



GOA SHIPYARD LIMITED

ANNUAL REPORT 2014-15

GOA SHIPYARD LIMITED
DIRECTORS' REPORT FOR THE YEAR 2014-15

To
The Shareholders,
Ladies & Gentlemen,

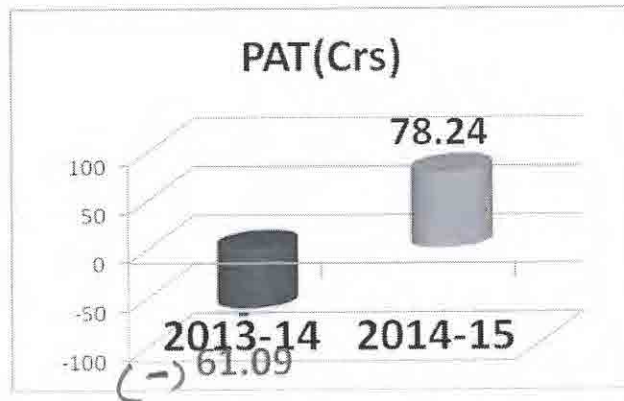
The Directors are happy to present the 49th Annual Report and the audited Financial Statement of the Company for the year ended 31st March, 2015. This is the first full financial year report, under the control of new CMD, who took over the charge of the company on 01 Feb 2014. The results clearly reflect the impact of new policy measures and various cost control initiatives undertaken by the company. The company has achieved sharp turnaround with excellent financial results, against a steep loss recorded in the previous financial year 2013-14. The company has shown all round improvement in all areas of its operations and has met all contractual delivery / production commitments to its esteemed customers. During the year, the Company delivered the fourth Naval Offshore Patrol Vessel to the Indian Navy on 16 Jul 2014, thereby successfully concluding the Naval OPV Project (except Guarantee Refits). Further, Company undertook two Guarantee Refits of NOPVs successfully. The Company also launched two CGOPVs, paving the way for their timely delivery in the current financial year 2015-16. Further, the work on multiple export orders viz. Sri Lankan OPVs, Mauritian FPVs and FICs and DCS for Myanmar has commenced. These are the major export orders which company secured after gap of several years, opening new vistas of opportunity for company to grow further.

PERFORMANCE HIGHLIGHTS

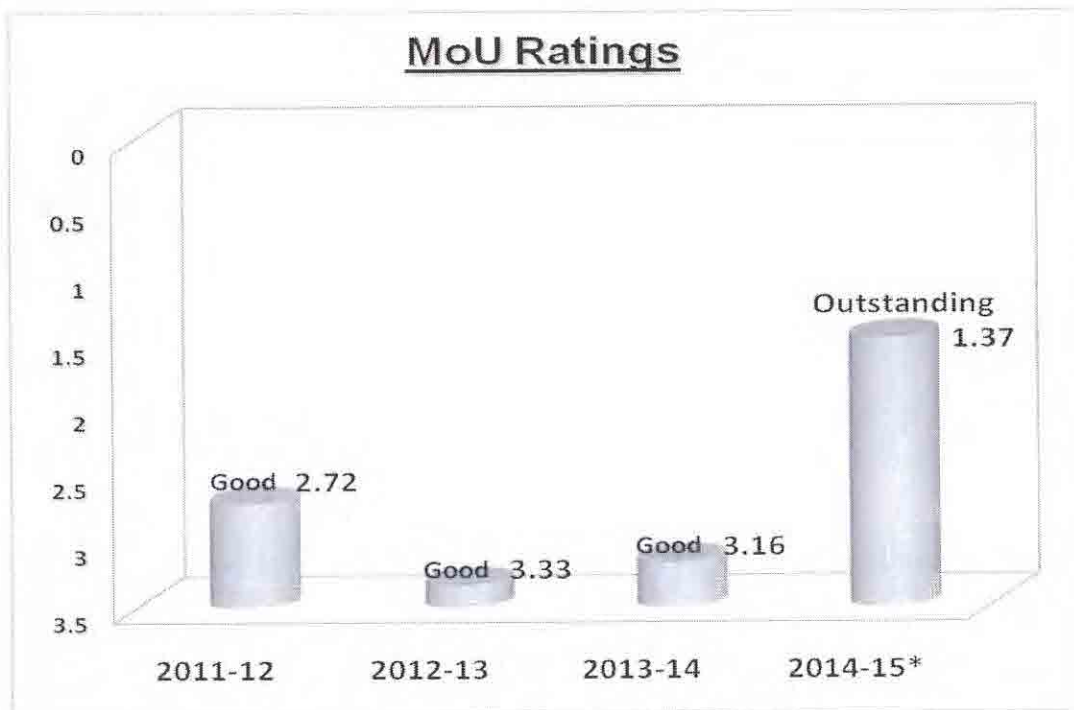
2. **Value of Production (VoP):** The VoP from Feb 2013 to Jan 2014 was Rs. 511 Cr. Against Rs. 633 Cr. achieved from Feb 2014 to Jan 2015 (First full year of present CMD), thereby, registering a growth of 24%. The excess production in first 2 months i.e. Feb and Mar 2014 was used to arrest the decline in VoP in Fin Year 2013-14. Further, during the FY 2014-15, the Company has achieved VOP of Rs.569.55 crore as against Rs. 508.90 crore, an 11.92% increase over the previous year. This increase is despite extra measures taken to boost up the production in last two months of FY 2013-14, at a marginal sacrifice in VoP of FY 2014-15.



3. **Financial Performance:** During the year 2014-15, the company has earned Profit After Tax (PAT) Rs. 78.24 Cr. against Loss /PAT (-) Rs. 61.09 Cr. in the previous year. The profit is after making provisions for nearly Rs. 58 Cr on account of introduction of superannuation scheme, depletion in value of surplus inventory for closed projects, impact on account of leave encashment, due to change in discounted rates, extended warranty of NOPVs, old outstanding guarantee liability of projects handed over to customers, liquidated damages etc. Concerted efforts have been made to improve the quality of the balance sheet with above mandatory provisions.



4. **MOU Rating:** In terms of parameters laid down in the Memorandum of Understanding signed with the Government for the year 2014-15, the Company is expected to be rated '**Excellent**' in its performance during 2014-15, after achieving 'Good' in previous three financial years. This rating upgrade after three years is the best proof of phenomenal changes that have been introduced with surgical turnaround achieved in all divisions in the current financial year. The results are clear vindication of strong corrective measures introduced, under the new CMD to improve the business throughput successfully. On the basis of sound corrective policies along with accountability introduced at all levels, the company is confident to achieve much improved performance in the years to come.



* As per GSL assessment

FINANCIAL RESULTS

5. During the year 2014-15, your Company has earned Profit before Tax of Rs.53.17 crore and Profit after Tax of Rs.78.24 crore due to reversal of deferred tax liability of Rs.35.57 crore as against net loss of Rs.61.09 crore in the previous year.

	(Rs.in Lakh)	
	2014-15	2013-14
Gross Profit before Depreciation, Interest and Prior Period Adjustment	6288	-2510
Prior Period Expenditure	0	0
Depreciation	898	1727
Interest	73	2042
Loss/Profit Before Tax	5317	-6279
Less: Provision for Tax including reversal of Deferred Tax	-2507	-170
Loss/Profit After Tax	7824	-6109
Brought forward from previous Year	0	6
	-----	-----
Balance/Surplus Available	7824	-6103
	=====	=====
Appropriation:		
Dividend proposed	1571	0
Tax on Distributed Profit	320	0
General Reserve	5900	-6103
CSR and Sustainability Reserve	0	0
Carried to Balance Sheet	33	0
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TOTAL	7824	-6103
	=====	=====

DIVIDEND

6. After reviewing the profits for the year and financial position of the Company and in terms of the Government Guidelines in vogue, the Board of Directors is pleased to recommend Dividend of Rs.1571 lakh equal to 54% of the Paid-up Share Capital of Rs.2910 lakh for the year 2014-15, as against 'NIL' dividend in the previous year.

FINANCE

7. The Paid-up Share Capital of the Company as on 31st March, 2015 was Rs.2910 lakh. The Company neither had any outstanding loans nor has taken any fresh loan from the Government during the year.

8. The foreign exchange outgo during the year was Rs.23494 lakh and the earning in foreign exchange was Rs.20650 lakh.

9. The financial position of the Company as on 31st March, 2015 and as on 31st March, 2014 is shown below:-

	(Rs. in Lakh)	
	As on 31.03.2015	As on 31.03.2014
Capital Employed	49994	50673
Gross Block	15710 *	44184
Net Block	6607	32428
Working Capital	32943	8221
Net Worth	61921	58437
Value Added	19825	15059
Ratios:	%	%
Profit before interest and tax : Capital Employed	10.78	-08.36
Profit after tax : Net worth	12.64	-10.45
Value added : Capital employed	39.65	29.72

* The reduction in Gross Block of Assets is mainly due to reclassification of GSL modernization assets capitalized earlier amounting to Rs.288 crore as "Govt. Funded Assets for development of infrastructure for MCMV project" based on Government Sanction letter dated 02.02.2015.

PRODUCTION & SALES

10. The values of Production & Sales during 2014-15 and the previous year are given below:-

	(Rs. in Lakh)			
	Production		Sales	
	2014-15	2013-14	2014-15	2013-14
Ship Construction	45502	39954	56439	107229
Ship Repairs	1602	1770	1257	2030
General Engineering	8695	6953	16367	5050
Base & Depot Spares	1156	2213	1156	2213
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Total	56955	50890	75219	116522
	=====	=====	=====	=====

CONTRIBUTION TO CENTRAL EXCHEQUER

11. The Company's contribution to the Central Exchequer during 2014-15 was Rs.1415 lakh (Rs.871 lakh last year), which includes Rs.1050 by way of Corporate Tax (Rs. Nil last year), Rs. Nil by way of Tax on Distributed Profit (Rs.99 lakh last year), Rs. Nil towards Dividend (Rs.297 lakh last year), Rs.8 lakh by way of Central Sales Tax (Rs.408 lakh last year) and Rs.355 lakh by way of Service Tax (Rs.61 lakh last year), Rs.2 lakh towards Central Excise duty (last year Rs.6 lakh).

SHIP CONSTRUCTION

12. **Delivery of Ship to Navy:** The fourth NOPV, Yard 1211 was delivered to Indian Navy on 16th July, 2014 and the same was commissioned by Admiral Robin K. Dhowan, PVSM, AVSM, YSM, ADC, Chief of Naval Staff, on 4th September, 2014 at Chennai.

13. **Launching of Ships:** The first 105M Coast Guard OPV, Yard 1218 was launched on 26th November, 2014 by Smt. Rachna Thapliyal, President Tatrakshika, wife of Vice Admiral Anurag G. Thapliyal, AVSM & Bar, Director General Indian Coast Guard and second 105M Coast Guard OPV, Yard 1220 was launched on 21st March, 2015 by Smt. Urmila Singh, wife of ADG Rajendra Singh, PTM, TM, Additional Director General, Indian Coast Guard.

SHIP REPAIRS & GENERAL ENGINEERING SERVICES

14. During the year the Company repaired eight vessels which include Tugs, Offshore Supply Vessels, Offshore Patrol Vessels, etc. With the increase in new shipbuilding activities it is expected that the availability of dock/berth space for repairing the vessels would be restricted for sometime in the near future period.

15. The Company continues to execute stern gear supply orders for Naval Vessels and supply CPP spares to the Indian Navy and other Shipyards. The Company also continued to provide training on Survival at Sea to ONGC personnel on their training vessel 'Samudra Shiksha'. During the year, the Company delivered 01 Glass Reinforced Plastic (GRP) Patrol Boat to Directorate of Fisheries, Govt. of Goa, 01 GRP Work Boat to Cochin Shipyard and 01 Fishing Research Vessel to Central Marine Fisheries Research Institute (CMFRI), Kochi. The execution of export orders for delivering 11 GRP Fast Interceptor Boats to the Government of Mauritius and construction of DCS for Myanmar Navy is progressing on schedule. The Company is also set to secure long pending order for construction of a Damage Control Simulator (DCS) to be set up at Visakhapatnam for Indian Navy. Aeronautical Development Agency, Bangalore (ADA) has entrusted to GSL the responsibility of maintenance & operation of recently commissioned Shore Based Test Facility (SBTF) located at INS Hansa.

