



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

AUTHENTICATED

**RAKSHA RAJYA MANTRI**





## BOARD OF DIRECTORS

Rear Admiral K. C. Sekhar, AVSM, VSM, IN (Retd.)	:	Chairman & Managing Director	
VAdm N. N. Kumar, AVSM, VSM, IN	:	Director	
Shri Gyanesh Kumar, IAS	:	Director	
Cmde H. K. Verma, IN (Retd.)	:	Director (Personnel)	
Shri Kallol Kumar Rai	:	Director (Finance)	
Cmde R Ghosh	:	Director (Shipbuilding)	(From 23.05.11)
Prof. Shekhar Chaudhuri	:	Director	(From 02.02.11)
Shri P. C. Sharma	:	Director	(From 02.02.11)
Shri Amarjit Chopra	:	Director	(From 02.02.11)
Capt. KJH Christie, IN (Retd.)	:	Director (Shipbuilding)	(Upto 30.11.10)

**Company Secretary**  
Shri Sandeep Mahapatra

### Bankers

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

### Auditors

L. B. Jha & Co.  
Chartered Accountants

### Branch Auditor

Bhagaria & Associates  
Chartered Accountants

### Registered Office

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





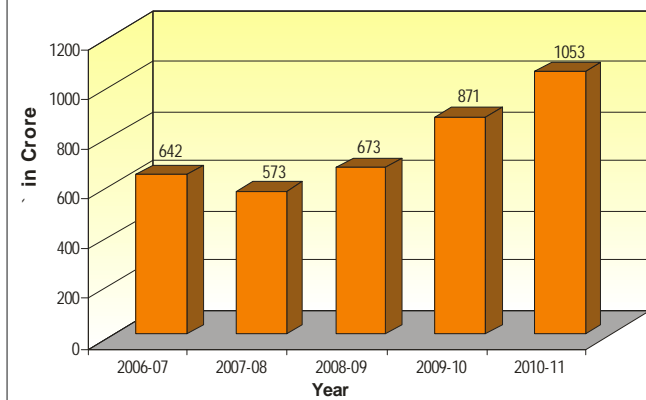
## SENIOR MANAGEMENT

RAdm. K. C. Sekhar, IN (Retd.)	:	Chairman & Managing Director
Cmde. H. K. Verma, IN (Retd.)	:	Director (Personnel)
Shri Kallol Kumar Rai	:	Director (Finance)
Cmde. Ratnakar Ghosh, IN (Retd.)	:	Director (Shipbuilding)
Shri Barun Kumar Sahu, IAS	:	Chief Vigilance Officer
Shri Arup Ratan Pal	:	Chief General Manager (ERP)
Shri Samiran Basu	:	Chief General Manager (Material)
Cdr. Ajit Kumar Das, IN (Retd.)	:	Chief General Manager (FOJ)
Shri K. S. Verma	:	General Manager (IE & P)
Shri Kanu Priya Chattoraj	:	General Manager (HR & A)
Cdr. S. Bhaduri, IN (Retd.)	:	General Manager (RBD)
Cmde. S. Mathivanan, IN (Retd.)	:	General Manager (YM)
Shri Pradip Kumar Mitra	:	General Manager (Finance)
Cdr. D. K. Pati, IN (Retd.)	:	General Manager (Engg & FIB)
Capt. SKS Kushwaha, IN (Retd.)	:	General Manager (S) (MW)
Cdr. N. D. Rao, IN (Retd.)	:	General Manager (QA)
Shri Aparajita Bhattacharya	:	General Manager (Design)
Shri Shyamapada Ghosh	:	Addl. General Manager (I/C) (Planning)

