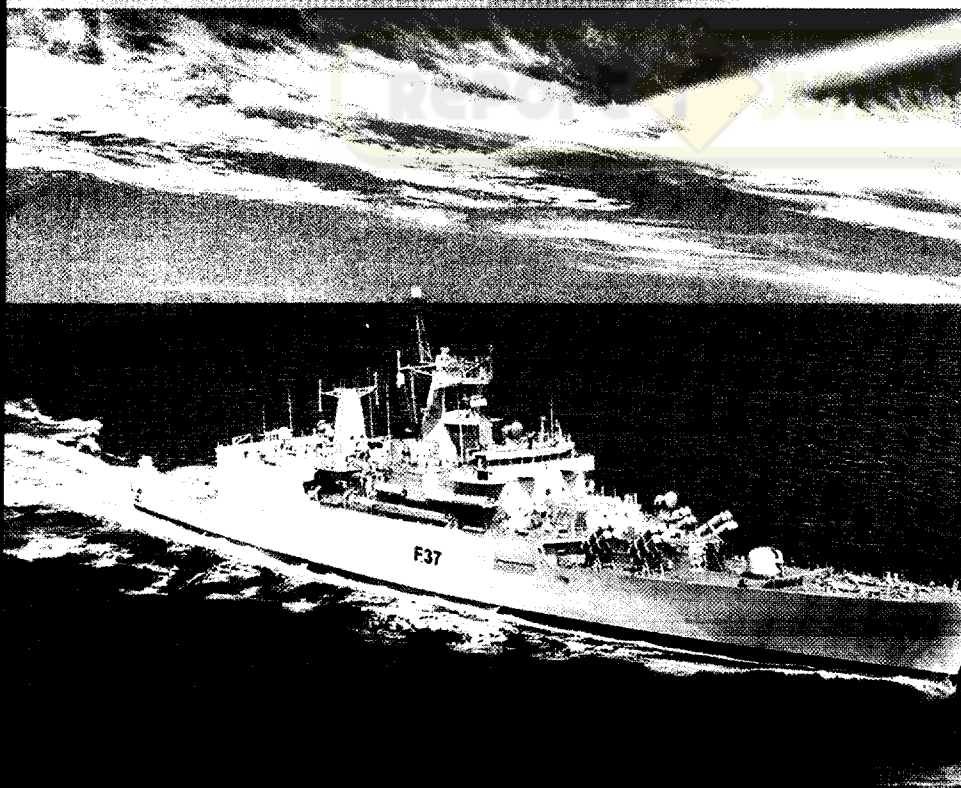




वार्षिक रिपोर्ट  
**ANNUAL REPORT**  
| 2004 - 2005 |

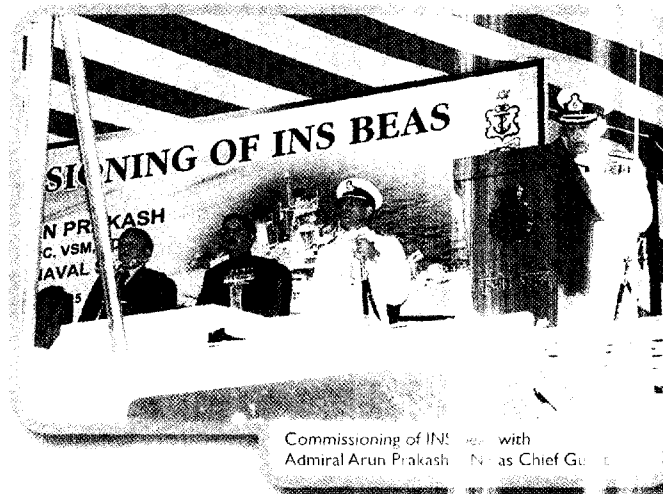


गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड  
**Garden Reach Shipbuilders  
& Engineers Ltd.**

## Commissioning of INS Beas, 11 July 2005



INS Beas at Sea



Commissioning of INS Beas with  
Admiral Arun Prakash as Chief Guest



On board INS Beas, Defence Secretary, Chief of the Naval  
Staff, CMD GRSE, CWP&A, IN:JS (SY) MoD



Hon'ble Defence Minister on board INS BEAS



Hon'ble Governor of West Bengal in OPS Room



Hon'ble Chief Minister  
Govt. of West Bengal in Captain's Cab



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



AUTHENTICATED

**RAKSHA MANTRI**



## GARDEN REACH SHIPBUILDERS &amp; ENGINEERS LIMITED

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GARDEN REACH SHIPBUILDERS &amp; ENGINEERS LIMITED