16. The Company, in order to expand its range of products, signed an agreement on 23rd December, 2014, with M/s Griffon Hoverwork Limited, United Kingdom, who are the pioneer in manufacture of world's largest range of amphibious hovercrafts in service with the military, paramilitary, commercial and rescue sectors in the world, for providing technology for manufacturing of ACVs indigenously, which has enabled GSL to participate in the recent two global tenders floated for Manufacture & Supply of Air Cushion Vehicles (ACVs) to Indian Army. This agreement would help to achieve the vision to make Goa as a production hub for indigenous production of hovercrafts as a part of Government's mission of 'Make in India'.

17. During the year the Company also entered into technology collaboration arrangement with M/s. FHS, Germany for indigenous production of Heli Landing Grid, Heli Hanger Doors & Helo Traversing Gears to meet the exclusive requirement of Indian Navy & Coast Guard vessels and successfully bagged the order on competition for supply of Heli Landing Grid for two Sri Lankan Naval OPVs under construction at GSL.

ORDER BOOK POSITION

18. The year gone by, has seen improvement in company's order book position. As on 31st March 2015, the net value of outstanding work against orders received for Ship Construction, Ship Repair / Refit work and General Engineering Services amounted to **Rs.2380 crore** (approximately). This includes almost half of the orders at Rs. 1200 Cr from exports. Further, the Company has been cleared for construction of five CGOPVs, for which the PNC has been completed and the contract is expected to be signed with the Government / Coast Guard by end of the current year. The Rs. 2000 Cr Project is expected to start production in FY 16-17.

CURRENT YEAR PROSPECTS

19. The Company has set target for Value of Production of Rs.650/- Cr for the financial year 2015-16, as per the MOU signed by the Company with the Government. The Company is confident of achieving the target. Further, the Company has been nominated to build 12 Mine Counter Measure Vessels for the Indian Navy amounting to Rs.32,600/- crore.

'MAKE IN GOA/INDIA' FOR MCMV PROGRAMME

20. A two day convention on 'Make in Goa' for Defence and Marine Ancillary Industries was organized by the company in association with CII on 24-25 Jun 2015, which has set the tone for the indigenization of MCMV Programme. This convention was attended by the representatives of 28 Korean companies, 53 local industries, and officials from the Govt. of India, Govt. of Goa, Indian Navy, Coast Guard and other public and private sector companies, etc. There were nearly 250 B2B deliberations between the Korean delegation and local Goan industries for indigenous manufacture of components required for MCMV Programme as well as other defence and commercial shipbuilding programme. Further, 'follow up' visit to Korea by the Indian Entrepreneurs was scheduled from 22 Jul 15. It is expected that this first ever collaborative initiative aimed at promoting ancillary industries would become a game changer, in 'Make in Goa' initiative, particularly for the local Goan Industries and for the MCMV Program.

EXPORT PROMOTION

21. The Company with support from Government of India took several initiatives in export of its proven product range for offering to international customers. The Company has a strategic advantage in establishing as a major international player in construction of vessels due to proven products and past track record.

22. The Company initiated efforts to market its in-house designed products and FRP High Speed Interceptor Crafts overseas through the Indian missions abroad, various defence exhibitions, interacting with probable overseas customers, etc. The Company's efforts have borne fruits and today the Company is the largest exporter of defence ships from the country and is presently executing export orders of 2 OPVs for Sri Lanka Navy, 2 Water jet Fast Attack Crafts and 11 Fast Interceptor Boats for Mauritius and Damage Control Simulator for Myanmar, total amounting to Rs.1200 crore approx. With available spare capacity, the Company is well equipped and has potential to undertake further export orders.

23. In order to publicise company's expertise and improve exposure in the international market, the Company advertises in reputed International Naval publications and participates in international exhibitions. During the year 2014-15, the Company took part in 'Africa Aerospace and Defence - 2014' (AAD-14) held in South Africa from 17-21 September, 2014 and also in 'Euronaval - 2014' held in Paris, France, from 27-31 October, 2014 as part of 'India Pavilion' along with the other DPSUs, DRDO and OFB. As a part of marketing efforts, the Company has also given presentations to visiting delegations from Kenya and Thailand. These delegations have expressed keen interest in Company's product range.

24. The Company is taking steps to develop unique infrastructural facilities for construction of MCMVs for Indian Navy by resorting to Transfer of Technology (ToT) for design & construction of these sophisticated vessels. There is good potential for export of these vessels in future to various friendly countries.

ISO 9001: 2008 CERTIFICATION

25. The Company's Quality Management System is certified for "Design, Construction and Repairs of Ships and Craft and providing General Engineering Services" in accordance with the requirements of the international standard ISO 9001:2008 by Indian Register of Quality System (IRQS). The present certificate is valid upto 19th November, 2015 and the same is being maintained by annual surveillance audits by IRQS.

MANPOWER

26. As on 31st March, 2015, the Company had on its roll 229 Officers, 14 Management Trainees, 70 Yard Supervisors, 44 Technical Supervisors, 75 Ministerial Supervisors, 968 Workmen, 64 ITI / Diploma Trainees and 104 Workmen/Supervisors on Fixed terms basis which included 20 Executives and 95 Non-Executives Women employees.

27. The position regarding representation of SCs/STs and Women employees in various categories as on 01.01.2014 and 01.01.2015 is given in **Annexure 'A'**. The particulars of Recruitment of SCs/STs and Women personnel during the calendar year 2014 are given in **Annexure 'B'**. The reservation of 3% for recruitment of Persons with Disabilities (PWD) has been provided in Group 'A', 'B', 'C' and 'D' categories in compliance with the Persons with Disabilities (Equal Opportunity Protection of Right and Full Participation) Act, 1995.

WELFARE, HEALTH AND SAFETY

28. The Company continues to give due importance to Welfare measures of employees. Constant and conscious efforts are being made to improve the welfare of employees and their families. To promote a sense of discipline, an award is being given to employees for 15 years and 25 years of clean record of service. Recreational facilities such as Indoor games, reading room with newspapers and magazines, soft music tracks are provided for employees during lunch & off duty hours. The Company provides accident cover and better medical assistance to employees through various Group Insurance Schemes and also contributes towards the Employees' Death Benefit cum Welfare Fund Scheme.

29. Incentives for promotion of family welfare scheme, higher education and self-development in related skills, etc., are provided on a continuing basis. Scholarship is awarded to the employees' children as an incentive for pursuing higher education. The Company also encourages employees to actively participate in various sports/tournaments. A lady employee of the Company represented India at the 18th Asia Masters Athletic Championship held in Kitakami, Japan and won Silver Medal in 4 x 100 mtrs. and 4 x 400 mtrs. relay. She also represented Goa State in 36th National Goa Master Athletic Championship held at Goa and won 1st prize in 400 mtrs. and 800 mtrs. run and 2nd prize in 1500 mtrs. run. During the year, the Company observed Quami Ekta Week / Communal Harmony week from 19th to 25th November, 2014.

30. The Company continues to accord utmost importance to Safety while carrying out various jobs in the yard. The Company has a dedicated Safety Cell with personnel qualified in Safety.

31. The Company has evolved stringent regulations for Personal Safety and use of Personal Protective Equipment (PPE). The Safety Cell has been carrying out regular inspections for implementation of the Safety regulations. The Company has evolved Height Work Permit system, Hot work permit system while fuel onboard, General work Permit system for different activities and dedicated CAPs team who are trained in Safety at Central Labour Institute, Sion, Mumbai.

32. To improve the Safety standards further, the Company has been carrying out regular Safety Training and Awareness Programmes for its employees and contract workers. Mass awareness programs on work place safety training and fire fighting demonstration were arranged on the occasion of "Safety Month".

33. The Company has been regularly holding Safety Committee Meetings to work out and implement both Preventive and Corrective Action Plans. The yard personnel are constantly encouraged to carry out self-inspection and root cause analysis in order to identify appropriate corrective & preventive measures for achieving continual improvement. As a result of the efforts, the number of accidents has come down over the years.

SWACHH BHARAT ABHIYAN

34. In response to **Swachh Bharat Campaign** launched by the Govt. of India on 25.09.2014, GSL has taken active steps towards implementation of this mission. The volunteers from cross section of the employees which include Supervisors and Officers assemble and undertake cleanliness drive regularly on every Friday which has been declared as **Cleanliness Day** by the Company. As on date, there are about 30 volunteers who willingly contribute two hours every week for cleanliness drive in the production areas. The team involves in sweeping of roads, removal of MS scrap items, garbage and wooden wastes from different locations including shop floors and dumping in earmarked area for further disposal. **Swachh Bharat Campaign** has also received impromptu active participation from contractors, security personnel and employees from various other departments which besides generating keen interest in cleanliness drive, has spread the message and vision of the Hon'ble Prime Minister in particular. The motivation for Swachh Bharat at all levels of employees is very high.

VISITS OF PARLIAMENTARY COMMITTEES

35. During the year, Parliamentary Committee on Welfare of OBCs visited Goa on 16.02.2015 and interacted with the Management.

DISCLOSURE UNDER SECTIONS 22 & 28 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

36. During the financial year 2014-15, the Company has not received any complaint on sexual harassment, hence, NIL disclosure under Section 22 and 28 of The Disclosure of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has constituted an internal Complaints Committee headed by a lady Officer as its Chairperson for enquiring into complaints of sexual harassment in workplace.

NATIONAL RECOGNITION AWARDS

37. The Company has been awarded the prestigious "**Skoch Order-of-Merit for its CSR initiatives**" on 20th November, 2014. The Company's CSR Project has been qualified as one of India's best projects for the year 2014 under Public Sector Undertakings Category.

38. The Company has been awarded the prestigious '**Indira Gandhi Rajbhasha Shield**' adjudging first place in the Region 'C' for Public Sector Undertakings of Government of India. The shield was received by Chairman & Managing Director (CMD) of the Company at the hands of Hon'ble President of India during the prize distribution ceremony held at Vigyan Bhawan on 15th November, 2014. The Company has been also bestowed with Rajbhasha Shield Award at the International Hindi Conference held by Rashtriya Hindi Academy, Rupambara.

OFFICIAL LANGUAGE IMPLEMENTATION

39. With a view to give due importance to the Official Language, the Company has taken various steps to propagate Hindi during the year. The Company continues to give utmost importance for implementing the Official Policy of the Union and various directives / instructions issued by the Department of Official Language, Ministry of Home Affairs and the Ministry of Defence from time to time. The Company is compliant with 'On-Line' submission of Quarterly Progress Report regarding progressive use of Official Language Hindi to concerned authorities in time. The Company has achieved the targets as laid down in the Annual Programme regarding use of Hindi in official work.

40. The Official Language Implementation Committee (OLIC) under the Chairmanship of CMD met regularly and reviewed the progress in implementation of various measures for promoting Hindi. In order to promote the use of Hindi language in day to day official work as well as pursuant to the directives of Government of India to promote "UNICODE" applications on all computers, Table Training Programme on IT Tools was organised for imparting training to executives and non-executives. Functional Hindi workshops covering important aspects of the Official Languages Act, 1963 and Official Languages Rules, 1976 were arranged in every quarter to encourage more and more Executives and employees in doing routine Noting & Drafting in Hindi.

41. The half yearly meetings of Town Official Language Implementation Committee (TOLIC) were held during the year. On-line Quarterly Progressive Report Booklet was prepared and released in the meeting for submission of Quarterly Report on Official Language by the Member Offices. During the meeting Special Rajbhasha Shields & Certificates were distributed to Central Government offices, Public Sector Undertakings and Nationalised Banks for excellent performance in implementation of Official Language. Annual Hindi Magazine "Goayard Samachar Varshikank 2013-14" of the company was also released at the TOLIC meeting. On the occasion of Vishwa Hindi Diwas celebration, Hindi Books of eminent authors were distributed to officers and employees. Two additional meetings of Coordination Committees were held to discuss various issues related to progress of Official Language in the Member offices of TOLIC, South Goa, under the chairmanship of Chief General Manager (HR & Admn). The Town Official Language Implementation Committee, South Goa has been awarded Second position Shield and Commendation Certificate for excellent performance in implementation of Official Language at the Regional Official Language Conference held at Bhopal.

42. As a part of directives received from Ministry of Home Affairs, Dept. of Official Language, 'Hindi Fortnight' was observed from 1st to 15th September, 2014, to encourage everyone to do maximum official work in Hindi. On the eve of Vigilance Awareness Week, National Safety Week, Quami Ekta Week, Energy Conservation Week, various competitions were also conducted in Hindi. 'Aaj ka Shabd evum Aaj ka Vichar', containing inspirational thoughts and important events and achievements, retirements of employees were displayed in the Saransh Digital Board with Software solution module to popularise Hindi by the power of Technology.