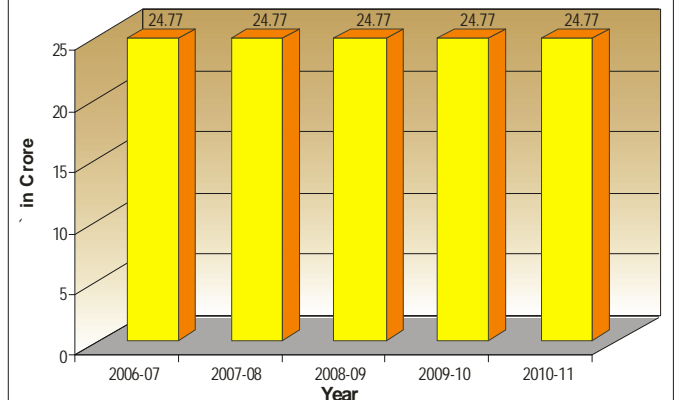




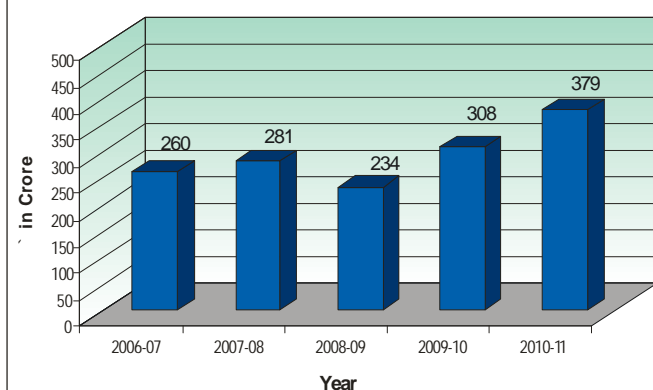
**Turnover**



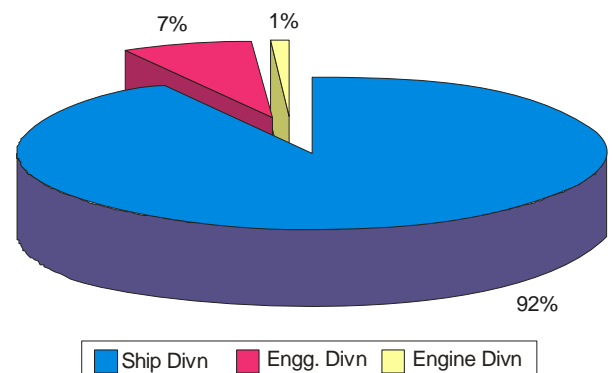
**Dividend**



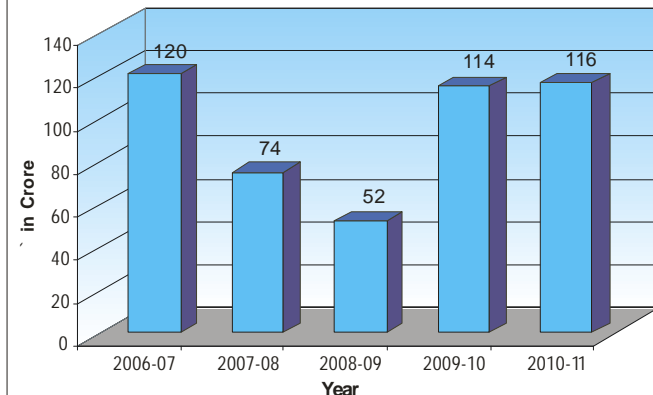
**Value Addition**



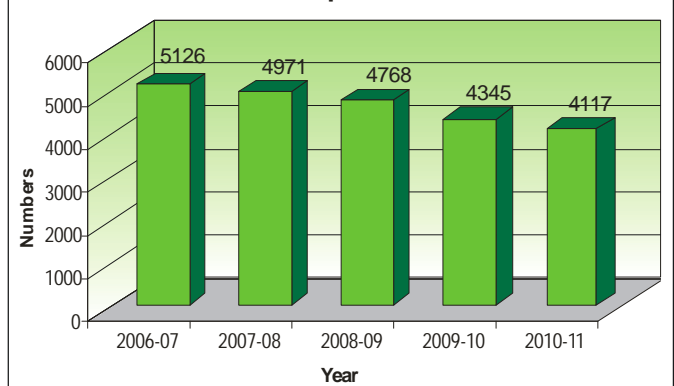
**Division wise share of Turnover for 2010-11**



