars	Liquidated damages	Guarantee Repairs	Other Provisions
<b>As at 01 April, 2018</b>	<b>6,139.49</b>	<b>1,949.61</b>	<b>5,117.34</b>
<i>Charged/(credited) to profit or loss</i>			
additional provision recognised	1,393.28	1170.42	3,356.78
unused amounts reversed	-	(56.68)	-
Amount used during the year	(3,813.26)	(823.54)	(1,346.43)
<b>As at 31 March, 2019</b>	<b>3,719.51</b>	<b>2,239.81</b>	<b>7,127.69</b>
<i>Charged/(credited) to profit or loss</i>			
additional provision recognised	2,446.46	2325.52	2465.55
Amount used during the year	(4,274.20)	(1057.12)	(547.88)
<b>As at 31 March, 2020</b>	<b>1,891.77</b>	<b>3,508.21</b>	<b>9,045.36</b>

## Note 20: Revenue from operations

(₹ in lakh)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
<b>a) Contract revenue</b>		
- Shipbuilding	1,27,522.88	1,22,845.05
- General engineering	24.47	308.57
- Diesel engines	1,954.32	46.51
<b>b) Sale of products</b>		
- B & D spares	5,813.10	10,008.76
- Bailey bridge	2,412.99	2,491.03
- General engineering	910.86	1,068.53
- Diesel engines	1,718.68	-
<b>(c) Sale of services</b>		
- Ship repair	1,195.59	912.52
- Bailey bridge	179.03	196.49
- General engineering	0.67	-
- Diesel engines	737.73	-
<b>(d) Other operating revenue</b>		
- Scrap sales	832.39	693.62
- Training Fees	26.82	71.08
<b>Total revenue from operations</b>	<b>1,43,329.53</b>	<b>1,38,642.16</b>

Note :

The Company is engaged in the production of defence equipment and was exempted from Segment Reporting vide notification S.O. 802 (E) dated 23<sup>rd</sup> February, 2018 by amending notification no G.S.R. 463(E) dated 5<sup>th</sup> June, 2015. In view of the above, no disclosure is made separately by the company on operating segments under Ind AS 115.

**Note 21: Other Income**

(₹ in lakh)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Interest income	20,396.84	16,834.80
Gain on fair valuation	221.84	130.47
Rental income	10.64	8.09
Net foreign exchange gains	24.59	2.56
Insurance claims	53.06	-
Liability/provision written back	639.03	10.55
Profit/(Loss) on retired assets (net)	121.69	27.93
Other items	1,082.25	109.53
<b>Total other income</b>	<b>22,549.94</b>	<b>17,123.93</b>

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

(₹ in lakh)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Raw Materials	7,378.84	5,755.88
Components	61,790.87	62,262.56
<b>Total cost of materials consumed</b>	<b>69,169.71</b>	<b>68,018.44</b>

**Note 22(b): Changes in inventories of work-in-progress and scrap**

(₹ in lakh)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Opening balance		
- Bailey bridge unit	3,831.25	3,290.71
- Engine unit	306.49	293.03
- Others	473.50	443.66
<b>Total opening balance</b>	<b>4,611.24</b>	<b>4,027.40</b>
Closing balance		
- Bailey bridge unit	5,593.16	3,831.25
- Engine unit	578.03	306.49
- Others	675.23	473.50
<b>Total closing balance</b>	<b>6,846.42</b>	<b>4,611.24</b>
Total changes in inventories of work-in-progress	(2235.18)	(583.84)
Change in inventories of scrap	(184.77)	(331.54)
<b>Total changes in inventories of work-in-progress and scrap</b>	<b>(2419.95)</b>	<b>(915.38)</b>

**Note 23: Employee benefits expense**

(₹ in lakh)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Salaries and wages	23,034.52	22,518.71
Contribution to provident fund and other funds	3,209.26	3,167.87
Staff welfare expenses	3,450.37	3,460.12
<b>Total employee benefit expense</b>	<b>29,694.15</b>	<b>29,146.70</b>

**Note 24: Finance costs**

(₹ in lakh)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Interest expense		
- Banks	33.15	55.95
- Others	94.99	96.52
Loss on fair valuation	-	315.35
Other borrowing costs		
- Bank charges & commission	5.42	43.49
<b>Total finance costs</b>	<b>133.56</b>	<b>511.31</b>

**Note 25: Depreciation and amortisation expense**

(₹ in lakh)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Depreciation of property, plant and equipment	2,825.56	2,509.24
Amortisation of intangible assets	183.36	199.23
<b>Total depreciation and amortisation expense</b>	<b>3,008.92</b>	<b>2,708.47</b>

**Note 26: Other expenses - project related**

(₹ in lakh)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Facility hire	202.25	518.87
Insurance	105.13	24.16
Travelling expenses	156.05	54.69
Technicians' fees	6,019.46	4,064.39
Launching & commissioning expenses	148.86	155.50
Miscellaneous expenses	680.15	643.70
<b>Total other expenses - project related</b>	<b>7,311.90</b>	<b>5,461.31</b>

**Note 27: Other expenses**

(₹ in lakh)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Consumption of stores and spares parts	90.63	146.17
Power and fuel	845.49	871.01
Rent	84.84	138.76
Repair and maintenance		
- buildings	419.37	756.78
- plant & equipments	292.63	403.78
- other	996.65	907.07
Insurance	1,061.27	69.18
Rates and taxes	132.15	182.26
Marketing expenses	102.78	84.45
Stores clearing & dispatch expenses	46.19	42.59
Liquidated damages	2,494.97	1,502.04
Provision for non moving & obsolete inventory	427.02	83.21
Written off inventory	-	691.32
Transport hire charges	436.36	424.31
Travelling expenses	319.92	349.48
Advertisement & publicity	770.18	380.80
Printing & stationary	7.57	3.86
Postage & courier	8.30	12.03
Telephone & fax	58.65	45.67
Legal expenses	40.17	53.70
Corporate social responsibility	221.00	268.23
Auditors' remuneration:		
(a) Audit Fees	7.32	6.75
(b) Tax audit fees	1.25	1.25
(c) Fees for other services	5.83	1.00
CISF expenses	3,434.03	3,173.45
Fixed assets written off	11.16	10.90
Research and development	585.93	63.42
Other miscellaneous expenses	198.25	240.10
<b>Total other expenses</b>	<b>13,099.91</b>	<b>10,913.57</b>

**Note 28: Exceptional items**

(₹ in lakh)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Loss on Insurance Claim	1,060.70	-
Expenses on Offer for Sale of shares of the Company	-	219.89
<b>Total exceptional items</b>	<b>1,060.70</b>	<b>219.89</b>

**Note 29: Income tax expense**

(₹ in lakh)

	Year ended 31 March, 2020	Year ended 31 March, 2019
<b>(a) Income tax expense</b>		
Current tax		
Current tax (net of adjustment of earlier year) on profits for the year	5,808.78	6,590.19
<b>Total current tax expense</b>	<b>5,808.78</b>	<b>6,590.19</b>
Deferred tax		
Deferred tax (net) expense	230.15	311.96
<b>Total deferred tax expense</b>	<b>230.15</b>	<b>311.96</b>
<b>Total tax expense</b>	<b>6,038.93</b>	<b>6,902.15</b>

**(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:**

(₹ in lakh)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Enacted income tax rate in India applicable to the Company	25.17%	34.94%
Profit before tax	22,387.08	17,896.03
<b>Current tax expenses on Profit before tax expenses at the enacted income tax rate in India</b>	<b>5,634.39</b>	<b>6,253.59</b>
Effect of expenses that are not deductible in determining taxable profit	1777.01	2,145.18
Effect of expenses that are allowable in determining taxable profit	(1,658.24)	(1,789.44)
Effect of expenses incurred on Corporate Social Responsibility not deductible in determining taxable profit	55.62	93.73
Effect of income that is exempt from taxation	-	-
Adjustments for changes in estimates of deferred tax assets	230.15	311.96
Adjustments for excess provision of last year	-	(117.70)
Effect of Interest u/s 234c	-	4.83
<b>Total income tax expense recognised in Statement of Profit and Loss</b>	<b>6,038.93</b>	<b>6,902.15</b>

The company is going to exercise option of lower rate of tax at 25.17% (including surcharge and education cess) as per newly inserted Section 115BAA in the Income Tax Act 1961 and approved by the Board of Directors of the Company. Such option will be exercised at the time of filing of return of income of the company for the assessment year 2020-21