IMPLEMENTATION OF RTI ACT, 2005

43. The Company confers special emphasis on implementation of the RTI Act, 2005 in letter and spirit. The applications received from the citizens of India as well as transfer applications from MOD under section 6(3) of the RTI Act, 2005 were replied within the prescribed statutory requirement. During 2014 and 2015, the Company received 53 RTI applications and the information was furnished in time. 04 RTI Applicants preferred an appeal before the Appellate Authority u/s 19(1) of the RTI Act and the same were disposed off accordingly. As on date there are no cases pending before the Central Information Commissioner.

44. The particulars of the organisation functions, powers and duties of the officers, norms, pay scales etc. as prescribed under Section 4 of the Right to Information Act, has been posted on the website of the Company www.goashipyard.co.in.

EXPENDITURE ON BUSINESS PROMOTION & FOREIGN TRAVEL

45. Expenditure on business promotion during the year was Rs.183 lakh. An amount of Rs.115.63 lakh was spent on foreign travel by the Company's executives/employees for the purpose of technology transfer, production and export promotion.

VIGILANCE ACTIVITIES

46. “**Combating Corruption – Technology as an Enabler**” was the theme during the financial year. Regular and surprise checks were carried out to prevent lapses, violations, if any, of the laid down procedures and CVC guidelines. All newly joined Management Trainees and Executives were made aware of vigilance role and its functions in the Company. Vendors meet with the Management was organized on 30.10.2014.

47. As per directives of Chief Vigilance Commission (CVC), Vigilance Awareness Week from 27th October, 2014 to 1st November, 2014 was observed in the Company. The CMD administered the pledge to Senior Executives, CISF & Supervisors at GSL and addressed the employees on the occasion. Various events such as Poster and Essay competitions were arranged for the executives, employees and the CISF personnel of GSL unit. In addition, debate & essay competitions were also organized for students of Educational Institutes in & around GSL. During the week, a talk by Director (Vigilance/DDP), MOD, on “**Combating Corruption – Technology as an Enabler**”, was organised. The Company's commitment to demonstrate Vigilance at all levels was also publicized by display of posters and banners in prominent places in the yard and GSL Colony.

AUDIT COMMITTEE

48. As on 31.03.2015, the Audit Committee of Directors reconstituted pursuant to Section 177 of the Companies Act, 2013, and DPE Guidelines on Corporate Governance for CPSEs 2010, was as follows:

1.	Shri Ashok Nayak	Chairman	} Independent Directors
2.	Shri R. K. Agrawal	Member	
3.	Shri S. P. Raikar, D(O), GSL	Member	Functional Director

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS REPORT

49. The Company has implemented the Guidelines on Corporate Governance for CPSEs 2010 issued by Department of Public Enterprises (DPE) vide OM No.18(8)/2005-GM dated 14.05.2010. The Management Discussion & Analysis Report and Corporate Governance Report along with Compliance Certificate from the Practicing Company Secretary, Secretarial Auditor of the Company, as required under the said Guidelines, are placed at **Annexures ‘C’ and ‘D’** hereto, respectively. As per the Self-evaluation Annual Grading Report on Corporate Governance for the year 2014-15, the Company has achieved “Excellent” grading.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

50. The information on Conservation of Energy and Technology Absorption is provided in the Management Discussion & Analysis Report placed at **Annexure ‘C’** hereto.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

51. The Company has been contributing immensely towards social development and meaningful quality of life of the community through value creation, promotion of sustained growth of the society and community and environmental sustainability in fulfillment of its role as a Socially Responsible Corporate and in compliance with the provisions of Companies (CSR Policy) Rules 2014, Schedule VII of the Companies Act, 2013 and the Guidelines on Corporate Social Responsibility issued by DPE. The company has framed CSR & Sustainability Policy, which can be accessed on company's website www.goashipyard.co.in. The Annual Report on CSR activities carried out during the financial year is placed at **Annexure 'E'**.

RISK MANGEMENT

52. The Company has framed Risk Management Policy with a objective to help the management to make informed decision which will:

- Provide a sound basis for good corporate governance,
- Avoid major surprises related to the overall risk and control environment,
- Protect and enhance stakeholders value,
- Promote an innovative, risk aware culture in pursuit of opportunities to benefit the company,
- Promote qualitative and consultative risk taking.

53. The policy provides for risk management governance structure which has been implemented in the company. Further, the Board reportable risks have been identified and the risk mitigation plans have been formulated under the said policy. For further details please refer to Report on Corporate Governance (**Annexure 'D'**).

CONTRACTS AND ARRANGMENTS WITH RELATED PARTIES

54. During the year, the company has not entered into any contract/arrangement/transaction with the related parties.

EXTRACT OF ANNUAL RETURN

55. The extract of the Annual Return for the Financial Year ended on 31.03.2015 in **Form No. MGT-9** pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, is placed at **Annexure 'F'**.

MEETINGS OF THE BOARD

56. During the year, five meetings of the Board of Directors were held. For further details please refer to Report on Corporate Governance (**Annexure 'D'**).

SECRETARIAL AUDIT

57. Pursuant to Section 204 the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report given by Secretarial Auditor, Shri Francisco Dias, Practicing Company Secretary, is placed at **Annexure 'G'**. With reference to the observation in the Report regarding the requirement of appointment of woman Director on GSL Board in terms of the provisions of Section 149 of Companies Act, 2013, it is stated that as per Articles of Association of the Company, the President of India has powers to appoint the Directors and the Board on its own cannot appoint the Directors of the Company. The company has taken up the matter with the Administrative Ministry to appoint the woman Director which is under consideration of the Government. Alternatively, being a Government Company, the Ministry has been requested to take up the matter with Ministry of Corporate Affairs to exempt the company from the applicable second proviso to the said section.

DIRECTORS' RESPONSIBILITY STATEMENT

58. To the best of their knowledge and belief and according to the information and explanations obtained by them, the Directors make the following Statement pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013:

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) That such accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit of the Company for the year ended 31st March, 2015.
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the annual accounts have been prepared on a going concern basis.
- v) That proper systems have been devised to ensure compliances with the provisions of all applicable Laws and that such systems are adequate and operating effectively.

DIRECTORS

59. The Government of India appointed Shri Ashok Nayak as Part-time Non-Official Director, Shri Shrihari Pai Raikar as Director (Operations) and VAdm. Harish Chandra Singh Bisht as a Part-time Official Director of the Company with effect from 23.07.2014, 02.03.2015 and 16.03.2015, respectively. The Board welcomed their appointments.

60. Shri Ashok Nayak, Part-time Non-Official (Independent Director) has made a declaration that he has complied with all the criteria of independence as provided under sub section (6) of Section 149 of the Companies Act, 2013 and the Board has noted the same.

61. Prof. (Dr.) R. Venkata Rao ceased to be Part-time Non-Official Director (Independent Director) of the Company on completion of his three years term with effect from 19.09.2014 and VAdm. Anurag G. Thapliyal ceased to be Part-time Official Director of the Company on handing over the charge of DGICG with effect from 31.01.2015. Shri R. Choudhary retired from the services of the Company on superannuation w.e.f. 28.02.2015 and ceased to be Director (Operations) w.e.f. the said date. The Board has placed on record its appreciation of the valuable services rendered by Prof. (Dr.) R. Ventakta Rao, VAdm. Anurag G. Thapliyal and Shri R. Choudhary as Directors of the Company.

62. In accordance with Article 117(2) of the Articles of Association of the Company, the under mentioned Directors shall retire from office on the day of the Annual General Meeting and are eligible for re-appointment:-

- a) Shri Prem Kumar Kataria,
- b) VAdm. Harish Chandra Singh Bisht,
- c) Shri R.K. Agrawal,
- d) Shri Ashok Nayak.

SPECIAL INVITEES ON THE BOARD

63. As per the Government directives, RAdm. Anil Kumar Saxena, DGND, Shri Rajnish Kumar, Addl. FA & JS (RK), Shri A.K.K. Meena, Joint Secretary (NS) (upto 08.12.2014) continued as Permanent Special Invitees on the Board of Directors of the Company. VAdm. A.V. Subhedar, CWP&A has ceased to be Permanent Special Invitee on handing over the charge of said office on 31.05.2015. The Chairman & Managing Directors of Mazagon Dock Limited, Mumbai, Garden Reach Shipbuilders & Engineers Limited, Kolkata and Dr. V. Bhujanga Rao, DS, CCR&D, (NS&IC), DRDO continued as Special Invitees to all Board Meetings of the Company.

64. During the year, Government of India, Ministry of Defence, Department of Defence Production, New Delhi, vide their letter No.2(12)/2007/D(SY) dated 08.12.2014, have conveyed that the President of India is pleased to appoint Sri Bharat Khara, Joint Secretary (NS) as Permanent Special Invitee on the Board of Directors of GSL, vice Sri Ashok K.K. Meena till he holds the post of Joint Secretary (NS) or until further orders.

AUDITORS

65. The Comptroller & Auditor General of India (C&AG) appointed M/s. Deshpande Pandit & Co. (SR1514), Chartered Accountants, Belgaum, Karnataka, as Auditors of the Company for FY 2014-15. The Directors recommend to the members of the Company to consider fixation of the remuneration of Rs.1,50,000/- plus Service Tax plus TA/DA for Auditors of the Company to be appointed by the C&AG for FY 2015-16.


66. The Comments of the C&AG u/s 143(6) of the Companies Act, 2013, on the Accounts of the Company for FY 2014-15 have been received and is placed as **Annexure 'H'**.

ACKNOWLEDGEMENT

67. The Directors wish to express their grateful thanks and appreciation for the assistance, co-operation and guidance received by the Company from various Ministries of the Government of India, especially Ministry of Defence, Department of Defence Production, Integrated Headquarters (Navy)/MOD, Indian Coast Guard organization, Comptroller & Auditor General of India, Controller of Defence Accounts (Navy), Government of Goa, Mormugao Port Trust and Flag Officer Goa Area & Naval Aviation and look forward to their continued support in the future. The Directors also acknowledge with gratitude the continued patronage and support given by the Company's clients. Thanks are also due to the Classification authorities, Company's Bankers and Auditors for their help and co-operation.

68. The Directors also wish to record their appreciation for the dedication and sincere efforts put in by the employees of the Company to achieve its goal.

For and on behalf of Board of Directors


[RAdm. (Retd.) Shekhar Mital]
Chairman & Managing Director

Place: Vasco-da-Gama, Goa.

Date: 29th August, 2015.

**ANNEXURE 'A'
TO DIRECTORS' REPORT**

**STATEMENT SHOWING THE POSITION REGARDING REPRESENTATION OF SCHEDULED CASTES/SCHEDULED TRIBES
AND WOMEN EMPLOYEES IN THE VARIOUS CATEGORIES OF POSTS AS ON 01.01.2015 AND 01.01.2014**

CLASSIFICATION OF POSTS	AS ON 1ST JANUARY 2015				AS ON 1ST JANUARY 2014					
	TOTAL STRENGTH	No. OF SCHEDULED CASTES	No. OF SCHEDULED TRIBES	WOMEN EMPLOYEES		TOTAL STRENGTH	No. OF SCHEDULED CASTES	No. OF SCHEDULED TRIBES	WOMEN EMPLOYEES *	
				No.	%				No.	%
Permanent										
Group 'A'	221 \$	20	13	20	9.04%	220 \$	19	11	19	8.63%
Group 'B'	16	2	1	1	6.25%	13	2	NIL	1	7.69%
Group 'C'	1059 #	62	46	77	7.27%	1076 #	68	45	71	6.59%
Group 'D'	240	36	8	10	4.16%	245 #	37	9	13	5.30%

* As per directions from Ministry of Defence, Deptt. of Defence Production and Supplies, New Delhi, vide their letter No.39(6)/99/D(B&C) dated 27.08.1999, to include information on employment of women, based on the recommendations of National Commission for Women.