# BOARD OF DIRECTORS

Rear Admiral T.S Ganeshan, IN (Retd.)	Chairman & Managing Director (From 01 Apr 05)
Smt. Rita Menon	Director
Smt. Dipali Khanna	Director
Vice Admiral J.S Bedi, IN	Director
Rear Admiral Sampath Pillai, IN (Retd)	Director
Rear Admiral R.M. Bhatia, IN (Retd)	Director
Dr. Anup Kumar Chanda	Director
Dr. Sabyasachi Sen	Director
Commodore G.N. Sreekumar, IN (Retd)	Director (Shipbuilding)
Shri Humayun Ao	Director (Personnel)
Shri Ranjan Chakraborty	Director (Finance)
Rear Admiral R. Paralikal, IN (Retd.)	Chairman & Managing Director (Upto 31 Mar 05)

## Company Secretary

Shri S.R.Sahoo (From 01 Sep 05)  
Shri Subhasish Bose (Upto 31 Aug 05)

## Bankers

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

## Auditors

D.K. Basu & Co.  
Chartered Accountants  
  
Lodha Patel Wadhwa & Co.  
Chartered Accountants

## Registered Office

43/46, Garden Reach Road  
Kolkata 700 024



GARDEN REACH SHIPBUILDERS &amp; ENGINEERS LIMITED

# SENIOR MANAGEMENT

Rear Admiral T.S Ganeshan, IN (Retd.)	Chairman & Managing Director
Commodore G.N Sreekumar, IN (Retd)	Director (Shipbuilding)
Shri Humayun Ao	Director (Personnel)
Shri Ranjan Chakraborty	Director (Finance)
Shri S. Mitra	Chief General Manager (S)(D&YM)
Commander R. Deb, IN (Retd)	Chief General Manager (Plg.& QA)
Shri V. Kumar	Chief General Manager (Material)
Shri S Maji	Chief General Manager (Engineering)
Commodore B S Sekhon, IN (Retd.)	General Manager (DEP)
Commodore H.K Verma, IN (Retd.)	General Manager (HR & Admin)
Shri Mahesh Ray	General Manager (S)(Design) / ASW (C)
Shri R Chatteraj	General Manager (T&RM)
Shri G.K. Chaudhuri	General Manager (S)(MW)
Shri Kallol Kumar Rai	General Manager (Finance)
Shri D.Bhattacharya	General Manager(IEP & CP&T)
Shri S.Banarjee	General Manager (ERP)
Shri S.Saha	General Manager(S)(FOJ)



## TEN YEARS AT A GLANCE

	(Rs. in Lakhs)									
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Production at Cost	16816	28443	32539	38407	41327	48226	45982	49713	47347	42829
Value of Production	18615	30496	36189	42595	42730	49106	48879	52309	48690	47028
Value Added	9150	11711	13873	16403	16600	12831	15179	15238	15157	16767
Sale of Products and Services	8292	15939	14545	36352	88044	22917	49844	15369	39077	88141
Cost of Goods Sold	7578	15330	12501	32189	87059	22176	49575	14497	38276	86192
Depreciation	350	360	351	444	448	466	482	560	620	661
Operating Cost	7928	15690 *	12852	32633	87507	22642	50057	15057	38896	86853
Other Income	2285	3395	2556 \$	5289 \$	3723 \$	3839 \$	3501 \$	4527 \$	4621 \$	3618 \$
Interest on Govt. Loan	321	232	186	139	93	46	—	—	—	—
Interest on Others	62	4	9	136	59	4	48	49	—	—
Profit Before Tax & Prior period Adjustment	(+)2266	(+)2979	(+)3859	(+)8617	(+)4204	(+)4060	(+)3228	(+)4714	(+)4802	(+)4860
Prior Period adjustment (Net)	(+)13	(+)235	(-)183	(-)63	(-)1	(-)4	(+)9	(+)23	(+)509	(-)4
Profit (+) / Loss (-) before Tax	(+)2279	(+)3214	(+)3676	(+)8554	(+)4203	(+)4056	(+)3237	(+)4737	(+)5311	(+)4856
Provision for Tax	828	1616	2138	4297	2081	914	1596	2604	2381	2104
Net Profit (+) / Loss (-)	(+)1451	(+)1598	(+)1538	(+)4257	(+)2122	(+)3142	(+)1641	(+)2133	(+)2930	(+)2753
Dividend & CDT	290	352	341	937	487	887	509	845	1160	1249
Share Capital	12384	12384	12384	12384	12384	12384	12384	12384	12384	12384
Gross Block	9460	9730	10136	10912	11433	11837	12193	14205	15480	17590
Working Capital	13755	15159	15031 *	17242 *	17591 *	19037 *	18963 *	19002 *	19267 *	20157 *
Capital Employed	18587	19977	19993	22522	22975	24415	24252	26006	26991	29516
Loans from Govt.	1839	1471	1103	736	368	—	—	—	—	—
Loans from Bank	119	684	464	790	431	—	—	—	—	—
No. of Employees	8882	8518	8157	7996	7751	7350	6716	6323	5819	5524