**Note 30: Contingent Liabilities and Contingent Assets**

As per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets", the disclosures are given here under:

(₹ in lakh)

A)	Contingent Liabilities	As at 31 March, 2020	As at 31 March, 2019
i)	Claims against the Company not acknowledged as debts	5,950.60	6,061.24
ii)	Guarantees		
	a) Guarantees given by Banks	2,15,352.44	61,947.59
	b) Indemnity Bonds for Performance & Warranties	1,83,667.31	2,02,528.64
	c) Unexpired Letters of Credit	123.44	497.76
iii)	Liquidated Damages	-	7,442.10
iv)	Other money for which the Company is contingently liable		
	a) Sales Tax	2,476.77	2,476.77
	b) Excise Duty	106.54	202.90
	c) Service Tax	-	9.92
	d) Income Tax	596.54	699.26



- a) Contingent Liability on account of Sales Tax amount to ₹ 2476.77 Lakh (31 March, 2019 ₹ 2476.77 Lakh) towards assessment dues and demand for the years 2007-08 and 2010-11. All these amounts have not been acknowledged as debts and accordingly not provided for in the Accounts as all the demands are under different stage of appeal.
- b) Contingent Liability on account of Central Excise amount to ₹ 106.54 Lakh (31 March, 2019 ₹ 202.90 Lakh) towards alleged arrear interest 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 demand, the demand has not been acknowledged as debts and accordingly not provided for in the Accounts.
- c) Contingent Liability on account of Service Tax is Nil (31 March, 2019 : ₹ 9.92 Lakh).
- d) Contingent Liability on account of Income Tax amounts to ₹ 596.54 Lakh (31 March, 2019 : ₹ 699.26 Lakh) towards arbitrary increase by the Income Tax Authority in taxable income based on Form 26Q for AY 2009-10 - ₹ 352.85 Lakh, disallowance of provision for liquidated damages - ₹ 1.92 Lakh, disallowance of CSR expenses of ₹ 136.98 Lakh and ₹ 96.18 Lakh respectively for AY 2013-14 and 2014-15, disallowance of 80G rebate - ₹ 8.61 Lakh. Above disputes have not been acknowledged as debt and accordingly not provided for in the Accounts as all the issues are under different stages of appeal.
- e) Contingent Liability on account of Liquidated damages (LD)  
Yard 3020, the 4<sup>th</sup> and last of Project 28 was delivered to Indian Navy on 18<sup>th</sup> Feb 2020 as against contractual delivery of Apr 2015. Due to cascading effect of delay of previous ships and various other reasons not attributable to and beyond the control of the company, the contractual delivery date of the vessel could not be adhered to.  
Post delivery of the Ship, company submitted its case for extension of contractual delivery date to Warship Overseeing Team, Kolkata the onsite representative of customer i.e. Indian Navy.  
Out of total delay of 57 months and 18 days, Warship Overseeing Team has made their recommendation whereby company has been made accountable for delay for 1 month and 14 days equivalent to 1.467% of Ship Cost.  
In line with accounting practices followed, for this project Company has made an equivalent provision for liquidated damages amounting to ₹ 2183.51 Lakh in the books in Financial Year 2019-20. The disclosure of contingent liability on this account has been withdrawn.
- 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 fare chances of successful outcome of appeals made by the Company

## B) Contingent Assets

- i) Central Coalfield Limited (CCL) awarded four contracts to GRSE in early 1990 for the supply, erection and commissioning of DG sets, which were executed by GRSE. CCL did not honour the contract in totality and withheld an amount of ₹ 1,553 Lakh. Since then. The matter was referred to arbitration before the Permanent Machinery of Arbitration (PMA). With the intervention of Cabinet Secretariate and suggestion made, settlement was arrived at ₹ 1,258 Lakh and paid by CCL on 26.07.2019. CCL has withdrawn accordingly their writ petitions in January, 2020.
- ii) The land and various other assets of erstwhile Raja Bagan Dockyard of Central Inland Water Transport Corporation Limited (CIWTC) were purchased by the Company in the Year 2006. The assets like Vessels, Cranes etc. were not taken over by the Company and were to be removed by CIWTC which they did not remove. CIWTC is presently under liquidation. The Company has filed a claim before the liquidator towards ground rent and reimbursement of payment of interest on Excise Duty by the Company aggregating to ₹ 2,429.74 Lakh. The matter is pending with the Liquidator. Therefore, this has been considered as a Contingent Asset.

Note 31: Commitments			(₹ in lakh)
Particulars	As at 31 March, 2020	As at 31 March, 2019	
Estimated amount of contracts remaining to be executed on capital account and not provided for	15,323.39	3,557.57	
Advance paid against above	1,792.43	811.19	

## 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 ₹ 684.79 Lakh (31 March, 2019: ₹ 698.39 Lakh) is presented as current and remaining amount is presented as non current. The leave obligation is an unfunded plan, the Company makes contributions to scheme maintained by Life Insurance Corporation of India (LIC).

Based on actuarial valuation, a provision is recognised in full for the projected obligation over and above the funds held in scheme.

Particulars		Leave obligation	(₹ in lakh)
<b>As at 31 March, 2019</b>			
Current portion		698.39	
Non-current portion		5,444.10	
<b>Total</b>		<b>6,142.49</b>	
<b>As at 31 March, 2020</b>			
Current portion		684.79	
Non-current portion		6,121.99	
<b>Total</b>		<b>6,806.78</b>	

ii) **Post-employment obligations**

a) **Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary (including dearness allowance) per month computed proportionately for 15 days salary (reckoning 26 days for a month) multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

Based on actuarial valuation, a provision is recognised in full for the projected obligation over and above the funds held in scheme.

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 superannuated employees are defined contribution schemes and premium of ₹ 860.52 Lakh (31 March, 2019: ₹ 802.74 Lakh) paid to an Insurance Company is charged to the Statement of Profit and Loss of the year. There are no other obligations to employees other than the contribution payable to the Insurance Company.

iii) **Defined contribution plans**

**Provident fund and Pension fund**

The Company also has certain defined contribution plans. Contributions are made to Provident Fund at the rate of 12% of basic salary (including dearness allowance) as per regulations. The contribution is charged to Statement of Profit and Loss of the year when the contributions to the respective funds are due in accordance with relevant statute .

Employer's contribution to Provident Fund & Family Pension fund is ₹ 1539.37 Lakh for the year 2019-20 (₹1,590.66 Lakh for the year 2018-19).

Superannuation Pension Fund:

The Pension Scheme is administered by a Trust. The Company has transferred an amount of ₹ 397.85 Lakh for officers and non-unionised supervisors to LIC towards employer's contribution for the year 2019-20 (₹ 417.81 Lakh for the year 2018-19).

The pension scheme for unionised employees has been introduced w.e.f. 01 January 2012. An amount of ₹ 353.98 Lakh has been transferred to LIC for the year 2019-20 (₹ 349.73 Lakh for the year 2018-19 ) towards employer's contribution for operatives and office assistants.

iv) **Balance sheet recognition**

a) **Post retirement medical scheme**

The amounts recognised in the Balance Sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ in lakh)	
Particulars	Present value of obligation
<b>1 April, 2018</b>	<b>1282.39</b>
Current service cost	9.84
Interest expense/(income)	96.18
<b>Total amount recognised in Profit or Loss</b>	<b>106.02</b>
<i>Remeasurements</i>	
Return on plan assets, excluding amounts included in interest	-
(Gain)/loss from change in demographic assumptions	-
(Gain)/loss from change in financial assumptions	64.37
Experience (gains)/losses	(169.21)
<b>Total amount recognised in other comprehensive income</b>	<b>(104.84)</b>
Employer contributions/ premium paid	
Benefit payments	-
<b>31 March, 2019</b>	<b>1,283.57</b>

Particulars	Present value of obligation
<b>1 April, 2019</b>	1,283.57
Current service cost	55.91
Interest expense/(income)	82.41
<b>Total amount recognised in Profit or Loss</b>	<b>138.32</b>
<i>Remeasurements</i>	
Return on plan assets, excluding amounts included in interest	-
(Gain)/loss from change in demographic assumptions	-
(Gain)/loss from change in financial assumptions	355.86
Experience (gains)/losses	(108.51)
<b>Total amount recognised in other comprehensive income</b>	<b>247.35</b>
Employer contributions/ premium paid	-
Benefit payments	-
<b>31 March, 2020</b>	<b>1,669.24</b>