\$ includes

MTs

includes Fixed Term Employees

ANNEXURE `B` TO DIRECTORS' REPORT

STATEMENT SHOWING THE PARTICULARS OF RECRUITMENT MADE DURING THE CALENDAR YEAR 2014, THE NUMBER FILLED BY MEMBERS OF SCs & STs AND WOMEN PERSONNEL REASONS FOR SHORTFALL AND STEPS TAKEN TO IMPROVE THE POSITION

CLASSIFICATION OF POSTS	TOTAL No. OF VACANCIES * FILLED DURING THE YEAR	SCHEDULED CASTES		SCHEDULED TRIBES		WOMEN PERSONNEL VACANCIES FILLED *	REASONS FOR SHORTFALL AND STEPS TAKEN TO IMPROVE THE POSITION
		VACANCIES RESERVED	VACANCIES FILLED	VACANCIES RESERVED	VACANCIES FILLED		
Permanent							
Group 'A' (including MTs)	10	5	2	1	2	1	No candidates have been found suitable to fill up the reserved vacancies. However, all out efforts are being made to fill up these vacancies by respective categories.
Group `B`	NIL	NIL	NIL	NIL	NIL	NIL	
Group `C` (including Fixed Term employees)	85	1	NIL	27	7	21	
Group `D` (including Fixed Term employees)	15	NIL	NIL	3	NIL	NIL	

* As per directions from Ministry of Defence, Deptt. of Defence Production and Supplies, New Delhi, vide their letter No.39(6)/99/D (B&C) dated 27.08.1999, to include information on employment of women, based on the recommendations of National Commission for Women.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR FY 2014-15

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

1. Shipbuilding is a globalized, technology and capital intensive industry, with more volatility than other industries. It is a cyclical industry and depends on variables like fresh developments in the shipping industry, current market perception, government tax and reforms. It is a unique industry and has its own distinctive feature as compared to other industries. These shipyards have to be globally competitive against the best yards in the world. Unfortunately, the shipyards in India are faced with very stiff taxes, tariff, duties, and financing charges as compared to foreign yards. High input costs and rising costs of raw material, freight together with miscellaneous duties and taxes being imposed amounts to a huge price differential in building a ship in India. Besides, though the costs of labour in India is low compared to that in other nations but shipbuilding being a labour-intensive industry, fulfilling the requirement of skilled workforce is another significant problem being faced by the shipbuilding companies.
2. Although the outlook for the market is bright, there are some challenges clouding its landscape. India has a vast coastline, but there is an acute shortage of deep draft water space along the coast. This restricts the type and size of ships that can be built or repaired in India, thereby severely curbing the full growth potential of the Indian shipbuilding and repair market. Shipbuilding and ship repair are both labor-intensive activities and fulfilling the requirements of this industry is proving to be a market bottleneck. There is a need for having a comprehensive shipbuilding policy, level playing field for Indian shipyards and shipping, and partnership between Indian shipbuilding, shipowners, cargo interests, financial institutions, etc.
3. The Government is considering various options to boost the shipbuilding sector, including lower bank interest rates, infrastructure status to shipyards, a separate shipbuilding development fund, and a special subsidy for shipbuilders sourcing raw materials/ancillaries locally. The Government's strong focus on the shipbuilding sector and its initiatives in coastal shipping and inland waterways, among others, could give a new impetus to Indian shipbuilding.
4. The Indian Shipbuilding Industry consists of public & private sector yards. Indian shipbuilding is primarily centered on 27 or so shipyards of various sizes, comprising 8 public sector and 19 private sector shipyards. Your Company is predominantly in the defence shipbuilding segment. Your Company has gained sufficient expertise in medium size ships, required by Indian Navy and Indian Coast Guard in particular and generally enjoys excellent reputation for ships that it has built. GSL 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. With the opening of the Defence Market to Private Sector, your Company is facing stiff competition and has geared up to meet the competition. Despite competition from International and Indian Shipyards in Public and Private sector, the Company continues to make efforts and has been successful in securing shipbuilding/ship repair orders at domestic and international level and maintaining the growth momentum.
5. On completion of ongoing GSL Infrastructure Modernization Project, the capacity of the Yard would increase by about three times and value of production would also increase beyond Rs.1000 crore. The requirement of our major customers is expected to increase due to their ship replacement/new addition programme in view of security scenario in the country. With the nomination by the Govt. of India of your company for production of Mine Counter Major Vessels (MCMVs), in order to meet the timelines of project delivery as per the contract being awarded, the company is gearing up to complete the infrastructure, source the technology and recruit the manpower requirements. The necessary statement of cases for manpower approvals, infrastructure funding etc. are being processed vigorously.

SWOT Analysis

6. In the changing environment, your Company has identified following strengths, weaknesses, opportunities and threats:

Strengths

- a) Ability to design sophisticated vessels in-house. The designs of Advanced Offshore Patrol Vessels, Fast Patrol Vessels, etc. were made in-house.
- b) Highly Skilled work force and strong management with ability to absorb and adopt improvements/new technologies.
- c) Fully computerized network encompassing the entire gamut of operations. This is enabling us to monitor production activities closely and process other activities faster. Successful implementation of e-procurement system.
- d) Expertise in construction of shipbuilding, ship repair and manufacture of stern gear system.
- e) Sophisticated CAD/CAM facility supported by Tribon software, knit seamlessly with BaaN ERP and Primavera software.
- f) Modern machineries like CNC plasma cutting machines, 3-D pipe bending machines, ceramic back-up welding machines, etc., for expeditious construction of vessels.
- g) Shiplift and Transfer System capable of docking vessels upto 6000 tonnes with two land berths of 120 Mts. (L) x 25 Mts. (W) and 250 Mts. long jetty for berthing of vessels and repair work.
- h) Quality conscious, ISO 9001: 2008 Company.
- i) Cohesive management with better communication network.
- j) Good industrial relations.
- k) Financially sound Company.

Weaknesses

- a) Uneven play with Private sector due to large restrictions being subjected to Article 11 of Constitution and a Govt Company.
- b) Geographical limitation for expansion at the present site.
- c) Limited water front & water depth.
- d) Inadequate industrial and local vendor base.

Opportunities

- a) Growing maritime defence needs of the country.
- b) High potential for export, as a result of Government's liberalised policy, easing of foreign exchange controls.
- c) Demand for OPVs/FPVs for patrolling, pollution control, etc., due to increasing security needs internationally.
- d) Prospective requirement of commercial vessels for coastal shipping in India like Ro-Ro and container vessels.
- e) Ship-repair opportunities due to high cost of replacement tonnage.
- f) Increasing need of GRP/FRP boat requirements for policing by Government agencies.
- g) Indian Navy's requirement for GRP hull, MCMVs.
- h) Potential for entering into Annual Maintenance Contracts for maintenance of vessels.

Threats

- a) Increased stiff competition from private sector into the shipbuilding market.
- b) Increased production capacity of existing private shipbuilders.
- c) Competition from small scale ship builders and repairers.
- d) Availability of limited experienced outsourcing parties to meet huge demand.

7. The SWOT analysis brings out the huge opportunities available for building defence and commercial vessels. Therefore, strategies are being focused on exploiting these opportunities based on our strength, minimizing the impact of weaknesses. GSL continues to consolidate its strengths and focusing on to reduce the impact of its weaknesses. The strengths of infrastructure, design and manufacturing facilities are leveraged to have strategic alliances to address the emerging opportunities and reducing the impact of perceived threats.

Major Initiatives Undertaken and Planned to Ensure Sustained Performance and Growth

8. Your Company has undertaken various initiatives to ensure sustained growth in the coming years. The various initiatives taken are in the areas of:

Technology Absorption

- Research & Development and Technology Absorption, Adaptation & Innovation

9. With persistent efforts made in Research & Development on vessel platforms, the Company has been recognized as an **In-house R&D unit** by the Government of India, Ministry of Science and Industrial Research, Department of Scientific & Industrial Research. Your Company is the only shipyard which has been accorded this recognition. R&D activities at GSL were commenced in small way with the design of 35 knots, 50 M Fast Patrol Vessels (FPVs) in the year 1998-99 and presently it has a full fledged set up and is developing regularly newer platforms for Indian Navy & Indian Coast Guard. Platforms developed so far include 105 M. Advanced Offshore Patrol Vessels (AOPVs), 90 M Offshore Patrol Vessels (OPVs) and 105 M Naval Offshore Patrol Vessels (NOPVs). All the designs have been proven in Sea trials and further validated during operations in service with Indian Navy & Indian Coast Guard.

10. The Company has successfully developed the design for 29M. 40 Knots Interceptor Boat (IB) and the Anti Submarine Warfare (ASW) Vessel. The design for 75M Patrol Vessel is in the process of development. The company's indigenously developed designs of Patrol Vessels have saved the country considerable amount of foreign exchange by avoiding import of ship designs and achievement of self reliance to a large extent.

11. During the year, the expenditure incurred by the Company on Research and Development is Rs.647 lakh.

12. The Defence Acquisition Council (DAC) has accorded approval for construction of 12 Mine Counter Measure Vessels (MCMVs) indigenously in GSL with Transfer of Technology (TOT) from a foreign collaborator. The Company will be tying up for appropriate TOT as per specifications formulated by Indian Navy and has initiated dialogues with several specialized MCMV equipment OEMs from abroad for making the items in India in collaboration with local private industrial groups with requisite capabilities. Proactive steps are being taken by the Company for involvement of local industries for supply of indigenous equipment & material for the MCMV project and to have maximum possible indigenous content in line with the '**Make in India**' programme of the Government of India.

Infrastructure Modernisation

13. The Company is in the process of creating infrastructure for Mine Counter Measure Vessels (MCMVs) programme of Indian Navy and modernizing its facilities in a big way to enhance the capability of the yard to build advanced MCMVs. Infrastructure Modernisation programme for MCMVs is being executed in four phases of which Phase 1 & 2 has since been completed in March, 2011. The work on next phase (Phase 3A) has commenced in January, 2013 which includes construction of new outfitting workshop, ship assembly shop, construction berths, outfit jetty, steel stockyard and services & utilities is scheduled to be completed in early 2016. The preparatory work for remaining phases (Phase 3B & 4) is also in progress. On completion of ongoing Modernisation Programme, the company will have the capability to build high technology Fibre Reinforced Plastic

(FRP) hull for MCMVs indigenously with help of foreign technology provider. In addition, this would also enhance production rate and shipbuilding capacity of the yard to three fold.

IT Initiatives - ERP System

14. **ERP – System**: The BaaN ERP System implemented across the organization has enabled shortening delivery period of vessels. The ERP System has contributed in overall decrease in shipbuilding time as well as operational costs and has helped the Company to gain a competitive edge. As part of ERP-IT, improvement to the System Hardware, Software, Networks and services has been undertaken on an on-going basis to cater to the increasing workload, with greater speed, transparency, high availability, accuracy with audit trails for future references. These initiatives have greatly improved decision making, reduced our procurement and processing cycle time.

15. **e-Procurement System**: The e-Procurement System covers all procurement activities of the Company in accordance with CVC guidelines. E-Procurement activities are carried out on-line using Internet and associated technologies with ease and efficiency without compromising the required procedures and provide transparency, saving of time and money, shortening of procurement cycle, with ease of operation to the Company and the vendors.

16. **On-line Vendor Registration System (VRS)**: On-line Vendor Registration system was launched on 8th September, 2014. The System allows the vendors to register their profile and sign up for specific commodities relevant to their business and check status of their registration online. The approved vendors receive automatic notifications of new opportunities posted on the e-Procurement System.

17. **e-Payment**: The Company has implemented Electronic Clearing Service (ECS) & Real time Gross Settlement Systems (RTGS) for making payments to the employees and suppliers. RTGS/ECS is used for making bulk payment of amounts towards distribution of dividend, interest, salary, pension, etc., or for bulk collection of amounts towards telephone / electricity / water dues, cess / tax collections, loan installment repayments, periodic investments in insurance premium, etc. During the financial year, the Company has made around 96.6% payment by e-payment.

18. **On-line Bill Tracking and Payment Details**: The Company has implemented on-line bill tracking and payment details system for suppliers to track their bills submitted to the Company and payments made to the suppliers. The system also gives information about the status of the pending bills. The Company has provided this facility to all the vendors who are registered with GSL.

19. **System Training**: The Company has been giving ERP System and e-procurement periodical training to the regular users and new comers.

Marketing & Business Development

20. On visualizing the prospects of growing demand in Patrol Vessel segment from several reports, the Company has kept the complete range of Patrol vessels as thrust area for business in near future in addition to Mine Counter Measure Vessels (MCMVs) for which GSL is nominated by Govt. of India. Several customers have shown keen interest in the Company's in-house designed and well proven Patrol Vessels, some of which have sailed all over the world during their overseas deployment by the Indian Navy and Coast Guard. The Company has been making efforts to export its various proven products, specially the in-house designed range of Patrol Vessels along with their weaponised versions as per customer requirements, by participating in various exhibitions, seminars and giving presentations on shipbuilding abilities of the Yard and interacting with potential customers of various countries. The Company is keen on exporting its products, especially proven designs of Patrol Vessels to Latin American countries, South East Asian countries, African countries and the Middle East, where there is emerging market for these products.