\* Excluding Foreign Exchange Fluctuation Suspense and inclusive Short Term Investment.

\$ Other income includes VRS Grant & Service and Towing Charges (Yard 2040) (VRS Grant - Nil from 2000-01)



GARDEN REACH SHIPBUILDERS &amp; ENGINEERS LIMITED

## NOTICE OF 89TH ANNUAL GENERAL MEETING

1. Notice is hereby given that the 89<sup>th</sup> Annual General Meeting of Garden Reach Shipbuilders & Engineers Ltd., will be held at Taj Bengal, 34-B, Belvedere Road, Alipore, Kolkata-700 027 at 1230 hours on Saturday, the 24th September, 2005 to transact the following Ordinary Business :
  - a) To receive, consider and adopt the Directors' Report and the audited Accounts for the year ended 31st March 2005, along with the Auditors' Report thereon.
  - b) To declare Dividend.
  - c) To fix the remuneration of Auditors pursuant to Article 168 of the Articles of the Association of the Company.
2. Kindly make it convenient to attend this meeting.

By Order of the Board

Garden Reach Shipbuilders &amp; Engineers Limited

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

Dated : 1st September, 2005

Sd/-

(S. R. Sahoo)

Company Secretary

### Notes :

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





# CHAIRMAN'S STATEMENT

Ladies & Gentlemen,

1. On behalf of all employees and the Directors of the Board, I have great pleasure in welcoming you to the 89<sup>th</sup> Annual General Meeting of the Company.

2. **Company's Performance.** During the year 2004-05, the Company achieved Value of Production (VOP) of Rs 470.28 crores as against Rs 486.90 crores during the previous year 2003-04. During the year, the Company earned a Net Profit of Rs 48.56 crores as compared to Rs 53.11 crores during the previous year.

3. **Dividend.** Considering the Profit margin for distribution and retention of profit for internal requirement of the Company, your Directors have recommended a final Dividend, of Rs 11.02 crores i.e., 40% of profit after tax as compared to Rs.10.28 crores paid in the previous year.

4. **Current Prospects.** Your Company is fully engaged in building warships for the Indian Navy. The Shipyard is going ahead full steam with the construction of three Landing Ship Tank (Large) – LST(L) and four Fast Attack Crafts (FAC). GRSE has already approached Navy for the order of follow-on FACs. The plate cutting for Antisubmarine Warfare Corvette has started in August 05 with indigenised steel. Work-load for fitting-out job on all these ships is continuing with full capacity utilization.

Your company has already embarked upon a Modernisation Plan, not only for Plant / Machinery / Dock & Berth but also for software Planning / Design Tools, to achieve higher productivity in the coming years. At the same time, outsourcing, with the local ancillary industries for hull fabrication, plumbing, cabling, hull outfit etc, has augmented the company's efforts to deliver the ships as per schedule at reduced cost.

5. **Activity Progress.** During the financial year 2004-05, the Ship Division of your Company achieved a Value of Production of Rs 403.59 crores. The Ship division continues to face material constraints at times by way of delayed supplies especially valves as well as sub optimal quality of indigenous material/systems. Notwithstanding above, the warship-building activities of existing projects continued to progress towards achieving the Cardinal Dates. During this period, CGS "Veera" the Coast Guard Ship, had completed the Short Refit work and

sailed out on 14 Feb 05 within the committed time frame.

The total order book position of the Ship Division excluding Base & Depot spares, resource augmentation and ship repair, works out to be Rs 4269.65 crores as on 31 Mar 2005 including the orders from the Indian Navy for four each of FACs and ASW (Corvettes). Vigorous marketing efforts are being made by the management to secure fresh orders and improve the overall order book position.