(b) *Gratuity*

The amounts recognised in the Balance Sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ in lakh)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>1 April, 2018</b>	10,617.05	(10,617.05)	-
Current service cost	593.87	-	593.87
Interest expense/(income)	739.42	(796.28)	(56.86)
<b>Total amount recognised in profit or loss</b>	<b>1,333.29</b>	<b>(796.28)</b>	<b>537.01</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest	-	823.78	823.78
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	187.84	-	187.84
Actuarial (gain)/loss from unexpected experience	72.67	-	72.67
<b>Total amount recognised in other comprehensive income</b>	<b>260.51</b>	<b>823.78</b>	<b>1,084.29</b>
Employer contributions/ premium paid	-	(1,621.30)	(1,621.30)
Benefit payments	(1,516.30)	1,516.30	-
<b>31 March, 2019</b>	<b>10,694.55</b>	<b>(10,694.55)</b>	-

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>1 April, 2019</b>	10,694.55	(10,694.55)	-
Current service cost	682.11	-	682.11
Interest expense/(income)	642.19	(685.52)	(43.33)
<b>Total amount recognised in profit or loss</b>	<b>1,324.30</b>	<b>(685.52)</b>	<b>638.78</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest	-	64.51	64.51
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	934.18	-	934.18
Actuarial (gain)/loss from unexpected experience	338.77	-	338.77
<b>Total amount recognised in other comprehensive income</b>	<b>1,272.95</b>	<b>64.51</b>	<b>1,337.46</b>
Employer contributions/ premium paid	-	(1,976.24)	(1,976.24)
Benefit payments	(1,351.95)	1,351.95	-
<b>31 March, 2020</b>	<b>11,939.85</b>	<b>(11,939.85)</b>	-

(v) *Significant estimates: actuarial assumptions*

The significant actuarial assumptions were as follows:

Particulars	31 March, 2020	31 March, 2019
Discount rate	6.41%	7.50%
Expected return on plan asset	6.41%	7.50%
Salary growth rate	6.50%	6.50%
Attrition rate	1.00%	1.00%
Mortality rate	IALM (2006-2008) Ultimate	IALM (2006-2008) Ultimate

Assumptions regarding future mortality for gratuity and medical are set, based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a person retiring at the age of 60.

(vi) *Sensitivity analysis*

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in lakh)

Particulars	Impact on defined benefit obligation (Gratuity)			
	31 March, 2020		31 March, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	11,494.35	12,417.03	10,324.82	11,089.19
% change compared to base due to sensitivity	-3.73%	4.00%	-3.460%	3.690%
Salary growth rate (-/+ 0.5%)	12,346.33	11,533.74	11,054.91	10,347.52
% change compared to base due to sensitivity	3.40%	-3.40%	3.370%	-3.240%
Attrition rate (-/+ 0.5%)	11,939.40	11,940.31	10,694.89	10,694.20
% change compared to base due to sensitivity	0.00%	0.00%	0.000%	0.000%
Life expectancy/ mortality rate (-/+ 10%)	11,938.98	11,940.74	10,696.34	10,692.75
% change compared to base due to sensitivity	-0.01%	0.01%	0.020%	-0.020%

Particulars	Impact on Post-retirement Medical benefits			
	31 March, 2020		31 March, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	1,585.54	1,991.12	1,159.01	1,426.31
% change compared to base due to sensitivity	-6.25%	17.73%	-9.70%	11.12%
Attrition rate (-/+ 0.5%)	1,690.18	1,692.38	1,282.80	1,284.34
% change compared to base due to sensitivity	-0.07%	0.07%	-0.060%	0.060%
Life expectancy/ mortality rate (-/+ 10%)	1,679.44	1,703.97	1,277.80	1,289.35
% change compared to base due to sensitivity	-0.70%	0.75%	-0.45%	0.45%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied while calculating the defined benefit liability recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**(vii) The major categories of plan assets**

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. Thus, the composition of each major category of plan assets has not been disclosed.

**(viii) Risk exposure**

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

*Investment risk:*

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies.

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the 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, 2021 are ₹ 900 Lakh.

The weighted average duration of the defined benefit obligation (gratuity) is 12 years (31 March, 2019 – 12 years) and Post-retirement medical benefits is 37 years (31 March, 2019 – 37 years). The expected maturity analysis of undiscounted gratuity and post-retirement medical benefits are as follows:

(₹ in lakh)

Particulars	Less than a year	More than 1 year
<b>As at 31 March, 2020</b>		
Defined benefit obligation (gratuity)	1,530.37	20,447.57
Post-retirement medical benefits	137.02	8,910.55
<b>Total</b>	<b>1,667.39</b>	<b>29,358.12</b>
<b>As at 31 March, 2019</b>		
Defined benefit obligation (gratuity)	1,499.29	19,716.97
Post-retirement medical benefits	306.48	9,083.68
<b>Total</b>	<b>1,805.77</b>	<b>28,800.65</b>

**Note 33: Related party transactions**

The Company is controlled by the President of India having ownership interest of 74.50%.

**(a) Key management personnel compensation**

(₹ in lakh)

Particulars	31 March, 2020	31 March, 2019
Short-term employee benefits	30.50	38.94
Post-employment benefits	-	-
Long-term employee benefits	-	-
<b>Total compensation</b>	<b>30.50</b>	<b>38.94</b>

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

**(b) Transactions with related parties**

(₹ in lakh)

Particulars	31 March, 2020	31 March, 2019
Sales of goods and services		
Sale of goods (owned by Govt. of India)	2,13,439.57	89,632.31
Sale of services (owned by Govt. of India)	833.86	58.30
Other transactions		
Final Dividend paid to shareholder	4,352.40	5,079.67
Interim Dividend paid to shareholder	4,898.58	1,578.81

**(c) Outstanding balances arising from sales/purchases of goods and services**

(₹ in lakh)

Particulars	31 March, 2020	31 March, 2019
Trade receivables (sale of goods and services)		
Entities (owned by Govt. of India)	48,139.07	12,019.50

## Note 34: Fair value measurements

Financial instruments by category <span style="float: right;">(₹ in lakh)</span>						
Particulars	31 March, 2020			31 March, 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments						
Equity instruments	0.44	-	-	0.44	-	-
Trade receivables	-	-	53,528.00	-	-	21,985.99
Security deposits	-	-	785.08	-	-	787.75
Deferred credit recoverable from Navy	-	-	849.66	-	-	868.71
Contract Assets	-	-	12,418.54	-	-	32,176.09
Cash and cash equivalents	-	-	2,51,130.68	-	-	1,38,040.04
Other financial assets	-	-	17,978.79	-	-	83,035.66
<b>Total financial assets</b>	<b>0.44</b>	<b>-</b>	<b>3,36,690.75</b>	<b>0.44</b>	<b>-</b>	<b>2,76,894.25</b>
<b>Financial liabilities</b>						
Trade payables	-	-	55,752.84	-	-	37,771.78
Security deposits	-	-	452.56	-	-	464.94
Other payables	-	-	1,973.85	-	-	1,687.52
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>58,179.25</b>	<b>-</b>	<b>-</b>	<b>39,924.25</b>

### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian accounting standard.

(₹ in lakh)				
Financial assets and liabilities measured at fair value - recurring fair value measurements At 31 March, 2020	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial investments at FVPL				
Unquoted equity investments - healthcare sector	-	-	0.44	0.44
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>0.44</b>	<b>0.44</b>
<b>Financial assets and liabilities measured at amortised cost for which fair values are disclosed At 31 March, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Deferred credit recoverable from Navy	-	-	849.66	849.66
Trade receivables	-	-	53,972.17	53,972.17
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>54,821.83</b>	<b>54,821.83</b>
<b>Financial liabilities</b>				
Trade payable				
L D deducted from vendors	-	-	537.50	537.50
Russian deferred credit	-	-	849.66	849.66
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,387.16</b>	<b>1,387.16</b>

Financial assets and liabilities measured at fair value - recurring fair value measurements At 31 March, 2019	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial investments at FVPL				
Unquoted equity investments - healthcare sector	-	-	0.44	0.44
<b>Total financial assets</b>	-	-	<b>0.44</b>	<b>0.44</b>

Financial assets and liabilities measured at amortised cost for which fair values are disclosed At 31 March, 2019	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Security deposits	-	-	813.71	813.71
Deferred credit recoverable from Navy	-	-	868.71	868.71
Trade receivables	-	-	23,112.63	23,112.63
<b>Total financial assets</b>	-	-	<b>24,795.05</b>	<b>24,795.05</b>
<b>Financial liabilities</b>				
Trade payable				
L D deducted from vendors	-	-	1,914.79	1,914.79
Russian deferred credit	-	-	868.71	868.71
<b>Total financial liabilities</b>	-	-	<b>2,783.50</b>	<b>2,783.50</b>

## (ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include the fair value of the remaining financial instruments which is determined using discounted cash flow analysis.