Quality Assurance

21. The Company continues to accord the utmost importance to Quality Assurance activities, reflecting its strong commitment for Product quality and customer satisfaction. The yard has a well experienced QC Inspection team, who are continuously trained in adopting updated inspection methodologies and best practices. The team undertakes inspection checks at every stage of the construction as per detailed Quality plans to ensure that right from the initial receipt inspection of raw materials, to the final acceptance, the ship construction, repair and general engineering activity is monitored both by internal & external Inspection agencies. The yard has focused on defect avoidance, through awareness training, along with on the job monitoring. A vibrant culture of Quality circles ensures self-inspection and root cause analysis in order to identify appropriate corrective & preventive measures for achieving continual improvement.

22. As an initiative to improve quality of vendor supplied items, the data analysis identified frequently occurring defects / deficiencies of each vendor. A pre-dispatch inspection list was drawn up for each vendor to ensure the receipt of quality equipments. GSL ERP has been linked to the supply chain and the vendors can view the receipt inspection reports of items / equipment generated by ERP system.

23. Under the MOU for the year 2014-15, (a) 'Excellent' rating was achieved in ISO 9001:2008 certification, by revalidation post external audit by IRQS, without any non- conformities or observations, (b) Customer Satisfaction Report was rated as 'Very Good'.

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

Risk Management

24. The Company has a Fraud Prevention Policy. M/s Deloitte Touche Tohmatsu India Pvt. Ltd., Mumbai, were appointed for developing & implementing Enterprise wide Integrated Risk Management Policy which has been completed. The Key Risks including Corruption Risk were identified as Board Reportable Risks alongwith Mitigation Plans which will be monitored on an ongoing basis.

Cost Reduction

25. The Company has taken various measures for cost reduction in production and other related areas, viz., in the areas of inventory control, labour productivity, outsourcing, energy conservation, support services. Similarly, adopting method of placing repeat orders for the subsequent similar projects has resulted in reduction in order processing cost and procurement cost of items/equipment.

Reduction in Production Costs

26. As a part of various cost saving measures, the Company is in the process of ensuring that all sub-contractors use only energy efficient inverter based welding rectifiers. More outsourcing is done in non-core activities like dry surveys, fitment of manholes, ladders, doors, windows, minor seatings, etc. Semi-automatic welding machines are in use for better productivity. Stud-welding machines have been introduced in the year for alignment of hull-block joints, which has resulted in reduction in cost and time. Laser based alignment tools are used for shafting jobs which has improved productivity and accuracy. With the help of higher capacity cranes on the berth, the erection of super structure is done in bigger blocks(compared to panels earlier) which saves cost & time.

Reduction in Cost of Indirect Manpower/Overheads

27. The Company has resorted to Annual Rate Contracts (ARC) covering a majority of general stock items obviating the need of repeated tendering thereby reducing the procurement cost, lead time and inventory. Annual Maintenance Contracts have been in operation covering maintenance of

rewinding of motors, calibration of various measuring instruments, servers & work stations, Tribon and Primavera software, cranes, office equipment, lifting appliances, etc. With a view to bring economy of expenditure, a campaign has been launched to reduce overtime expenditure, reduction in traveling expenditure by about 32% and expenditure on advertisement expenditure by about 35% compared to the previous year.

Procurement from Micro & Small Enterprises (MSE) and Goals set with respect to Procurement to be met from MSE and Achievements

28. The Company conducted a Vendor Development meet at GSL premises on 26th March, 2015 for new entrepreneurs and potential vendors, to encourage registration with GSL. MSME & NSIC officials also participated in the said programme with a view to create awareness regarding incentives & price preferences, etc., for MSE entrepreneurs under Public Procurement Policy (PPP). The Company has also participated in exhibitions organized by State Government exhibiting products to be outsourced by GSL for building ships.

29. The Company has enhanced procurement of goods & services from MSEs. Most of the items/products, out of 358 items reserved for purchase from SSI/MSE, are generic in nature and not useful for shipbuilding industry. All out efforts are being made to increase the percentage further.

Internal Control System and their Adequacy

30. The Company has an adequate system of Internal Controls implemented towards achieving effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The system comprises well defined organization structures, pre-identified authority levels and procedure issued by Management covering all vital and important areas of activities, viz. Budget, Purchase, Materials control, Works, Finance & Accounts, Personnel, etc. The Company has an Internal Audit Department which monitors compliances of Company's procedures and policies with well defined annual audit programme and significant audit observations are reported to the Audit Committee of Board of Directors. The Internal Audit function is headed by a General Manager reporting to the Director (Finance).

31. The implementation of ERP System has helped to strengthen the Internal Control Systems with its in-built checks and balances at various levels of operations. The Internal Control systems are reviewed by the Audit Committee. The adequacy of internal control procedures is reviewed and reported by the Statutory Auditors in their Audit Report. Your Company, being a Government Company, is subject to Government audit also.

Financial/Operational Performance Strategy & objectives

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

- (i) To make available funds by effective cash flow management.
- (ii) To maintain the highest credit rating to be able to raise funds at most economical rates.
- (iii) To comply with the expectations of the various stakeholders.
- (iv) To effectively do tax planning thereby improving the post tax yield to the shareholders.
- (v) To prudently invest the surplus funds of the Company.

33. The Company continues to accord the highest priority to each of the objectives listed. During the year, the funding of incremental working capital requirement and the additional capital expenditure was met entirely from the Company's own resources without resorting to any external borrowing, besides improving the earnings on deployment of short term surplus funds.

Performance Highlights

	(Rs. in Lakh)	
	As on 31.03.2015	As on 31.03.2014
Capital Employed	49994	50673
Gross Block	15710 *	44184
Net Block	6607	32428
Working Capital	32943	8221
Net Worth	61921	58437
Value Added	19825	15059
Ratios:	%	%
Profit before interest and tax : Capital Employed	10.78	-08.36
Profit after tax : Net worth	12.64	-10.45
Value added : Capital employed	39.65	29.72

* The reduction in Gross Block of Assets is mainly due to reclassification of GSL modernization assets capitalized earlier amounting to Rs.288 crore as "Govt. Funded Assets for development of infrastructure for MCMV project" based on Government Sanction letter dated 02.02.2015.

Development of Human Resources

34. The employees are the Company's most valuable resources and the Company has been able to create a favourable work environment that encourages innovation and meritocracy. The Company continues to give utmost importance to training and development of its human resources for maximizing their contribution to the attainment of the goals of the Company.
35. The value addition to human resources is a continuing process and in-house and external training programmes were organized towards achieving the objective. During the year, 32 Supervisors/Staff/employees and 93 executives were deputed to attend external training programme on HR/Labour Laws, IT & Cyber Security, Service Tax, EMS ISO 5001:2011, Project Management, Competency Mapping, Advanced OSHE, Ergonomics, Safety, Risk, Contract Management, Export & Import/Customs Provisions, Concurrent Engineering & DFM, Welding, Antifouling Technology, Switchgears, AC/DC Motors & Control System, Marine Hydrodynamics. Senior executives were also nominated for training program on Board Level Orientation, Procurement Best Practices in DPSEs, Project Planning, Monitoring & Control Systems, etc. Executives were also deputed to programmes organized by NIRDESH on Young Officers Capsule, Safety & Ergonomics, Welding for Shipbuilding and Inter-active Workshop for Safety Officers.
36. During the year, 338 supervisors/staff/employees and 335 executives were deputed for in-house training programme on Survival at Sea, Mentor, Mentee and Mentoring, Project Management Tool, Reservation Policy on SC/ST/OBC, Advance OSHE for Safety Teams, Management of Contract Labour, Workshop on Retirement Planning, Workers Education Programme, Pre-examination Training to Supervisors, Awareness sessions on Grievance Redressal, BaaN Awareness for employees/supervisors and Role Band Change, Management Development Programme on Business Strategy & Leadership for executives.
37. A new trend of professional experience sharing is being experimented under 'Professional Discourse Sessions' conducted on second Saturday of every month, wherein nominated executives share their knowledge with their other colleagues.

Skill development

38. The Company continues to run an Apprentice Training School to meet the need for skilled manpower. As on 31.03.2015, 36 Trade Apprentices, 01 Vocational Apprentice, 18 Graduate Engineering Technician Apprentices and 10 Sandwich trainees from Institute of Shipbuilding

Technology, Bogda, Vasco-da-Gama, Goa were undergoing training. Vocational training is also being imparted to students from various institutions. In a major boost to skill development number of Apprentices have been increased to 100 from current FY, which will be further expanded year on year. A new course is being introduced for skill development in FRP/GRP trade for upcoming mega MCMVs project. A customized syllabus has been designed to meet the requirement of Multi skilling.

Industrial Relations

39. Industrial relations were cordial and harmonious and the yard continued to work peacefully throughout the year. Multi-unions/associations scenario continued in the Company. Participative fora are working effectively in the Company. Shop Council meetings, regular meetings with Employees' Unions & Associations were conducted under the Chairmanship of Director (CPP&BD). Besides, Safety Committee meetings were organized at regular intervals and the points deliberated are followed up for its implementation.

40. Settlements were drawn with the active Unions for the modification of Standing Orders of the Company which was a long pending and modified Standing Orders were submitted for certification to the Certifying Officer. The settlements were also drawn with the active Unions of the Company for implementing the revised ratio of yard supervisors v/s tradesmen from 1:16 to 1:10 as approved by the Board.

Sustainable Development: Environmental aspects and Abatement of Pollution

41. The Company continues to show its commitment for improvement in all aspects of the environment and pays special emphasis for plantation and preservation of trees. New ornamental, fruit bearing trees & various types of saplings were planted in various areas and nearby school premises during the year.

Conservation of Energy

42. The Company continued its drive to conserve energy and the following measures were taken to conserve energy during the year:-

i) Steps taken or impact on conservation of energy:

- a) Replacement of T12 tube lights for office lighting with energy efficient T8, T5 with electronic ballast and LED tubes.
- b) Installation of Nature switches (switch working on sunlight) for outdoor illumination.
- c) Replacement of 70 W HPSV periphery light with 30 W LED light.
- d) Observation of Energy conservation month during April 2014 wherein various training programs on Energy conservation, Energy efficiency and Renewable energy were conducted.
- e) Daily monitoring of energy consumption for GSL incomer as well as for all distributing substations.
- f) Display of various Energy saving banners, posters and stickers in the yard for spreading awareness on energy conservation.

ii) Steps taken by the company for utilizing alternate sources of energy:

- a) One number 2 KW solar power plant has been installed.
- b) 10 number solar street lights were relocated and luminary was changed from CFL to LED.
- c) Procurement of two number 2 KW solar power plant is in progress.
- d) Procurement of 20 Nos. solar street lights is in progress.

iii) Capital investment on energy conservation equipment:

The Company has invested Rs.2,73,000/-on energy conservation equipment.

GOA SHIPYARD LIMITED

Annexure 'D' to Directors' Report

CORPORATE GOVERNANCE REPORT FOR FY 2014-15

The Report on Corporate Governance along with a Compliance Certificate from the Practicing Company Secretary, Secretarial Auditor of the Company, as per the Guidelines on Corporate Governance for CPSEs 2010 issued by the Government vide DPE's OM No.18(8)/2005-GM dated 14.05.2010, is given below:

PHILOSOPHY ON CORPORATE GOVERNANCE

2. It is the constant endeavour of your Company to maintain the highest standards of ethics in all spheres of business activities. Your Company's philosophy of Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures and legal compliances. It strives for transparency in decision making and to avoid conflicts of interest. It also accords due importance to adherence to the adopted corporate values and objectives and discharging social responsibilities as a corporate citizen.

3. In keeping with its professional approach, your Company is implementing the precepts of Corporate Governance in letter and spirit. The Company has set itself new mission with the objective of expanding its capacities and becoming globally competitive in its business. The Company expects to realize its newly adopted vision by achieving its goals of value creation, safety, environment and people.