**PAT**

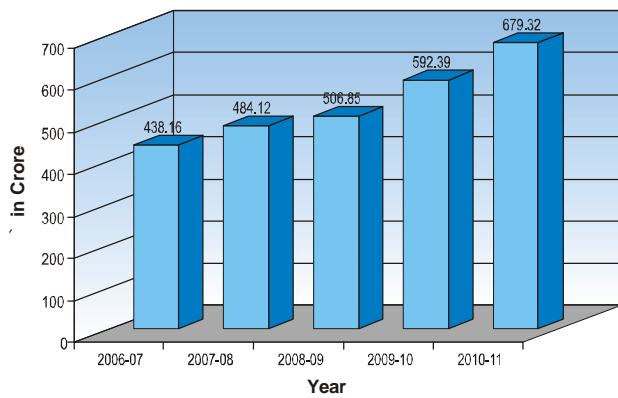


**Manpower**

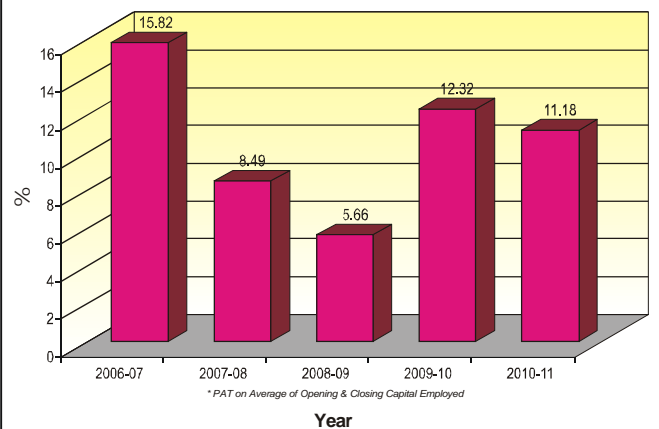




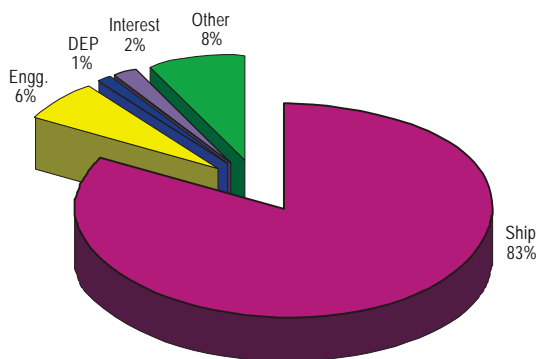
**Networth**



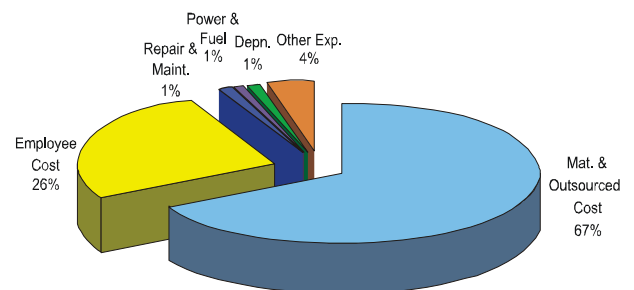
**Return on Capital Employed\***



**How a Rupee is earned**



**How a Rupee is spent**





## TEN YEARS AT A GLANCE

PARTICULARS	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<b>(A) FINANCIAL POSITION</b>										
Equity Share Capital	12384	12384	12384	12384	12384	12384	12384	12384	12384	12384
Reserve & Surplus	12917	14224	16005	17519	22632	31862	36425	38692	47255	55947
Net Worth	25035	26339	28110	29590	34706	43816	48412	50685	59239	67932
Capital Employed *	24252	26006	26991	29516	34251	41670	46017	45284	47610	55911
Gross Block	12193	14205	15480	17590	17473	24128	24406	25812	26224	29612
Net Fixed Assets	5289	7004	7724	9359	9066	14883	14488	15144	14897	17402
Working Capital *	18963	19002	19267	20157	25185	26787	31529	30140	32713	38509
<b>(B) OPERATING RESULTS</b>										
Sales	49844	15369	39077	88141	98599	71374	55665	74062	42427	54622
Cost of Production	45982	49713	47347	42829	56974	53567	47723	64325	80153	96405
Value of Production	48879	52309	48690	47028	66218	64166	57347	67269	87074	105330
Value Added	15179	15238	15157	16767	25388	26021	28075	23353	30771	37868
Profit/(Loss) Before Tax	3237	4737	5311	4856	10131	17504	11040	8898	13075	16276
Provision For Tax	1596	2604	2381	2104	3598	5490	3593	3733	1633	4705
Profit/(Loss) After Tax	1641	2133	2930	2752	6533	12014	7447	5165	11441	11571
<b>(C) APPROPRIATION</b>										
CSR Reserve	0	0	0	0	0	0	0	0	0	228
General Reserve	164	213	293	275	653	1201	745	517	1144	1134
Proposed Dividend Equity	509	749	1028	1102	1238	2477	2477	2477	2477	2477
Tax on Proposed Dividends	0	96	132	147	184	391	421	421	411	402
<b>(D) RATIOS</b>										
Gross Profit/ Capital Employed	0.14	0.19	0.2	0.16	0.3	0.42	0.24	0.2	0.27	0.29
Profit Before Tax/ Production (VOP)	0.07	0.09	0.11	0.1	0.15	0.27	0.19	0.13	0.15	0.15
Production (VOP)/ Capital Employed	2.02	2.01	1.8	1.59	1.93	1.54	1.25	1.49	1.83	1.88
Value Added/ Production (VOP)	0.31	0.29	0.31	0.36	0.38	0.41	0.49	0.35	0.35	0.36
Sundry Debtors/ Sales	0.05	0.19	0.15	0.09	0.05	0.05	0.17	0.13	0.25	0.26
No. of Employees	6716	6323	5819	5524	5088	5126	4971	4768	4345	4117

Excluding Foreign Exchange Fluctuation Suspense but inclusive of Short Term Investment. Excludes Retired Fixed Assets of '30 Lakhs in 2009-10.





## NOTICE FOR ANNUAL GENERAL MEETING

NOTICE is hereby given that the 95<sup>th</sup> Annual General Meeting of the Shareholders of Garden Reach Shipbuilders & Engineers Limited will be held at the “**CII – Suresh Neotia Centre of Excellence for Leadership**”, DC-36, Sector – I, Salt Lake City, Kolkata 700 064 at 1230 hours on Wednesday, 17<sup>th</sup> August, 2011 to transact the following business :