## (iii) Fair value of financial assets and liabilities measured at amortised cost

(₹ in lakh)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Security deposits	-	-	787.75	813.71
Deferred credit recoverable from Navy	849.66	849.66	868.71	868.71
<b>Total financial assets</b>	<b>849.66</b>	<b>849.66</b>	<b>1,656.46</b>	<b>1,682.42</b>
<b>Financial liabilities</b>				
Trade payable				
L D deducted from vendors	537.50	490.47	1,914.79	2,099.67
Russian deferred credit	849.66	849.66	868.71	868.71
<b>Total financial liabilities</b>	<b>1,387.16</b>	<b>1,340.13</b>	<b>2,783.50</b>	<b>2,968.38</b>

The carrying amounts of trade receivables, trade payables 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 counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

#### i) Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying no credit terms. Outstanding customer receivables are regularly monitored. Trade receivables are primarily from Navy (owned by Govt. of India), hence the credit risk is considered low. Further, the Company receives advance against orders which also mitigates the credit risk. The ageing of trade receivables as at the balance sheet date is given below. The age analysis has been considered from the due date:

(₹ in lakh)

Particulars	One year or less	More than 1 year	Total
Trade receivable as on 31 March, 2020	49,290.93	4,237.07	53,528.00
Contract Assets as on 31 March, 2020	6,903.90	5,514.64	12,418.54
Trade receivable as on 31 March, 2019	13,602.77	8,383.22	21,985.99
Contract Assets as on 31 March, 2019	6,196.99	25,979.10	32,176.09

#### 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 to mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the Balance Sheet at 31 March, 2020 and 31 March, 2019 is the carrying amounts as illustrated in 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.

(₹ in lakh)

Contractual maturities of financial liabilities - 31 March, 2020	One year or less	More than 1 year	Total
Trade payables	54,677.80	1,694.75	56,372.55
Other financial liabilities	2,426.41	-	2,426.41
<b>Total financial liabilities</b>	<b>57,104.21</b>	<b>1,694.75</b>	<b>58,798.96</b>

(₹ in lakh)

Contractual maturities of financial liabilities - 31 March, 2019	One year or less	More than 1 year	Total
Trade payables	37,008.99	1,800.67	38,809.66
Other financial liabilities	2,152.46	-	2,152.46
<b>Total financial liabilities</b>	<b>39,161.45</b>	<b>1,800.67</b>	<b>40,962.12</b>

**(C) Market risk****Foreign currency risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk since it imports components from foreign vendor. Also, the Company exports some of its ships to foreign buyers and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹). The outflow on account of imports and payments in foreign currency is mostly reimbursable from the buyers. The risk in case of export is measured through a forecast of highly probable foreign currency cash flows.

**Foreign currency risk exposure**

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:

(₹ in lakh)

Particulars	31 March, 2020			31 March, 2019		
	EUR	GBP	USD	EUR	GBP	USD
<b>Financial assets</b>	-	-	-	-	-	-
<b>Financial liabilities</b>	226.49	342.95	62.20	592.91	434.81	252.35
<b>Net exposure to foreign currency risk</b>	<b>(226.49)</b>	<b>(342.95)</b>	<b>(62.20)</b>	<b>(592.91)</b>	<b>(434.81)</b>	<b>(252.35)</b>

**Sensitivity**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lakh)

Particulars	Impact on profit before tax	
	31 March, 2020	31 March, 2019
<b>EUR sensitivity</b>		
INR/EUR Increases by 11.90% (31 March 2019 - 13.45%)*	(27)	(80)
INR/EUR Decreases by 5.52% (31 March 2019 - 9.72%)*	13	58
<b>GBP sensitivity</b>		
INR/GBP Increases by 6.91% (31 March 2019 - 8.08%)*	(24)	(35)
INR/GBP Decreases by 8.16% (31 March 2019 - 7.91%)*	28	34
<b>USD sensitivity</b>		
INR/USD Increases by 7.62% (31 March 2019 - 5.59%)*	(5)	(14)
INR/USD Decreases by 1.10% (31 March 2019 - 1.10%)*	1	3

\* 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 lakh)

Particulars	31 March, 2020	31 March, 2019
<b>(i) Equity shares</b>		
Final dividend for the year ended 31 March, 2019 - ₹ 5.10 (31 March, 2018 - ₹ 4.44) per fully paid share	5,842.15	5,080.38
Dividend Distribution Tax	1,200.87	1,044.29
Interim dividend for the year ended 31 March, 2020 - ₹ 5.74 (31 March, 2019 - ₹ 1.85) per fully paid share	6,575.28	2,119.21
Dividend Distribution Tax	1,351.57	435.61
<b>(ii) Dividends not recognised at the end of the reporting period</b>		
In addition to the above dividends, since year end the board has recommended the payment of a final dividend of ₹ 1.40 per fully paid equity share (31 March 2019: ₹ 5.10). This proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.	1,603.73	5,842.15
Tax on Proposed Dividend	-	1,200.87

**Note 37: Earnings Per Share**

(₹ in lakh)

Particulars	31 March, 2020	31 March, 2019
Profit attributable to equity share holders of the Company used in calculating basic and diluted earnings per share (₹ in Lakh)	16,348.17	10,993.87
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	11,45,52,000	11,45,52,000
<b>Basic and diluted earnings per share (₹)</b>	<b>14.27</b>	<b>9.60</b>

**Note 38 : Expenditure on Corporate Social Responsibility (CSR) Activities**

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

(₹ in lakh)

Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR activities	Amount Spent
i) Clause (i)	Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water.	109.53
ii) Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the differently abled.	88.97
iii) Clause (iv)	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of air, water and soil including contribution to clean Ganga.	2.50
iv) Clause (ix)	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of air, water and soil.	20.00
	<b>TOTAL</b>	<b>221.00</b>

(₹ in lakh)

Particulars	2019-20	2018-19
Amount required to be spent by the Company during the year	218.40	268.23

**Amount spent during the year on:**

(₹ in lakh)

Particulars	In Cash	Yet to be paid in Cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	221.00	-	221.00

**Note 39: Construction contracts**

On the balance sheet date, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

(₹ in lakh)

Particulars	31 March, 2020	31 March, 2019
(i) Contract revenue recognized for the year	1,29,501.67	1,23,200.13
(ii) Aggregate amount of costs incurred and recognized profit (less recognized losses) upto the reporting date for all contracts in progress as at that date	2,42,363.86	3,16,915.89
(iii) Amount of customer advances outstanding (gross) for contracts in progress	5,24,584.47	5,11,073.79

**Note 40: Russian (USSR) deferred State Credit**

An inter-governmental agreement between Russian Federation and Government of India was reached for restructuring of Russian deferred state credit in Rouble in connection with procurement.

As per the said agreement, the outstanding debt in Rouble as on 01.04.1992 was converted to Indian Rupees at the difference in Rupee-Rouble exchange rate between 01.04.1990 and 01.04.1992 and such amount of exchange rate difference was rescheduled by Government of India under a deferred rupee payment arrangement payable over 45 years till 2037. These rescheduled payments are also reimbursable by Indian Navy. Such amount is accordingly held as Foreign Suppliers Deferred Credit as at 31 March, 2020 and aggregated to ₹ 849.66 Lakh (Undiscounted amount being ₹ 1,800.67 Lakh) (31 March 2019: ₹ 868.71 Lakh (Undiscounted amount being ₹ 1,906.59 Lakh).