BOARD OF DIRECTORS

Composition of Board of Directors

4. — The Board of Directors of the Company as on 31.03.2015 consisted of 08 members, viz., 04 Whole-time Directors, including the Chairman & Managing Director, 02 Part-time Official (Government) Directors and 02 Part-time Non-Official Directors (Independent Directors), as follows:-

Whole time Directors

1.	RAdm. Shekhar Mital, NM, IN, (Retd)Chairman & Managing Director
2.	Cmde. P.K.S. Shrivastava, VSM, IN (Retd) Director (Corporate Planning, Projects & Business Development)
3.	Shri Sanjiv Sharma, Director (Finance)
4.	Shri Shrihari Pai Raikar, Director (Operations)

Part-time Official (Government) Directors

5.	Shri Prem Kumar Kataria, Addl. FA(K) & Jt. Secretary, Ministry of Defence
6.	VAdm. Harish Chandra Singh Bisht, AVSM, Director General, Indian Coast Guard

Part-time Non-Official (Independent) Directors

7.	Shri R.K. Agrawal
8.	Shri Ashok Nayak.

5. As per the Government directives, RAdm. Anil Kumar Saxena, DGND, Shri Rajnish Kumar, Addl. FA & JS (RK), Shri A.K.K. Meena, Joint Secretary (NS) (upto 08.12.2014) and continued as Permanent Special Invitees on the Board of Directors of the Company. VAdm. A.V. Subhedar ceased to be Permanent Special Invitee on handing over the office of CWP&A on 31.05.2015. The Chairman & Managing Directors of Mazagon Dock Limited, Mumbai, Garden Reach Shipbuilders & Engineers Limited, Kolkata and Dr. V. Bhujanga Rao, DS, CCR&D, (NS&IC), DRDO continued as Special Invitees to all Board Meetings of the Company.
6. During the year, Government of India, Ministry of Defence, Department of Defence Production, New Delhi, vide their letter dated 08.12.2014, appointed Sri Bharat Khera, Joint Secretary (NS) as Permanent Special Invitee on the Board of Directors of GSL, vice Sri Ashok K.K. Meena till he holds the post of Joint Secretary (NS) or until further orders.
7. Shri Ashok Nayak was appointed as Part-time Non-Official Director (Independent Director) on the Board of the Company by Government of India, vide their letter dated 23rd July, 2014 for a period of three years with effect from the date of notification of his appointment or until further orders. Shri Ashok Nayak, a graduate in Engineering from Bangalore University having passed out in 1973, had joined Hindustan Aeronautics Limited (HAL), Bangalore as a Management Trainee and held key positions in areas of Manufacturing, Quality Assurance, Production Planning, Customer Services and Exports. He has served in Senior Management positions in various Production Centers at HAL. He served as Managing Director of Bangalore Complex between August, 2007 and March, 2009. He then took over as Chairman, Hindustan Aeronautics Limited and retired from the said position in October, 2011. Shri Ashok Nayak does not hold any shares in Goa Shipyard Limited.
8. Shri Shrihari Pai Raikar was appointed as Director (Operations) of the Company by Government of India, vide their letter dated 13th January, 2015 for a period of 5 years from the date of assumption of the charge of the post on or after 01.03.2015 or till the date of his superannuation, or until further orders, whichever is earliest. Shri Raikar has assumed charge as Director (Operations) with effect from 02.03.2015. Shri Raikar is a Bachelor in Electrical Engineering and started his career with the Company in February, 1980. During his long career spanning over 35 years, he has held various key positions in the functional and operational areas in the Company.
9. Prior to taking over as Director (Operations), he was General Manager (Production) in the Company. He is also recipient of commendation letter from the Secretary Defence Production, Ministry of Defence, Government of India, in the year 2011. In the course of his duties, he has visited number of countries which include United Kingdom, Italy, Korea, Singapore, Malaysia and Sri Lanka and has been a guiding member of the team for massive modernization / up-gradation and augmentation of infrastructure undertaken for MCMV project over last one decade. Shri Raikar holds jointly with his spouse 10 Equity Shares of Rs.10/- each in Goa Shipyard Limited.
10. VAdm. Harish Chandra Singh Bisht, AVSM was appointed as Part-time Official (Government) Director on the Board of the Company by Government of India, vide their letter dated 16th March, 2015 with immediate effect till he holds the charge of Director General Indian Coast Guard or until further order. VAdm. HCS Bisht is an alumnus of the National Defence Academy Khadakvasla, Pune and the Naval Academy, Kochi. He was commissioned in the Executive Branch of the Indian Navy as a Surface Warfare Officer on 01 July 1979. The flag officer is a graduate of the 1992 batch of the Royal Naval Staff College, Greenwich (UK). He also attended the Naval Higher Command Course at the College of Naval Warfare, Karanja, Mumbai in 2001 and completed the 47th NDC Course at New Delhi in 2007.
11. VAdm. HCS Bisht was promoted to Flag rank on 28th January, 2008 and took over the appointment of Assistant Controller of Carrier Projects at IHQ, MoD (N). His further Flag rank appointments include Chief of Staff, Southern Naval Command and Flag Officer Sea Training at Kochi, Flag Officer Commanding Eastern Fleet, at Visakhapatnam and Assistant Chief of Personnel

(HRD) at IHQ MoD (N). He was promoted to the rank of Vice Admiral on 01 September, 2012 and took over the appointment of Controller Personnel Services (CPS) at IHQ, MoD (N). The Flag Officer has assumed the appointment of Director General of Indian Coast Guard (DGICG) on 01 February, 2015. VAdm. Bisht does not hold any shares in Goa Shipyard Limited.

12. One post of Part-time Non-Official Director (Independent Director) is vacant since 19.09.2014. The said post is in the process of being filled up by the Government. The present composition of the Board of Directors of the Company is not in accordance with the DPE guidelines.

Meetings of Board and Attendance

13. During the financial year ended 31st March, 2015, five Meetings of the Board of Directors were held, i.e., on 31.05.2014, 30.07.2014, 09.09.2014, 21.11.2014 and 12.02.2015. The quorum was present at all the meetings. Details of attendance of the Directors at the Board Meetings, Annual General Meeting and the number of other directorships held by them during 2014-15, et c. are furnished below:

Sr. No	Directors	Meetings held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM held on 25.09.2014	No. of other directorships held
1.	RAdm. (Retd.) Shekhar Mital, CMD	05	05	Yes	Nil
2.	Shri R. Choudhary (Upto 28.02.2015)	05	05	Yes	Nil
3.	Cmde. (Retd.) P.K.S. Shrivastava	05	04	Yes	Nil
4.	Shri Sanjiv Sharma	05	05	Yes	Nil
5.	Shri Prem Kumar Kataria	05	01	No	02
6.	VAdm. A.G. Thapliyal (Upto 31.01.2015)	04	01	No	Nil
7.	VAdm. HCS Bisht (From 16.03.2015)	Nil	Nil	NA	Nil
8.	Prof. (Dr.) R. Venkata Rao (Upto 19.09.2014)	03	03	No	Nil
9.	Shri Ashok Nayak (From 23.07.2014)	03	03	No	Nil
10.	Shri R.K. Agrawal	05	03	No	01
11.	Shri Shrihari Pai Raikar (From 02.03.2015)	Nil	Nil	NA	Nil

Code of Business Conduct and Ethics

14. The Code of Business Conduct & Ethics for all Board members and Senior Management of the Company has been posted on the Company's Website www.goashipyard.co.in. All Board members and Senior Management personnel have affirmed the compliance with the Code of Business Conduct and Ethics. A declaration to this effect by the Chairman & Managing Director is appended to this Report.

AUDIT COMMITTEE

Terms of Reference of Audit Committee

15. The terms of reference of the Audit Committee as per the revised "Audit Committee Charter" approved by the Board at its meeting held on 30.07.2014, inter alia, include the following:-

- (i) Overseeing Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (ii) Appointment and removal of external firms of Chartered Accountants for Internal Audit, Tax Auditors and fixation of audit fees and also approval for payment for any other services.
- (iii) Reviewing, with the management, the periodical/annual financial statements before submission to the Board for approval.
- (iv) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217/Section 134(5) of the Companies Act, 1956/2013.
- (v) Compliance with legal requirements relating to financial statements.
- (vi) Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems, internal audit function, including the structure of the internal audit department, coverage and frequency of internal audit.
- (vii) Reviewing the Company's financial policies, commercial policies and risk management policies.
- (viii) Reviewing Management discussion and analysis of financial condition and results of operations.

Composition of Audit Committee

16. As on 31.03.2015, the "Audit Committee" of Directors of the Company, constituted pursuant to provisions of Section 177 of the Companies Act, 2013, consisted of two independent Directors and one Functional Director as follows:

1.	Shri Ashok Nayak	Chairman	Independent Director
2.	Shri R. K. Agrawal	Member	Independent Director
3.	Sri S.P. Raikar, D(O), GSL	Member	Functional Director

Meetings of Audit Committee and Attendance

17. During the year ended 31.03.2015, the Audit Committee met five times, i.e., on 09.07.2014, 30.07.2014, 09.09.2014, 21.11.2014 and 12.02.2015. The quorum was present at all the meetings. The Chairman & Managing Director, the Director (Finance), General Manager (Internal Audit/Information Technology), HOD(Finance) and the Statutory Auditors of the Company, attend the meetings of the Audit Committee as Invitees. The Company Secretary acts as the Secretary to Audit Committee. The Minutes of the meetings of the Audit Committee are placed before the Board in their subsequent meeting for information. The attendance of Chairman and the Members of the Audit Committee in these meetings was as follows:

Sr. No.	Name of Director	Meetings held during respective tenure of Director	No. of Meetings attended
1.	Prof. (Dr.) R.Venkata Rao (upto 19.09.2014)	03	03
2.	Shri Ashok Nayak (From 20.09.2014)	02	02
3.	Shri R.K. Agrawal	05	04
4.	Shri R. Choudhary, D (O), GSL (upto 28.02.2015)	05	05
5.	Sri S.P. Raikar, D(O), GSL (From 02.03.2015)	Nil	Nil

18. Shri Raingila Choudhary, Director (Operations) represented the Chairman of the Audit Committee at the 48th Annual General Meeting of the Company held on 25th September, 2014.

REMUNERATION & HUMAN RESOURCE COMMITTEE

Terms of Reference of Remuneration & HR Committee of Directors

19. The Remuneration & HR Committee of Directors has been constituted by the Board of Directors to carry out and recommend matters related to variable pay/performance related pay of executives and non-unionised supervisors within the prescribed limits in terms of DPE's OM No. 2(70)/08-DPE(WC) dated 26th November 2008 and to also consider and give its recommendation on issues with regard to Human Resource policies which require Board approval. The Chairman of the Remuneration & HR Committee of Directors is an Independent Director.

Composition of Remuneration & HR Committee of Directors

20. As on 31.03.2015, the composition of Remuneration & HR Committee of Directors of the Company constituted by the Board is as follows:

1.	Shri Ashok Nayak	Chairman	Independent Director
2.	Shri P.K. Kataria	Member	Govt. Nominee Director
3.	Shri R. K. Agrawal	Member	Independent Director
4.	Cmde. P.K.S. Shrivastava, D(CPP&BD)	Member	Functional Director
5.	Shri Shrihari Pai Raikar, D(O)	Member	Functional Director

Meetings of Remuneration & Human Resource Committee of Directors and Attendance

21. During the year ended 31.03.2015, three meetings of the Remuneration & HR Committee of Directors were held, i.e., on 08.07.2014, 10.11.2014 and 11.02.2015. The quorum was present at all the meetings. The Minutes of the meetings of Remuneration & HR Committee are placed before the Board in their subsequent meetings for information. The attendance of Chairman and Members of the Remuneration & HR Committee in these meetings was as follows:-

Sr. No.	Name of Director/Members	Meetings held during respective tenure of Director	No. of Meetings Attended
1.	Prof. (Dr.) R. Venkata Rao – Chairman (Upto 19.09.2014)	01	01
2.	Shri Ashok Nayak – Member from 20.09.2014 and Chairman from 10.11.2014.	02	02
3.	Shri. R. K. Agrawal – Member	03	03
4.	VAdm. A.G. Thapliyal – Member (From 20.09.2014 to 31.01.2015)	01	Nil
5.	Shri. R. Choudhary, D(O) - Member (Upto 28.02.2015)	03	03
6.	Cmde.(Retd.) P.K.S. Shrivastava, D(CPP&BD) - Member	03	03
7.	Shri Shrihari Pai Raikar, D(O) – Member (From 02.03.2015)	Nil	Nil

OTHER BOARD SUB-COMMITTEES

PROCUREMENT SUB-COMMITTEE (PSC) OF DIRECTORS

Terms of Reference and Composition of Procurement Sub-Committee (PSC) of Directors

22. The Procurement Sub-Committee (PSC) of Directors approves the proposals for placement of orders for procurement of materials, equipment, tools, stores & spares, imports, works, sub-contracts, facility hire, Capital Expenditure, etc., of specified value as per the powers delegated by the Board. As on 31.03.2015, the composition of the Procurement Sub-Committee (PSC) of Directors constituted by the Board was as follows:

1.	Chairman & Managing Director, GSL	Chairman
2.	Director (CPP & BD),GSL	Member
3.	Director (Finance), GSL	Member
4.	Director (Operations), GSL	Member
5.	Shri Ashok Nayak, Independent Director	Member