### ORDINARY BUSINESS :

- (a) To receive, consider and adopt the Directors' Report and the Audited Accounts for the year ended 31<sup>st</sup> March 2011 along with the Auditors' Report thereon.
- (b) To declare Dividend.
- (c) To fix the remuneration of Auditors to be appointed by the Comptroller & Auditor General of India for the financial year 2011-12.

By Order of the Board  
Garden Reach Shipbuilders & Engineers Limited

Sd/-  
(Sandeep Mahapatra)  
Company Secretary

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

Dated : 20<sup>th</sup> July 2011.

### 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 the Board of Directors, I have immense pleasure in welcoming you to this 95<sup>th</sup> Annual General Meeting of the Company and share with you some of the Company's significant achievements during the year under review. The Company for the first time in its history has achieved a turnover of more than ₹ 1000 crore. The Company's Profit Before Tax registered a growth of 25% over last year. The Company's Net Worth has also gone up compared to 2009-10. The Company has delivered five Water Jet Fast Attack Craft and fifty seven Boats to its customers during this period. During the year the Company has bagged a prestigious export order for an Offshore Patrol Vessel. These accomplishments were possible due to the guidance and unstinted support of the Government of India, especially the Department of Defence Production and I am grateful to them. The active role of the members of the Board of Directors, the dedicated efforts put in by the Officers, Supervisors and Workers of the Company as well as the trust extended by our valued customers, i.e. the Indian Navy, Coast Guard and the Ministry of Home Affairs have contributed immensely in meeting our targets.

### Performance highlights of the year 2010-11:

2. **Financial Parameters :** The Company recorded Profit Before Tax of ₹ 162.76 crore registering a growth of 25%.
3. **Turnover/Value of Production:** The Company's highest profit is reflected in the substantial increase in the turnover by 21% as compared to F.Y. 2009-10. The VOP of ₹ 1053.30 crore is highest achieved by the Company so far.
4. **Dividend:** For the year 2010-11, the Directors are pleased to recommend a dividend amounting to ₹ 24.77 crore approx. calculated @ 20% on the Company's paid up equity capital of ₹ 123.84 crore as on 31 Mar 11.
5. **MOU Rating:** In terms of parameters arrived at in the Memorandum of Understanding signed with

the Government for the year 2010-11, the Company is expected to be rated as "Excellent" in its performance, with a score of 1.06 (provisional).