**Note 41:**

- The Company follows a general practice of undertaking physical verification of all the fixed assets in a phased manner in a block of three years. In the current year, such physical verification has been done in the 61 Park, RBD & Taratala Units. Discrepancies found have been appropriately dealt with in the Accounts.
- Out of three docks and two slipways taken over from CIWTC Ltd. on 1 July, 2006, Dry Dock No.2 has been capitalized. Dry dock No. 1 although technically operational cannot be exploited for production until the rectification of leaking valves gets completed, hence the expenditure incurred in Dry dock No. 1 have been carried in Capital Work-in-progress. Other facilities are still under repair and have remained non-operational, due to which cost of acquisition of these assets and subsequent capital expenditure have continued to be carried forward as capital work-in progress.
- 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 ₹ 1,359.87 Lakh (original value ₹ 3,154.90 Lakh) as on 31 March, 2020 have been installed / placed on the said premises. Ignoring the right of GRSE in the said land, the then Govt. of Bihar executed a Deed of Conveyance in favour of HEC in February, 1996. Later, HEC vide a letter of 07 August, 1999 raised a claim for a 30 year lease effective from 01.04.1996 of ₹ 1488 Lakh as one-time premium and a sum of ₹ 148.8 Lakh p.a. being 10% of the said premium as annual lease rent which GRSE repudiated. During April, 2013, HEC unilaterally referred the disputes to PMA, DPE, Govt. of India for arbitration and subsequently inter alia prayed before PMA for directing GRSE to enter into lease agreement for totally baseless, frivolous and absurd lease rent and premium with interest for further period and to declare GRSE as "unauthorized occupant" etc. GRSE raised preliminary objection regarding maintainability and sustainability of the alleged reference of HEC and rejection of claim as the same are not sustainable on facts as well as in law. The matter was under adjudication before Smt. Zoya Hadke, Sole Arbitrator, PMA who after hearing both the parties at length, vide Order dated 30.6.2015 held that in absence of any agreement between the parties, the Arbitral Forum lacks jurisdiction to settle the dispute and rejected the reference of HEC. Accordingly, the arbitration- matter stood disposed off. No appeal filed by HEC.

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.

HEC has filed an Application under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 before the Estate Officer appointed under the said Act by HEC, for eviction of GRSE alleging as 'unauthorised occupant' from the said land occupied by DEP Unit of GRSE.[ Case no. P.P. ACT/REV/2018-01 dated 28.4.2018]

GRSE has filed a Writ Petition [ being WP (C) No. 3359 of 2018 ] before the Hon'ble Jharkhand High Court praying for 'declaration' that summary proceeding before the Estate Officer under the Public Premises (Eviction of Unauthorised Occupants) Act is not maintainable involving intricate and complicated questions of law pertaining to title, right, interest and possession to the land and moreover competent civil court at Ranchi is already adjudicating the matter on the self-same cause of action. The High Court on 14.8.2018 directed HEC to file Opposition and not to evict GRSE from the said land. Meanwhile, upon approach by HEC, process to find out various possibilities to arrive at amicable settlement has been initiated.

In view of the above an amount of ₹ 5,059.20 Lakh (Previous year ₹ 4,910.40 Lakh) without interest has been considered as contingent liability not acknowledged as debt.

**Note 42:**

Letters seeking confirmation of balances in the accounts as at 31<sup>st</sup> December, 2019 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 43:**

- (a) The Company has sent letters seeking confirmations of balances in respect of its Debtors. Though no response has been received from the debtors, in the opinion of the Company, the balances have realisable values equal to the amount as stated in the books in the ordinary course of business, unless otherwise stated.
- (b) The amounts received from customers are mainly received in respect of ship division, customers being Indian Navy and Indian Coast Guards. In respect of other divisions, advance from customers are received mainly from Government Departments.

**Note 44:**

With introduction of Ind AS 116 from 01.04.2019, Right of Use Asset (RoU) ₹ 711.95 Lakh has been recognised under Property, Plant and Equipment with Lease Liability of ₹ 599.28 Lakh. Accordingly ₹ 112.67 Lakh (included in prepaid expenses ₹29.08 Lakh, advance operating lease rental ₹ 10.37 Lakh as on 31<sup>st</sup> March, 19) and rent of ₹ 73.22 Lakh has been transferred to RoU Asset.

Rent and transport charges under other expenses, apart from rent paid for lease hold land of ₹ 127.92 Lakh and vehicle of ₹ 27.02 Lakh has been adjusted with corresponding lease liability.

Gain on Fair Valuation under other Income includes unwinding of Interest on lease rent paid of ₹ 47.82 Lakh and depreciation and amortisation expenses includes amortisation of RoU Assets of ₹ 161.16 Lakh. Net impact on PBT is ₹ 54.04 Lakh.

**Note 45:** Based on the information/documents available with the Company, information as per the requirement of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follow:

		(₹ in lakh)	
Sl. No.	Description	2019-20	2018-19
a)	The principal amount remaining unpaid to suppliers as at the end of accounting year	293.43	1,390.82
b)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	6.95	23.42
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	88.03	73.11
e)	The amount of interest accrued during the year/period and remaining unpaid at the end of the accounting year	94.98	96.52
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	-	-

**Note 46:**

Due to near cyclonic storm on 17.04.2018, a 250 Ton Goliath Crane had collapsed and damaged. This also caused damages to surrounding properties including Stocks and Module Hall. All these assets were covered under suitable insurance policies.

Insurance Surveyor has now shared the copy of Loss Assessment admitting a claim for ₹ 9,678.60 Lakh against book value of Assets of ₹ 1,0739.30 Lakh. Loss on Insurance Claim for ₹ 1,060.70 Lakh has been booked in statement of Accounts under the head "Exceptional Items".

The damaged Module Hall was built from the funds allocated by Indian Navy and this asset was not appearing in Company Books. The Company being custodian of this asset, had taken insurance coverage for the same. Surveyor had admitted a claim of ₹ 1,591.32 Lakh for the damage to this asset. The repairs to damaged Module Hall is yet to be commenced.

**Note 47:**

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

**Note 48: Disclosure of recovery or settlement of assets and liabilities**

(₹ in lakh)

Particulars	31 March, 2020		31 March, 2019	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
<b>ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, plant and equipment	-	29,923.31	-	29,727.67
(b) Capital work-in-progress	5,151.52	-	3,418.60	-
(c) Intangible assets	-	445.56	-	497.52
(d) Financial assets				
(i) Investments	-	0.44	-	0.44
(ii) Other financial assets	-	7,660.42	-	18,177.09
(e) Non-current tax assets	-	12,060.02	-	9,171.48
(f) Other non-current assets	1,792.43	615.63	811.19	44.96
<b>(2) Current assets</b>				
(a) Inventories	44,102.22	-	34,956.91	-
(b) Financial assets				
(i) Current Investment	5,400.43	-	183.01	-
(ii) Trade receivables	53,528.00	-	21,985.99	-
(iii) Cash and cash equivalents	72,922.75	-	927.43	-
(iv) Bank balances other than (iii) above	1,88,207.93	-	1,98,012.61	-
(v) Other financial assets	20,732.75	-	43,704.64	-
(c) Other current assets	95,818.44	-	57,330.46	-
(d) Assets classified as held for sale	52.82	-	43.09	-
<b>LIABILITIES</b>				
<b>(1) Non-current liabilities</b>				
(a) Financial liabilities				
Trade payables	-	1,075.05	-	762.79
(b) Provisions	-	7,662.46	-	6,432.07
(c) Deferred tax liabilities (Net)	-	953.78	-	1,122.53
<b>(2) Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	-	-	-	-
(ii) Trade payables				
(a) total outstanding dues of micro and small enterprises	293.43	-	1,390.82	-
(b) total outstanding dues other than (ii) (a) above	54,384.37	-	35,618.17	-
(iii) Other financial liabilities	2,426.41	-	2,152.46	-
(b) Other current liabilities	3,52,337.17	-	2,53,602.54	-
(c) Provisions	15,258.90	-	14,081.00	-

**Note 49:** The financial statements are authorised for issue by the Board of Directors on 6<sup>th</sup> June, 2020..

**In terms of our report of even date.**

**For A. Kayes & Co.**  
Chartered Accountants  
Firm Registration No - 311149E

Sd/-  
**(CA. S.R. Biswas)**  
Partner  
Membership No. 051512  
ICAI UDIN: 20051512AAAAAE1063

Place of Signature : Kolkata  
Date : 06<sup>th</sup> day of June, 2020

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

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

Sd/-  
**S. Mahapatra**  
Company Secretary



## GARDEN REACH SHIPBUILDERS & ENGINEERS LTD.

Registered Office: 43/46, Garden Reach Road, Kolkata-700024

Ph: (033)-24698100-13, Fax: (033)-24698150

Website: [www.grse.in](http://www.grse.in) Email: [co.sec@grse.co.in](mailto:co.sec@grse.co.in)

CIN: L35111WB1934GOI007891

# NOTICE OF 104<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 104<sup>th</sup> Annual General Meeting of **Garden Reach Shipbuilders & Engineers Limited** will be held on Friday, 11<sup>th</sup> September, 2020 at 10:30 hours through Video Conference / Other Audio Visual Means, to transact the following businesses:

### ORDINARY BUSINESS:

- (1) To consider and adopt the audited financial statements for the financial year ended 31<sup>st</sup> March, 2020 and the Reports of the Board of Directors and Auditors thereon.
- (2) To approve the payment of interim dividend of ₹5.74/- per equity share and to declare final dividend of ₹1.40/- per equity share (face value ₹10/-) for the financial year 2019-20 (i.e. total Dividend of ₹7.14/- per equity share).
- (3) To appoint a director in place of Cmde Sanjeev Nayyar, IN (Retd.) (DIN: 07973950), who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To fix the remuneration of Statutory Auditors to be appointed by the Comptroller & Auditor General of India for the financial year 2020-21.