Meetings of Procurement Sub-Committee (PSC) of Directors and Attendance

23. During the year ended 31.03.2015, six meetings of the Procurement Sub-Committee of Directors were held, i.e., on 18.04.2014, 21.05.2014, 08.07.2014, 09.09.2014, 09.11.2014 and 21.11.2014. The quorum was present at all the meetings. The Minutes of the meetings of the said Committee are placed before the Board in the subsequent meetings for information. The attendance of Chairman and the Members of the Committee in the meetings was as follows:

Sr. No.	Name of Director/Members	Meetings held during respective tenure of Director	No. of Meetings Attended
1.	RAdm. Shekhar Mital, CMD	06	06
2.	Shri R. Choudhary, D(O) (Upto 28.02.2015)	06	06
3.	Cmde. P.K.S. Shrivastava, D(CPP&BD)	06	06
4.	Shri Sanjiv Sharma, D(F)	06	06
5.	Prof. (Dr.) R. Venkata Rao, Director – Independent Director (Upto 19.09.2014)	04	04
6.	Shri Ashok Nayak, Director - Independent Director (From 20.09.2014)	02	02

COMMITTEE ON SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

Terms of Reference and Composition of Committee on Sustainable Development & Corporate Social Responsibility

24. The Committee on Sustainable Development & Corporate Social Responsibility was constituted by the Board of Directors to undertake various projects under Corporate Social Responsibility in terms of the guidelines issued by DPE. As on 31.03.2015, the composition of the said Committee was as follows:

1.	Shri Ashok Nayak	Independent Director	Chairman
2.	Shri R. K. Agrawal	Independent Director	Member
3.	Cmde. P.K.S. Shrivastava, D(CPP & BD)	Functional Director	Member
4.	Shri Sanjiv Sharma, D(F)	Functional Director	Member
5.	Shri S P Raikar, D(O)	Functional Director	Member

Meetings of Committee on Sustainable Development & Corporate Social Responsibility and Attendance

25. During the year ended 31.03.2015, three meetings of the Committee on Sustainable Development & Corporate Social Responsibility were held, i.e., on 09.07.2014, 10.11.2014 and 11.02.2015. The quorum was present at all the meetings. The Minutes of the meetings of the said Committee are placed before the Board in their subsequent meetings for information. The attendance of Chairman and Members of the Committee in the meetings was as follows:

Sr. No.	Name of Director/Members	Meetings held during respective tenure of Director	No. of Meetings Attended
1.	Prof. (Dr.) R. Venkata Rao – Chairman (Upto 19.09.2014)	01	01
2.	Shri Ashok Nayak – Chairman (From 20.09.2014)	02	02
3.	Shri R. K. Agrawal - Independent Director	03	03
4.	Shri R Choudhary, D(O) (Upto 28.02.2015)	03	03
5.	Cmde. P.K.S. Shrivastava, D(CPP & BD)	03	03
6.	Shri Sanjiv Sharma, D(F)	03	03
7.	Shri S. P. Raikar, D(O) (From 02.03.2015)	Nil	Nil

PROJECT REVIEW SUB COMMITTEE (PRSC)

Terms of Reference and Composition of Project Review Sub Committee of Directors

26. The following Project Review Sub Committee (PRSC) of Directors was reconstituted by the Board as per the directions of the MOD on 21.11.2014:-

1.	Shri Ashok Nayak	Independent Director	Chairman
2.	Shri R.K. Agrawal	Independent Director	Member
3.	Director (CPP & BD)	Functional Director	Member
4.	Director (Finance)	Functional Director	Member
5.	Director (Operations)	Functional Director	Member

27. The assignment of PRSC includes the following:-

- Detailed review of technical and financial progress achieved with reference to the milestones fixed and scope and specifications prescribed.
- Reviewing the adherence of the contractual provisions and approved procurement policy of the company in important cases of procurement.
- Identifying deficiencies in the existing systems and processes and making suggestions for improvement.
- Submit its report to the CMD at least on a quarterly basis.
- Keep the Board of Directors informed of the findings of the Committee from time to time.

Meetings of Project Review Sub Committee of Directors and Attendance

28. During the year ended 31.03.2015, two meetings of the “Project Review Sub Committee (PRSC) of Directors were held, i.e., on 21.05.2014 and 12.02.2015. The quorum was present at all the meetings. Minutes of the meeting of the Project Review Sub Committee (PRSC) are placed before the Board of Directors in their subsequent meetings for information. The Chairman of the Project Review Sub Committee of Directors is an Independent Director. The attendance of Chairman and Members of the Committee in the meetings was as follows:

Sr. No.	Name of Director/Members	Meetings held during respective tenure of Director	No. of Meetings Attended
1.	Prof. (Dr.) R. Venkata Rao - Chairman (Upto 19.09.2014)	01	01
2.	Shri Ashok Nayak - Chairman (From 21.11.2014)	01	01

3.	Shri R.K. Agrawal (From 21.11.2014)	01	01
4.	Shri. R. Choudhary, D(O)	02	02
5.	Cmde. P.K.S. Shrivastava, D(CPP&BD)	02	02
6.	Shri Sanjiv Sharma, D(F)	02	02

INVESTMENT COMMITTEE

Terms of Reference and Composition of Investment Committee

29. As on 31.03.2015, the composition of the Investment Committee of Directors constituted by the Board was as follows:

1.	Chairman & Managing Director, GSL
2.	Director (CPP & BD),GSL
3.	Director (Finance), GSL
4.	Director (Operations), GSL

30. The Investment Committee is empowered, *inter alia*, to make investment of short term surplus funds of the Company as per DPE guidelines and Board directives, to avail funded and non funded facilities from the Bankers, short term loans from Nationalized /Private Sector Banks as a clean overdraft against Demand Promissory Note depending upon day-to-day operational needs of the Company and to avail the facility of overdraft from nationalized and private sector banks for day to day requirement, upto the ceiling limits approved by the Board.

REMUNERATION OF DIRECTORS

31. GSL being a Central Government Public Sector Enterprise, the appointment, tenure and remuneration of Directors of the Company is decided by the Government of India. Non-Official Part-time (Independent) Directors are paid only sitting fees for attending meetings of the Board of Directors and Committees thereof. The Independent Directors are paid sitting fees of Rs.15,000/- per meeting of the Board or Committee thereof attended by them. In case more than one meeting of the Board or Committee thereof is held on the same day, the sitting fees payable are Rs.15,000/- for the first meeting and Rs.10,000/- for every additional meeting on the same day attended by the Independent Director. The Company does not pay any commission to its Directors. Part-time Government Directors are not paid sitting fees or any other remuneration. Details of remuneration paid to the Whole time Directors for the year ended 31st March, 2015, are given below:

(₹ in lakh)

Name of Director	Salary (Rs)	Perquisites as per IT Rules (Rs)	Contribution to PF (Rs)	Total (Rs)
RAdm. Shekhar Mital, CMD	19.08	3.86	2.14	25.08
Shri R. Choudhary, D(O) (Upto 28.02.2015)	23.46	2.48	2.09	28.03
Cmde. P. K. S. Shrivastava, D(CPP&BD)	17.75	3.90	2.05	23.71
Shri Sanjiv Sharma, D(F)	18.52	3.96	2.07	24.55
Shri Shrihari Pai Raikar, D(O.) (From 02.03.2015)	1.44	0.21	0.16	1.81

DIRECTORS' SHAREHOLDING

32. Except Shri Shrihari Pai Raikar, Director (Operations), none of the Directors of the Company hold any shares of the Company as on 31.03.2015.

GENERAL BODY MEETINGS

33. Details of the Annual General Meetings held during the last three years are as follows:

Year	Location	Date and Time
2011-12	Hotel La Paz Gardens, Vasco-da-Gama, Goa.	26 th July, 2012 at 1230 hours
2012-13	Hotel La Paz Gardens, Vasco-da-Gama, Goa.	24 th September, 2013 at 1230 hours
2013-14	Registered Office of the Company, Vaddem, Vasco-da-Gama, Goa.	25 th September, 2014 at 1600 hours

34. All the resolutions set out in the respective notices of last three Annual General Meetings (AGMs) were passed by the shareholders. One special resolution was proposed in the 48th AGM. No resolutions were put through postal ballot.

DISCLOSURES

35. (a) There were no cases of related party transactions that may have potential conflict with the interests of the Company at large.

(b) There were no cases of non-compliance of applicable laws by the Company and no penalties/strictures were imposed on the Company by any Statutory Authority on any matter related to any guidelines issued by Government, during the last three years.

(c) The Company is in the process of laying down a Whistle Blower policy.

(d) It is affirmed that no personnel has been denied access to the Audit Committee.

(e) The Company has complied with Presidential Directives issued by the Central Government during the year and also in the last three years.

(f) There were no items of expenditure debited in books of accounts, which are not for the purposes of the business.

(g) The expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management were NIL.

(h) Details of Administrative and office expenses as a percentage of total expenses vis-à-vis financial expenses and reasons for increase are given below:

(i) Administrative (Other Expenses) decreased by 2.28% compared to last year.

(ii) Financial expenses decreased by 62% as compared to last year.

MEANS OF COMMUNICATION

36. The annual financial results of the Company are posted on the Company's Website www.goashipyard.co.in in English and Hindi. A press release is generally issued in the newspapers after conclusion of the Annual General Meeting.

AUDIT QUALIFICATIONS

37. There were no audit qualifications on the Company's financial statements.

SHARE TRANSFER SYSTEM

38. Shares sent for transfer are registered within the stipulated period. Shares under objection are returned within the stipulated period, seeking suitable rectification. The Share Transfers are approved within the specified period by approving authority.

SHAREHOLDING PATTERN

39. The shareholding pattern as on 31st March, 2015 is given below:

Sr. No.	Category of Shareholder	No. of Shares held	Amount of Shares held (₹)	% of Shares held to Total Paid up Capital
1.	Government President of India	1,48,66,695	14,86,66,950	51.09%
2.	Govt. Company Mazagon Dock Ltd.	1,37,39,400	13,73,94,000	47.21%
3.	General Public and Others	4,94,842	49,48,420	01.70%
	TOTAL	2,91,00,937	29,10,09,370	100.00%

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

40. Under Section 205A(5) of the Companies Act, 1956 (the Act), Companies are required to transfer to the Investor Education and Protection Fund (the Fund) established by the Government under Section 205C of the Act the money transferred by the companies to the Unpaid Dividend Account and which remain unclaimed/unpaid for a period of seven years. During the year 2014-15 the Company transferred to the Fund an amount of Rs.13020/- Unclaimed/Unpaid Dividend for the Year 2006-07. The amount of Unclaimed Dividend for the Year 2007-08 which remains unclaimed as on 23.09.2015 has to be transferred to the Fund by the Company. Notices to this effect have been sent to the respective shareholders to enable them to claim the amount before the said date.

ADDITIONAL/GENERAL INFORMATION FOR SHAREHOLDERS

49th Annual General Meeting

Date : 28th September, 2015.

Time : 1600 hours

Venue :Registered Office of the Company, Vaddem, Vasco-da-Gama, Goa – 403 802.

Yard Location

i) Vaddem,
Vasco-da-Gama,
Goa - 403 802.

ii) GSL Units II, III & IV,
Sancoale Industrial Estate,
Zuarinagar, Goa - 403 726.

Registered Office/Address for correspondence

Goa Shipyard Limited,
Registered Office: Vaddem House, Vaddem,
Vasco-da-Gama,
Goa – 403 802.
Phone: 0832-2512152-56 **Fax:** 0832-2514232
Email: contactus@goashipyard.com
Website: <http://www.goashipyard.co.in>

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Declaration

As provided under the Guidelines on Corporate Governance for CPSEs 2010 issued by the Government, it is hereby declared that all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel of Goa Shipyard Limited for the year ended 31st March, 2015.

For Goa Shipyard Limited



RAdm. (Retd.) ShekharMital, NM
Chairman & Managing Director

Vasco-da-Gama, Goa.
29th August, 2015.

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Francisco Dias

B.Com., LL.B., F.C.S.

COMPANY SECRETARY

Sapana Terraces, FO - 20, 1st Floor,

Swatantra Path, Vasco da Gama, Goa - 403 802.

Phone : 2514452 ; (M) 9890172696

E-mail : franciscodias.cs@gmail.com

Practicing Company Secretary's Certificate

To
The Members
Goa Shipyard Limited

We have examined the compliance of conditions of corporate governance by Goa Shipyard Limited, for the year ended on 31.03.2015, as stipulated in the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) 2010 issued by the Government.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the aforesaid Guidelines on Corporate Governance.

We 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.