One of the main products in the Engineering Division i.e, Bailey Bridge is facing severe competition. This, alongwith the increase in steel price during the last financial year, had adversely affected the margin. The overall demand for this product also remains stagnant. Though your Company is trying to retain the market share, possibility of growth is marginal. In order to increase the business of this division, improvements in other products of this division, specially for Deck Machinery items, is being looked into. Efforts are on for foreign collaboration with market leader in this field along with improved product line.

The Engine Division has successfully assembled, tested and delivered four Nos. of MTU 16V4000M90 engines for the last two FACs Yard No. 2053 & 2054. The feasibility study report for replacement of the Russian Engines with MTU engines for Ajay Class ships has been accepted by Indian Navy. This is bound to improve the finance figures of the division.

6. **Productivity Improvement.** Continuous efforts are being made to bring improvement in productivity. In this direction, all new shipbuilding projects viz LST(L) Ships, FACs and ASW Corvettes are now on ERP (SAP) system (introduced in 2002) including the material management for the entire shipbuilding activities.

Design office is now integrated with the users and connectivity has been established with Integrated Headquarter of MoD (Navy)/Directorate of Naval Design and Ship Production in New Delhi through a dedicated leased line. Video conferencing facility has been commissioned and project monitoring of various projects is being carried out regularly.

Implementation of E-security measures, Disaster Recovery system and dovetailing of HR division to ERP System are being taken up progressively. Further, addition of



## GARDEN REACH SHIPBUILDERS &amp; ENGINEERS LIMITED

Engineering Division and Corporate Finance in SAP system is being contemplated next year, to have the SAP business solutions for the entire GRSE shipbuilding and engineering activities.

7. **Modernisation Plans.** The final plans for modernisation of building facilities is under discussion and is expected to be finalised soon. Modernisation of Hull Shop along with services, office building as well as additional stores facility in Fitting Out Jetty have been completed.

8. **Quality Assurance Measures.** Quality Circle Concept at grass root level of employees is being pursued vigorously to meet the challenge of global trends in quality management. Upto the year 2004-05, 160 Quality Circles have been formed. As per MOU 2004-05 target of QC coverage of 25% of borne strength, 26.5% has been achieved.

Our Q.C team has received appreciation for their presentation in the International convention of QC at Bangkok. GRSE QC teams were also awarded Excellent and Distinguished grading at various QC Conventions held within the country.

9. **Industrial Relations.** During the year 2004-05, your Company signed Memorandum of Settlement with the respective bargaining unions for medical scheme both for workmen and clerks and wage settlement in respect of the operative category of employees of West Bengal based Units. The overall Industrial Relations situation in all the Units of the Company including Diesel Engine Plant, Ranchi during the year was peaceful.

10. **Tsunami Relief.** The Company contributed Rs 1 crore to the Prime Minister National Relief Fund and one day wages as a voluntary contribution from employees was also donated.

The Bailey Bridge components for 14 Nos. Bridges were dispatched to Port Blair by sea route to re-establish damaged transportation linkages. Two Landing Craft Assault were also dispatched for movement of men & materials to remote islands for relief work. The Shipyard also rose to the occasion to supply 5 Nos. Bailey Bridges to Sri Lanka as part of Tsunami Relief work extended under the aegis of Ministry of External Affairs.

11. **Corporate Governance.** GRSE believes in and practices good corporate governance in all its operations and reiterates its commitment to achieve the highest standard of Governance. The financial year ahead is indeed a challenging one with about six ships to be delivered and four ships to be launched. Having taken over on the first day of the financial year, I am looking forward to an eventful and successful innings. With the help from my colleagues, co-operation of employees and guidance from the Board, we are engineering changes in the business practices to meet the emerging challenges and delivery schedules. We have every reason to hope that the results should be visible in the performance report of the next year.

12. **Acknowledgement.** I would like to conclude by thanking the Central Government, State Government Authorities, Naval and Coast Guard Authorities and the Shareholders for the trust they have reposed in us. I would like to place on record our thanks to the Comptroller & Auditor General of India and the Statutory Auditors of the Company for their valuable suggestions and co-operation. I also acknowledge with gratitude, the continued assistance and guidance received from the Company's clients. Last but not the least, I appreciate the vital role and hard work put in by the employees of the Company to achieve its goal as also the valuable guidance given by the Board.

Thanking you all.

Kolkata,  
24 September 2005

Sd/-  
Rear Admiral T.S Ganeshan. IN (Retd)  
Chairman & Managing Director