In terms of provisions of Section 142 of the Companies Act, 2013, the remuneration of the Auditors shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. Hence, it is proposed that the Members may authorise the Board to fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2020-21, as may deem fit.

### SPECIAL BUSINESS:

- (5) To appoint Cmde Hari P R, IN (Retd.) as Director (Personnel) and in this regard to consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to Government of India letter No. 1/1(1) 2018/ D(NS) dated 18 Oct 2019 issued by Ministry of Defence (on behalf of President of India) and the provisions of Sections 152, 160, 196 and

all other applicable provisions of the Companies Act, 2013 (the ‘Act’) and the Rules made thereunder, read with the Articles of Association of the Company and further on recommendations of HR, Nomination and Remuneration Committee of the Board, consent of the Members be and is hereby accorded to the appointment of Cmde Hari P R, IN (Retd.) (DIN: 08591411), as Director (Personnel) of the Company on terms & conditions as stipulated by the Government of India and liable to retire by rotation.”

- (6) To appoint Shri Ramesh Kumar Dash as Director (Finance) and in this regard to consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to Government of India letter No. 1/1(1) 2017/ D(NS-II) dated 30 Apr 2020 issued by Ministry of Defence (on behalf of President of India) and the provisions of Sections 152, 160, 196 and all other applicable provisions of the Companies Act, 2013 (the ‘Act’) and the Rules made thereunder, read with the Articles of Association of the Company and further on recommendations of HR, Nomination and Remuneration Committee of the Board, consent of the Members be and is hereby accorded to the appointment of Shri Ramesh Kumar Dash (DIN: 08511344), as Director (Finance) of the Company on terms & conditions as stipulated by the Government of India and liable to retire by rotation.”

- (7) To ratify the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2021 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 to M/s Mou Banerjee & Co., Cost Accountants, 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<sup>st</sup> March, 2021, amounting to ₹69,000/- plus applicable taxes and out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified.”

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

By Order of the Board  
Garden Reach Shipbuilders & Engineers Limited

Sd/-  
**(Sandeep Mahapatra)**  
Company Secretary and Compliance Officer

Date: 13<sup>th</sup> August, 2020  
Place: Kolkata

#### Notes:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the ‘Act’), setting out material facts concerning the business under Item Nos. 5 to 8 of the accompanying Notice, is annexed hereto. The Board of Directors of the Company at its meeting held on 13<sup>th</sup> August, 2020 considered that the special business under Item Nos. 5 to 8, being considered unavoidable, be transacted at the 104<sup>th</sup> AGM of the Company.
2. In view of the outbreak of the COVID-19 pandemic, social distancing norm to be followed and the continuing restrictions on the movement of people at several places in the country, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 read with General Circular No. 14/2020 dated 8<sup>th</sup> April, 2020 and General Circular No. 17/2020 dated 13<sup>th</sup> April, 2020 and the Securities and Exchange Board of India (SEBI) Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May 2020 has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020. In accordance with the said circulars of MCA, SEBI and applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the 104<sup>th</sup> AGM of the Company shall be conducted through VC/ OAVM. The deemed venue for the 104<sup>th</sup> AGM shall be the Registered Office of the Company at 43/46, Garden Reach Road, Kolkata – 700 024.
3. In terms of MCA Circulars, since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice. However, Institutional / Corporate Members are requested to send a certified copy of the Board resolution authorising their representatives to attend and vote at the AGM, to the Company at [investor.grievance@grse.co.in](mailto:investor.grievance@grse.co.in).
4. National Securities Depositories Limited (‘NSDL’) will be providing facility for voting through remote e-voting, participation in the AGM through VC / OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC / OAVM is explained in this Notice and is also available on the website of the Company at [www.grse.co.in](http://www.grse.co.in).
5. In terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (“ICSI”) and Regulation 44 of SEBI Listing Regulations read with MCA Circulars and SEBI Circular, the Company is providing remote e-voting facility to its Members in respect of the business to be transacted at the AGM and facility for those Members participating in the AGM to cast vote through e-voting system during the AGM.
6. The Company has appointed Mr. A. K. Labh, Practising Company Secretary (FCS: 4848 / CP No.: 3238) of M/s. A. K. Labh & Co., Company Secretaries, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner.
7. Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members on **Friday, 04<sup>th</sup> September, 2020 (“cut-off date”)**. Only those Members whose names appear in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories (NSDL/ CDSL) as on the cut-off date will be entitled to cast their votes by remote e-voting or e-voting during AGM. A person who is not a Member on the cut-off date should accordingly treat this Notice for information purposes only.

8. Members may cast their votes on electronic voting system from any place (remote e-voting). The remote e-voting period will commence at **9.00 a.m. on Tuesday, 08<sup>th</sup> September, 2020** and will end at **5.00 p.m. on Thursday, 10<sup>th</sup> September, 2020**. Thereafter, the remote e-voting module shall be disabled by NSDL for voting. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change the vote subsequently. In addition, the facility for e-voting through electronic voting system shall also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the meeting. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at <https://www.evoting.nsdl.com/>.
9. Shareholders are requested to read the instructions as stated in this Notice under the section "*Instructions for Members for Remote e-Voting*".
10. Dividend, if declared at the AGM, will be paid within 30 days from the date of declaration, to those Members whose names appear on the Register of Members as at the end of **04<sup>th</sup> September, 2020**.
11. Members are requested to claim any money lying in the Unpaid Dividend Account(s) with the Company since the Company is obliged to transfer any money lying in such Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Account, to the credit of the Investor Education and Protection Fund established by the Central Government. The detailed unpaid/ unclaimed dividend history is available on website of the Company at [www.grse.in](http://www.grse.in).
12. This Notice of AGM along with the Annual Report 2019-20 is being sent to all the Shareholders, whose name appear in the Register of Members/list of Beneficial Owners on 14<sup>th</sup> August, 2020, as received from Depositories (NSDL / CDSL).
13. The Annual Report 2019-20 along with this AGM Notice is also being uploaded on the Company's website at [www.grse.in](http://www.grse.in) and on the website of NSDL at <https://evoting.nsdl.com>. The Annual Report 2019-20 along with the Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively.
14. The Results of e-voting will be declared within 48 hours from the conclusion of the AGM and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes. The declared Results, along with the Scrutinizer's Report, will be placed on the Company's website [www.grse.in](http://www.grse.in) under the section 'Investors Corner'. The voting results will be communicated to the stock exchanges where the shares of the Company are listed, depositories, RTA and shall also be displayed on the website of NSDL i.e. [www.evoting.nsdl.com](https://www.evoting.nsdl.com).
15. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
16. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from 1<sup>st</sup> April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form.
17. All the documents referred to in the accompanying Notice and Explanatory Statement will be available for inspection through electronic mode basis, the request for the same may be sent to [investor.grievance@grse.co.in](mailto:investor.grievance@grse.co.in).
18. During the AGM, Members may access the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act and other relevant documents, upon Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>.
19. Details as required in Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the ICSI in respect of the Directors seeking appointment/ re-appointment at the AGM are provided as Annexure to this Notice. Requisite declarations have been received from the Directors seeking appointment/ re-appointment.
20. In case of any query or clarification, the Members are requested to address all correspondence, including on dividends, to the RTA at [investor.grievance@grse.co.in](mailto:investor.grievance@grse.co.in) / [rta@alankit.com](mailto:rta@alankit.com).