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

### Shipbuilding and Production Achievements:

7. The Company's Production and Engineering activities have shown a substantial increase due to greater thrust on productivity, quality and human resource. The following are the main achievements for this year.
  - (a) The fifth, sixth and seventh ships (Yard 2061, 2062 & 2063) of the series of ten Water Jet Fast Attack Craft Project (WJFAC) have been delivered to the Indian Navy during the year. The fifth & sixth ships were delivered on 20 May 10 and were commissioned subsequently at Visakhapatnam by Shri ESL Narasimhan, His Excellency, the Governor of Andhra Pradesh on 29 Jun 10. The seventh WJFAC was delivered on 25 Aug 10 and was commissioned subsequently by Mr. Jasti Chelameswar, the Hon'ble Chief Justice of Kerala on 14 Oct 10 at Kochi.
  - (b) The eighth and ninth (Yard 2064 & 2065) Water Jet Fast Attack Crafts of the series of ten WJFACs have been handed over (1<sup>st</sup> Reading of D-448) to the Indian Navy on 19 Apr 11 & 27 May 11 respectively.
  - (c) An Anti Submarine Warfare Corvette (ASWC), the first of its Class being built in India, was launched on 19 Apr 10 by Smt. Mamatha M, wife of Shri M.M Palam Raju, Hon'ble Raksha Rajya Mantri.







- (d) The Company has successfully completed refit of a Ship from neighboring country and the same was handed over on 25 Mar 11 after completion of medium refit work including renewal of 64 Tonnes of steel, 05 nos DGs, realignment of Shafting line, 12000/10000 hourly routines of ME & GB, refurbishment of accommodation space & others.
- (e) In this financial year GRSE has delivered all the remaining 02 nos 5T & 28 nos 12T FRP Boats to Ministry of Home Affairs for Coastal Patrolling and Surveillance of the Eastern Coast of India by the Coastal Police of different States.
- (f) 10 nos modified 12 Ton FRP boats have been delivered in this FY to Andaman & Nicobar Administration for coastal patrolling and surveillance of Andaman and Nicobar Islands.
- (g) GRSE has also delivered 13 nos Aluminium Boats to West Bengal Government, Civil Defence Department for Disaster Management during floods, natural calamity etc.
- (h) First two vessels of IPV class of ships, Yds 2072 & 2073 have been launched simultaneously from the Raja Bagan.
- (i) The Bailey Bridge (BB) Department dispatched 49 Nos. bridges during the year and secured orders of ` 80.73 crore in 2010-11. The Company has received patent for the Double Lane Portable Steel Bridge and Single Lane Portable Steel Bridge of Standard or extra width with stiffened Steel Deck Units.
- (j) The Pump Department has delivered 49 Nos. newly developed Indigenised Centrifugal Naval Pumps to ENC(V). The value of order in hand is ` 7.30 crore.
- (k) Deck Machinery Department achieved a remarkable task by way of successful completion of overhauling of HTS including supply of Spares, and re-commissioning of

same, followed by load trial on board two Naval Ships at Mumbai, in a record time, which has been appreciated by the Customer.

- (l) Deck Machinery Department took a challenging assignment of manufacture of versatile Rail Less Helo Traversing System which is independent of type for Helicopter for ASW Corvettes, (Project -28), through tie-up with Mac Taggart Scott, U.K., with the target of indigenisation upto 72%. Future ships built in India will have this system, in turn GRSE being the pioneer, will get immensely benefited.