## DIVIDEND RELATED INFORMATION

- Dividend, if declared at the AGM, will be paid within 30 days from the date of declaration, to those Members whose names appear on the Register of Members/ list of Beneficial owners as on the Record Date.
- Payment of dividend shall be made through electronic mode to the Shareholders who have updated their bank account details. Dividend warrants / demand drafts will be despatched to the registered address of the shareholders who have not updated their bank account details.
- Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participant(s) of the Members. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants.
- Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s Alankit Assignments Limited, Registrar and Share Transfer Agent of the Company by sending a request on email at [rta@alankit.com](mailto:rta@alankit.com) or contact the Company Secretary of the Company at [investor.grievance@grse.co.in](mailto:investor.grievance@grse.co.in).
- Pursuant to the amendments introduced by the Finance Act, 2020 the dividends paid or distributed by a Company after 1<sup>st</sup> April, 2020 shall be taxable in the hands of the Shareholders. The Company shall therefore be required to deduct Tax at Source (TDS) at the prescribed rates on the dividend paid to its shareholders w.e.f. 1<sup>st</sup> April 2020. No tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend paid does not exceed ₹ 5,000/- The withholding tax rate would vary depending on the residential status of the shareholder and documents registered with the Company.

### A. RESIDENT SHAREHOLDERS

#### (a) Tax Deductible at Source for Resident Shareholders

Sr. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Valid PAN updated in the Company's Register of Members	7.5%	No document required (if no exemption is sought)
2	No PAN/Valid PAN not updated in the Company's Register of Members	20%	No document required (if no exemption is sought)
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority

#### (b) No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit and register following documents as mentioned in column no. 4 of the below table with the Company / RTA.

Sr. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Submission of form 15G/15H	NIL	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling certain conditions.
2	Shareholders to whom section 194 of the Income Tax, 1961 does not apply such as LIC, GIC, etc.	NIL	Documentary evidence that the said provisions are not applicable.
3	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds.	NIL	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961
4	Category I and II Alternative Investment Fund	NIL	SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961
5	<ul style="list-style-type: none"> <li>Recognised provident funds</li> <li>Approved superannuation fund</li> <li>Approved gratuity fund</li> </ul>	NIL	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)
6	National Pension Scheme	NIL	No TDS as per section 197A (1E) of Income Tax Act, 1961

**B. NON-RESIDENT SHAREHOLDERS:**

Withholding tax on dividend payment to non-resident shareholders if the non-resident shareholders submit and register following document as mentioned in column no. 4 of the below table with the Company / RTA

Sr. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	FPI registration number / certificate.
2	Other Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	To avail beneficial rate of tax treaty following tax documents would be required: <ol style="list-style-type: none"> <li>i) Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received</li> <li>ii) PAN</li> <li>iii) Form 10F filled &amp; duly signed</li> <li>iv) Self-declaration, certifying the following points:               <ol style="list-style-type: none"> <li>(a) Member is and will continue to remain a tax resident of the country of its residence during the financial year 2020-21;</li> <li>(b) Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;</li> <li>(c) Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;</li> <li>(d) Member is the ultimate beneficial owner of its shareholding in the Company and Dividend receivable from the Company; and</li> <li>(e) Member does not have a taxable presence or a permanent establishment in India during the financial year 2020-21.</li> </ol> </li> </ol> <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non- Resident shareholder and review to the satisfaction of the Company)</p>
3	Indian Branch of a Foreign Bank	NIL	Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank
4	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in certificate	Lower tax deduction certificate obtained from Income Tax Authority

6. In order to enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the aforesaid details/ documents on or before Friday, 04<sup>th</sup> September, 2020. Any communication on the tax determination/deduction received post 04<sup>th</sup> September, 2020 shall not be considered. It may be further noted that application of TDS rate is subject to necessary verification by the Company of the shareholder details as available in Register of Members as on the Record Date, and other documents available with the Company / RTA.
  7. In case, TDS is deducted at a higher rate in absence of receipt of the aforementioned details / documents from you, an option is still available with the shareholder to file the return of income and claim an appropriate refund, if eligible.
  8. The Company will arrange a soft copy of the TDS certificate to its shareholders through registered email registered with the Company / RTA post payment of the said Dividend. Shareholders will be able to download the TDS certificate from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).
  9. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.
  10. This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.
2. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company at [investor.grievance@grse.co.in](mailto:investor.grievance@grse.co.in) along with the copy of the signed request letter mentioning the Folio No., Name and address of the Shareholder, scanned copy of the Share Certificate (front and back), self-attested copy of the PAN card and any document (eg.: Aadhaar Card, Driving License, Election Identity Card, Passport) in support of the registered address of the Member. Members holding shares in dematerialised mode are requested to provide DPID-CLID (16 digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account statement, self-attested copy of PAN and any document (eg.: Aadhaar Card, Driving License, Election Identity Card, Passport) to [investor.grievance@grse.co.in](mailto:investor.grievance@grse.co.in). In case of any queries / difficulties in registering the e-mail address, Members may write to [investor.grievance@grse.co.in](mailto:investor.grievance@grse.co.in).
  3. Alternatively, member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by proving the details mentioned above.

#### **INSTRUCTIONS FOR MEMBERS FOR PARTICIPATING IN THE AGM THROUGH VC/OAVM**

1. Members will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-voting system. Members may access the same at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) under shareholders/ members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholders/ members login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush. Further, Members can also use the OTP based login for logging into the e-voting system of NSDL.
2. Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Scrutiniser, etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

#### **ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT AND PROCURING USER ID AND PASSWORD**

1. In accordance with, the General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Depositories.

3. Members are encouraged to join the Meeting through Laptops for better experience. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, the Shareholders who would like to express their views/ask questions during the AGM may register themselves as a speaker, may send their request mentioning their name, DP ID and Client ID number/ folio number, email id and mobile number at [investor.grievance@grse.co.in](mailto:investor.grievance@grse.co.in) between 9.00 a.m. on Monday, 07<sup>th</sup> September, 2020 and 5.00 p.m. on Wednesday, 9<sup>th</sup> September, 2020. Further, Shareholders are encouraged to express their views/send queries in advance mentioning their name, DP ID and Client ID number/ folio number, email id and mobile number at [investor.grievance@grse.co.in](mailto:investor.grievance@grse.co.in). Questions / queries received by the Company till 5.00 p.m. on Wednesday, 9<sup>th</sup> September, 2020 shall only be considered and responded during the AGM. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM. In the interest of time, each speaker is requested to express his/her views in 2-3 minutes of their allotted time

### INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING

In compliance with Regulation 44 of SEBI Listing Regulations and Section 108 and other applicable provisions of the Act, read with the related rules, the Company is pleased to provide e-voting facility to all its Shareholders, to enable them to cast their votes electronically. The Company has engaged the services of NSDL for the purpose of providing e-voting facility to all its Shareholders.

#### The instructions for e-voting are as follows:

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

#### Step 1: Log-in to NSDL e-Voting system

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - (i) If your e-mail ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your e-mail ID. Trace the e-mail sent to you from

NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the.pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned above in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) You can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

### **Step 2: Cast your vote electronically on NSDL e-Voting System**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for Shareholders**

1. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [evoting@grse.co.in](mailto:evoting@grse.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
2. In case of joint holder attending the Meeting, the Members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
3. Persons who acquire shares and become Members of the Company after the dispatch of Notice and hold shares as on cut-off date i.e. 04<sup>th</sup> September, 2020, may obtain the login ID and password by sending request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the RTA at their e-mail id [rta@alankit.com](mailto:rta@alankit.com). However, if you are already registered with NSDL for remote e-voting then you can use your existing User ID and password for casting your vote.
4. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
5. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Mr. Amit Vishal, Senior Manager or Ms Pallavi Mhatre Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email IDs: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [AmitV@nsdl.co.in](mailto:AmitV@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone nos. : +91-22-24994360 or +91-22-24994545 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company's email address [evoting@grse.co.in](mailto:evoting@grse.co.in).

## INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. Members who need assistance before or during the AGM with use of technology, can contact the persons as mentioned above under the section "*Instructions for Members for Remote e-Voting*".

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

### Item No. (5)

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

The Government has vide its letter No. 1/1(1) 2018/ D(NS) dated 18 Oct 2019 appointed Cmde Hari P R, IN (Retd.) as Director (Personnel) of the Company for a period of five years with effect from the date of assumption of charge of the post or until further orders, whichever is earlier. Cmde Hari P R, IN (Retd.) assumed charge as Director (Personnel) of the Company w.e.f. 21 Oct 2019.

Pursuant to Section 161(1) of the Companies Act, 2013 (the 'Act') and Articles 195 & 196 of the Articles of Association of the Company, the Company appointed him as Additional Director to hold office upto the date of the next Annual General Meeting. Subsequently, his appointment was recommended by the HR, Nomination and Remuneration Committee of the Company under Section 160 of the Act.

Brief resume of Cmde Hari P R, IN (Retd.) containing, qualification, expertise, remuneration, etc. is annexed herewith. The Board accordingly recommends the passing of the resolution proposed at Item No.5 of the Notice as Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Cmde Hari P R, is in any way concerned or interested in the resolutions set out at Item No. 5 of this Notice.

### Item No. (6)

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

The Government has vide its letter No. 1/1(1) 2017/ D(NS-II) dated 30 Apr 2020 appointed Shri Ramesh Kumar Dash, as Director (Finance) of the Company for a period up to 31 May 2025 with effect from the date of assumption of charge of the post or until further orders, whichever is earlier. Shri Ramesh Kumar Dash assumed charge as Director (Finance) of the Company w.e.f. 01 July 2020.

Pursuant to Section 161(1) of the Companies Act, 2013 (the 'Act') and Articles 195 & 196 of the Articles of Association of the Company, the Company appointed him as Additional Director to hold office upto the date of the next Annual General Meeting. Subsequently, his appointment was recommended by the HR, Nomination and Remuneration Committee of the Company under Section 160 of the Act.

Brief resume of Shri R K Dash containing qualification, expertise, remuneration, etc. is annexed herewith. The Board accordingly recommends the passing of the resolution proposed at Item No.6 of the Notice as Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Shri R K Dash, is in any way concerned or interested in the resolutions set out at Item No. 6 of this Notice.

### Item No. (7)

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s. Mou Banerjee & Co., Cost Accountants as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2021 at an audit fees of ₹ 69,000/- plus taxes and out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2021.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval of the Shareholders.

By Order of the Board  
Garden Reach Shipbuilders & Engineers Limited

Sd/-

(Sandeep Mahapatra)

Company Secretary and Compliance Officer

Date: 13<sup>th</sup> August, 2020

Place: Kolkata



## Annexure

### Details of Directors Retiring by Rotation / Seeking Appointment / Re-Appointment at the 104<sup>th</sup> AGM

Name of Directors	Cmde Sanjeev Nayyar, IN (Retd.)	Cmde Hari P R, IN (Retd.)	Ramesh Kumar Dash
Date of Birth	10 Dec 1961	31 May 1967	02 May 1965
Date of Appointment	16 Dec 2017	21 Oct 2019	01 Jul 2020
Qualifications	<ul style="list-style-type: none"> <li>Bachelor of Science and a Bachelor of Technology degree in Mechanical Engineering from Jawaharlal Nehru University, Delhi</li> <li>Master of Technology in Design of Mechanical Equipment from IIT, Delhi</li> <li>Master of Management Studies from Osmania University</li> </ul>	<ul style="list-style-type: none"> <li>Bachelors' degree in Mechanical Engineering from Jawaharlal Nehru University, New Delhi</li> <li>Master of Science in Defence and Strategic Studies from University of Madras</li> </ul>	<ul style="list-style-type: none"> <li>M.COM</li> <li>ACMA</li> <li>LL.B</li> </ul>
Expertise in specific functional areas	<p>He has over 37 years of experience and heads the Shipbuilding division of your Company. Prior to joining GRSE, he has put in over thirty-five (35) years of commissioned service in the Indian Navy.</p> <p>He has rich experience in Ship Design, Ship Repair, Setting-up of Marine Infrastructure and shipbuilding.</p>	<p>He has over 31 years of experience and have 28 years of experience of commissioned service in the Indian Navy with varied experience onboard warships, Naval repair Organisations and various Staff appointments</p>	<p>He has over 28 years of extensive experience in Finance, Accounts, Pricing, Budgeting, Taxation and Audit Functions.</p>
Relationship with other Directors / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel
Directorship held in other companies	NIL	NIL	NIL
Membership / Chairmanship of Committees of other Companies as on 31 Mar 2020	NIL	NIL	NIL
Shareholding in the Company as on 31 Mar 2020	NIL	NIL	NIL

For other details such as number of meetings of the board attended during the year, remuneration drawn in respect of above directors, please refer to the corporate governance report which is a part of this Annual Report.

## THUS SPOKE VISITING DIGNITARIES

**IG Rajan Bargotra**, PTM, TM,  
COMCG (NE),  
during his visit to GRSE on 11 Apr 19

I congratulate M/s GRSE for timely delivery of first FPV of 05 FPVS project and building a state of art ship. Visit of the shipyard was quite revealing and it was encouraging to see the modernisation drive all around the shipyard. My best wishes to the CMD & his team for the success & growth of M/s GRSE.

**Dr. Ajay Kumar**, IAS  
Secretary (Defence Production),  
during his visit to GRSE on 10 Aug 19

A privilege to be part of launch of 5th FPV designed and developed by GRSE for Indian Coast Guard. Congratulations to Team GRSE and Coast Guard officials who have steered this project. Also extremely glad to see future plans of GRSE and launch of 2nd Ship way at Rajabagan. Wishing GRSE accelerated growth and wings to their dreams. Compliments to RAdm Saxena, CMD for providing leadership to these growth plans. Best Wishes.

**Vice Admiral A.K.Jain**, AVSM, VSM  
Flag Officer Commanding-in-Chief Eastern Naval Command,  
during his visit to GRSE on 11 Jan 2020

Thank you very much for the informative visit. Glad to see the program made by GRSE and the excellent work being done to provide quality and fully combat ready ship. Progress made on Kavaratti is commendable. We look forward to a Model Combat ready Kavaratti which is delivered with NIL D448 liability and complete Part IV trials. Wish the CMD and his entire Team the very best and success in all endeavour with great success in quality ship building.

**Vice Admiral Srikant**, AVSM  
Commandant NDC, during his visit to GRSE on 23 Apr 19

Thank you very much for a fascinating visit to the Motivational Hall. The Growth of the yard has been well captured and kept ship shape. May the yard grow from strength to strength. Good Luck

**Lt. Gen. Anil Chauhan L**, UYSM,  
AVSM, SM, VSM, GOC-in-C, HQ  
EASTERN COMMAND,  
during his visit to GRSE on 20 Jan 2020

Indigenous shipbuilding is an absolute must for any nation that aspires to be counted. GRSE is making that possible. My compliments to them. Also wish them well in all their future endeavours.

**Admiral Sunil Lanba**, PVSM, AVSM,  
VSM, ADC,  
Chief of the Naval Staff, during his visit to  
GRSE on 14 May 19

It was a pleasure to visit the shipyard. The pace of work and productivity has picked up. Also the upkeep of the yard is ship shape. Continue to work to deliver ship on schedule. Wish the yard all the very best.

**Vice Admiral Srikant**, AVSM  
Commandant NDC, during his visit to GRSE on 23 Apr 19

It's always a pleasure to visit GRSE. Very glad to see modernisation efforts of the yard and the quality of ships being constructed using modern technology. Visit to Yard 3020 (Kavaratti) has been very encouraging. We are looking forward for the delivery of the ship to the Navy and Kavaratti joining the fleet at the earliest. GRSE has played an important role towards self reliance and Make in India initiative. Best wishes to the CMD & Team GRSE

**Vice Admiral G.Ashok Kumar**, AVSM, VSM  
Vice Chief of Naval Staff, during his visit to GRSE on 24 Jan 2020

A visit to GRSE for Keel Laying of Yard 3023, the Second P-17A has indeed been educative, to say the least. Thoroughly impressed to see the commitment and competence. Of one and all, as well as the new initiatives in a wide variety of spheres – such as infrastructure development, VR Lab, Renovation, CISF Security, better Contractor Management, Integrated Construction etc. Revival of facilities, which had deteriorated with time, is highly impressive. Keep up the great work. Navy will continue to rely on GRSE for modern and quality warship on time. Best Wishes.



**गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड**  
**GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED**

CIN L35111WB1934GOI007891

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