#### **Future Outlook :**

- 8. Your Company is fully committed to building quality ships for the Indian Navy and Coast Guard. Consistent with the acquisition of the additional facilities, the Company is endeavouring to obtain further orders for Naval and Coast Guard Ships for optimization of capacity utilization. Along with limited induction of fresh blood for revamping the aging man power base, the company has already embarked upon an all out measures on modernization, not only for layout of plant / machinery / dock & berth facilities, but also for technology upgradation in planning software, design tools, Networking & e-mailing Software etc. to achieve higher productivity in the coming years. SAP ECC6 has been implemented in phase-II ERP implementation programme covering all units and all business processes of the company. This will result in faster decision making and reduction in cycle time in respect of material procurement and project execution.
- 9. Pre-CNC audit for P17A Frigates which will be built jointly by M/s MDL & GRSE is completed and awaiting CNC. The company is also targeting Export Orders for 06 nos LSTs, 01 no 100 m LST, 02 nos FIBs & FACs.
- 10. **Infrastructure Upgradation:** ` 530 crore work on up-gradation of the infrastructure consisting of a Dry Dock, a Slipway (both of 180 meter in length), 250 ton Goliath Crane, Module Hall for modular construction and Painting and Blasting





Shop at full swing after initial teething problems. Execution of various works under modernization is progressing at a fast pace and scheduled to be completed by March 2012. The progress as on 31 Jul 11 is around 66%. Due to insurmountable problems faced by some of the main contractors and inadequate mobilization of space, the Completion Date has to be shifted from May 11 to March 12.

11. **Enterprise Resource Planning (ERP):** The ERP solution has been effected through implementation of SAP ECC-6 software system on 06 Jan 11 to derive the maximum benefit. The solution covered the entire area of business processes including Human Capital Management, Pay Roll, Finance, Control, Material Management, Project System, Production Planning, Quality Management, Sales and Distribution and Plant Maintenance. The new system was simultaneously implemented across all the units (except DEP) covering the entire businesses of Shipbuilding, Repairs, Trading of spares, Deck Machinery, Pump, Engines and Bailey / Prefab steel bridge

12. **Conservation of Energy:** The yard continued its endeavor to conserve the energy. Through energy audit conducted in all the units of the shipyard in Kolkata, we continued to optimize consumption of energy i.e. coal, electricity, petroleum etc. Power factor of the system was consistently maintained at optimal level. Use of Bureau of Energy Efficiency accredited star rated window air conditioners has been adopted in the yard extensively. In centralized package type air conditioning plants, solid state control system and state-of-the-art energy efficient compressors were introduced. In elevators VVVF control system has been used to reduce energy consumption by 2%. Use of metal roof sheeting in shops has been adopted. A 1000 Ltr capacity solar water heater has been installed at Canteen to conserve electricity.

13. **Technology Absorption, Adoption and Innovation:**

(a) In order to reduce the weight / displacement and, also to improve the stability of P28 ships, it was considered to design superstructures

of P28 in lighter material of equivalent strength. A detailed study / analysis were made in consideration of existing designs of naval ships having superstructure of lighter material. Based on the study it was found that Carbon Fibre Reinforced composite material have been used for superstructures, and also Main Hull of certain military vessels of other countries. The saving in weight by going in for Composite Material for Superstructure, in case of P28 was found to be approx. 100 tonnes. However, there are several challenges to meet viz. integration with steel hull, penetrations of pipes/ducts/cables through Composite Material, fire insulation of Composite Material etc. Based on the technological inputs from M/s TKMSI, the Company is implementing the same into the detailed design of P28 ships (Yard 3019-20). On completion, Yard 3019-20 will be the first Indian Naval Ships with this new technology.

(b) The GRM for ASW Corvettes are the most critical pre-launch equipment pre-determining the launching date. A minimum time frame of 5½ months would be required to undertake the stern gear activities prior to launch of the ship, it was decided to undertake fitment of 'A' Brackets and 'Stern Tubes' prior to release of stern to cut down the time for stern gear activities. The Company undertook alignment and welding of 'A' brackets and 'Stern tubes' (the two most long lead activities in the post tern drop phase of pre launching) prior to release of stern. The improvisation will help GRSE to save about 1½ months on completion of post STE activities before launching. This will also enable the shipyard to advance the launching of ship.

14. **Quality Circle Activities :** The Company continues to enhance its Quality Circle activities. Due importance is given to Quality Circle Techniques and Philosophy to enrich the grass root level employees of various QC teams for gainful utilization of human resources by self development and mutual development. Grass root level workforce of the Company of various shops/ departments are participating through group activities for iden-