Place: Vasco da Gama, Goa.
Date: 21st July, 2015



Francisco Dias
Company Secretary
FCS No: 2225
CP No: 3765



Annual Report on Corporate Social Responsibilities 2014-15

1. A brief outline of GSL Corporate Social Responsibilities Policy

(a) Your company has been a vital part of the Goan industrial landscape, integrating seamlessly into the community, generating employment and business opportunities for the local populace. It constantly strives to foray beyond the scope of its economic activities reaching out through with active participation in the social development of the community. The Company has always been conscious of its Corporate Social Responsibility (CSR) and over the years it has shaped a range of broad objectives in the social domain encompassing a charter of activities to foster community development.

(b) The CSR Policy applies to all CSR & Sustainability initiatives and activities taken up by the Company, with thrust on sustainable development and inclusive growth, safe drinking water and sanitation, health, education, basic needs of the under privileged and weaker sections of the society, BPL families, old and aged women/girl child, physically challenged, environment sustainability, promote renewable sources of energy, watershed management, reduction of carbon emissions, promotion of green and energy efficient technologies, etc.

(c) In alignment with **Vision** of the Company and **Swachh Bharat Campaign** of the Government of India, the Company through its CSR & Sustainability Policy initiatives, intends to contribute towards social development and meaningful quality of life of the community in which it operates through value creation, promote sustained growth of the society & community and environmental sustainability in fulfillment of its role as a Socially Responsible Corporate.

(d) In order to strengthen the CSR initiative, a baseline survey and need assessment in the State of Goa was conducted by Tata Institute of Social Sciences in consultation with various stake holders and Government agencies. Accordingly, projects have been identified with Long & Medium Term perspective for execution under CSR which include medical & healthcare, education, skill development, community development, environment related activities, etc.

(e) The Company is currently implementing five major projects under CSR and Sustainability activities in the state of Goa. These include Agri Co-operative Projects in Canacona Taluka, Dairy Co-operative Project in Pernem Taluka, Skill Development Project in Mormugao Taluka, Watershed Project in Bali & Adne village and Mobile Medical Project in Quepem Taluka. All these projects are aimed at increasing livelihood opportunities in the region, nurturing agriculture and allied activities, enhancing entrepreneurship skills, empowering community, imparting employability skill, health awareness and sustainable development, etc.

(f) The projects are implemented through the specialized agencies / NGOs empanelled by National CSR Hub (NCSRH). Besides, GSL CSR Cell and the Project teams have been assigned the responsibility for co-ordination, monitoring and timely execution of the projects. Each project team comprises of one Executive, one Supervisor and one employee of the Company.

(g) CSR & Sustainability initiatives of the Company are reported on GSL Website www.goashipyard.co.in.

2. Composition of the CSR Committee

The Company has a Two-Tier Organizational Structure for planning, implementing & monitoring CSR & Sustainability Policies. The composition of the Two-Tier Structure is given below:-

Tier – I: Board Level Committee

Chairman & Managing Director / Independent Director	Chairman
Independent Director	Member
Independent Director	Member
Functional Director	Member
Functional Director	Member
Functional Director	Member
Nodal Officer – Head of Tier II Committee	Member

Tier – II: Below Board Level Committee (CSR & Sustainability Cell)

Chief General Manager (HR & A)	Chairman
Chief General Manager (Health, Safety & Environment)	Member
Additional General Manager (HR)	Coordinator
Deputy General Manager (Civil)	Member
Deputy General Manager (Finance - 4)	Member
Deputy General Manager (I/E - Comm)	Member
Deputy General Manager (Admin)	Member
Public Relations Officer	Member
Assistant Manager (HR)	Member

3. The Average net profit of the company for last three financial years: Rs.1239.21 lakh
4. The Prescribed CSR Expenditure
(two percent of the amount as in item 3 above) : Rs.24.78 lakh
5. Details of CSR spent during the financial year:
 - (a) Total amount to be spent for the financial year : Rs.24.78 lakh.
 - (b) Amount unspent, if any. : Rs. NIL
 - (c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sl. No.	CSR Project or activities identified	Sector in which the Project is covered	Implementing Agency	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes was undertaken	Amount outlay (budget) project or programmes wise	Amount spent on the projects or programmes (Rs. in lacs)	Cumulative expenditure upto to the reporting period. (Rs. in lacs)	Amount spent: Direct or through implementing agency
PROJECT MODE								
1	Agri Co-operative Project	Agri	TISS, NCSR Hub Mumbai	Canacona Taluka, Goa	28.19	11.33	73.00	Through

2	Dairy Co-operative Projects	Dairy	TISS, NCSR Hub Mumbai	Pernem Taluka, Goa	20.86	4.97	84.00	implementing agency
3	Watershed Management project	Rain Water harvesting	Mineral Foundation Goa	Adne and Bali, Goa	32.78	20.90	47.00	
4	Mobile Medical Project	Health	Voluntary Health Association Goa	Quepem Taluka, Goa	22.57	22.57	115.99	
5	Skill Development Programme	Skill Development	Society for Industrial and Technical Education of Goa	Bogda, Vasco, Goa	5.00	—	29.25	
NON PROJECT MODE								
1	Other Activities (Construction of toilets and water tank in schools, Provision of Desk cum benches, Water Purifier in schools etc)		GSL	Vasco, Morumugao, Goa	24.79	21.32	Not applicable being a yearly activity separately carried out	Direct
2	Medical support in <i>Goa</i>		GSL	Baina & Sada, Vasco, Goa	14.72	5.32	Not applicable being a yearly activity separately carried out	Direct
TOTAL					148.91	86.41		


6. In case the company has failed to spend the two percent 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.

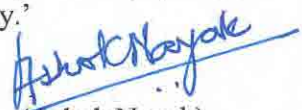
Not applicable

RESPONSIBILITY STATEMENT

7. A Responsibility Statement of the Committee on Sustainable Development & Corporate Social Responsibility of the Board of Directors of the Company is given below:

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


(RA. Adm. Shekhar Mital)
Chairman & Managing Director


(Ashok Nayak)
Chairman, Committee on SD & CSR

Place: Vasco da Gama, Goa.

Date: 24th August, 2015.

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2015
[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	U63032GA1967GOI000077
(ii)	Registration Date	29.09.1967
(iii)	Name of the Company	Goa Shipyard Limited
(iv)	Category/sub-category of the Company	Public Company/Govt. Company
(v)	Address of the Registered Office and Contact details	Vaddem House, Vaddem Vasco-da-Gama, Goa – 403802 Tel: (0832) 2512152 to 2512156 2512359 (24 hours)
(vi)	Whether listed Company	No
(vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products /services	NIC Code of the Product / service *	% of total turnover of the company
1.	Ship Construction	301/3011 – Building of ships and floating structures	81.92%
2.	Ship Repairs & General Engineering Services	301/3315 – Repair of transport equipment, except motor vehicles	18.08%

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :-

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	N.A.	N.A.	N.A.	N.A.	N.A.
2	N.A.	N.A.	N.A.	N.A.	N.A.

N.A. – Not Applicable.

c) Others (specify) Mormugao Port Trust	0	56587	56587	0.194%	0	56587	56587	0.194%	0
Sub-total (B)(2):-	0	494842	494842	1.70%	0	494842	494842	1.70%	0
Total Public Shareholding (B) = (B)(1) + (B)(2)	0	29100937	29100937	100.00%	0	29100937	29100937	100.00%	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand total (A+B+C)	0	29100937	29100937	100.00%	0	29100937	29100937	100.00%	0

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumb ered to total shares	No. of shares	% of total shares of the comp- any	% of shares Pledged /encumber ed to total shares	
1	N.A.	0	0	0	0	0	0	0
2	N.A.	0	0	0	0	0	0	0
3	N.A.	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0

(iii) Change in Promoters' Shareholding (please specify if there is no change)

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0

Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer/ bonus/sweat equity etc.):	0	0	0	0
At the end of the year	0	0	0	0

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, promoters and Holders of GDRs and ADRs):

Sl No.	For Each of the Top 10 Shareholders	Shareholding at the Beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	President of India	14866695	51.09%	14866695	51.09%
2	Mazagon Dock Ltd.	13739400	47.21%	13739400	47.21%
3	Dempo Brothers Ltd.	103905	0.36%	103905	0.36%
4	V. M. Salgaocar & Brother Ltd.	101250	0.35%	101250	0.35%
5	Sesa Goa Ltd.	62707	0.22%	62707	0.22%
6	Mormugao Port Trust	56587	0.19%	56587	0.19%
7	Gangadhar Narsingdas Agrawal	48825	0.17%	48825	0.17%
8	Damodar Mangalji & Co. Ltd.	22500	0.08%	22500	0.08%
9	S. Kantilal & Co. Ltd.	22500	0.08%	22500	0.08%
10	Shantilal Khushaldas & Brothers Pvt. Ltd.	22500	0.08%	22500	0.08%
	Date wise Increase / Decrease in share holding during the year specifying the reasons for increase/ decrease (e.g allotment / transfer / bonus / sweat equity etc.)	0	0	0	0
	At the End of the year (or on the date of separation, if separated during the year)				
	Same as indicated above at the beginning of the year.				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Shrihari Pai Raikar, D(O)	10	0.00%	10	0.00%
	RC Asukar, CS & AGM(L)	225	0.0008%	225	0.0008%
	Date wise Increase/ Decrease in share holding during the year specifying the reasons for increase/ decrease (e.g allotment / transfer/bonus/sweat equity etc.):	0	0	0	0
	At the End of the year				
	Shrihari Pai Raikar, D(O)	10	0.00%	10	0.00%
	R.C. Asukar, CS & AGM(L)	225	0.0008%	225	0.0008%

Note: No other Directors and KMP (other than the above) are holding any shares of the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
(i) Principal Amount	0	0	0	0
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0

Change in Indebtedness during the financial year				
• Addition	0	0	0	0
• Reduction	0	0	0	0
Net change	0	0	0	0
Indebtedness at the end of the Financial year				
(i) Principal Amount	0	0	0	0
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(Rs. In Lakh)

Sl No.	Particulars of Remuneration	Name of MD / WTD / Manager					Total amount
		RAAdm. Shekhar Mital	R. Choudhary	CMde. PKS Shrivastava	Sanjiv Sharma	Shrihari Pai Raikar	
1.	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	19.08	23.46	17.75	18.52	1.44	80.26
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	3.86	2.48	3.90	3.96	0.21	14.40
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	0	0	0	0	0	0
2.	Stock Option	0	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0	0
4.	Commission						
	- as % of profit	0	0	0	0	0	0
	- others specify....	0	0	0	0	0	0
5.	Others, please specify	0	0	0	0	0	0
	Total (A)	22.94	25.94	21.65	22.48	1.65	94.67
	Ceiling as per the Act	Being a Govt. Company, exempted from Section 197 of Companies Act, 2013.					

B. Remuneration to other directors:

(Rs. in Lakh)

Sl No.	Particulars of remuneration	Name of Director			Total amount
		Prof. (Dr.) R. Venkata Rao	Shri R.K. Agrawal	Shri Ashok Nayak	
	1. Independent directors				
	• Fee for attending board / committee meetings	1.60	1.75	1.50	4.85
	• Commission	0	0	0	0
	• Others, please specify	0	0	0	0
	Total (1)	1.60	1.75	1.50	4.85
	2. Other Non-Executive Directors				
	• Fee for attending board / committee meetings	0	0	0	0
	• Commission	0	0	0	0
	• Others, please specify	0	0	0	0
	Total (2)	0	0	0	0
	Total (B) = (1+2)	1.60	1.75	1.50	4.85
	Total Managerial Remuneration				
	Overall Ceiling as per the Act	Being a Govt. Company, exempted from Section 197 of Companies Act, 2013.			

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

(Rs. in Lakh)

Sl.No.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary	Total
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act,1961	16.86	16.86
	(b) Value of perquisites u/s 17(2) Income tax Act,1961	2.26	2.26
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	0	0
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission		
	- as % of profit	0	0
	- others specify....	0	0
5.	Others please specify	0	0
	Total	19.12	19.12

VII. PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			----- NIL -----		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			----- NIL -----		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			----- NIL -----		
Compounding					

Annexure 'G'

Francisco Dias

B.Com., LL.B., F.C.S.

COMPANY SECRETARY

Sapana Terraces, FO - 20, 1st Floor,

Swatantra Path, Vasco da Gama, Goa - 403 802.

Phone : 2514452 ; (M) 9890172696

E-mail : franciscodias.cs@gmail.com

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

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

To,
The Members,
Goa Shipyard Limited,
Vaddem,
Vasco da Gama,
Goa - 403802.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Goa Shipyard Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2015, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (Not applicable to the Company during the audit period);

Contd2/-



- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (Not applicable to the Company during the audit period);
- (iv) Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder to the extent applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (Not applicable to the Company during the audit period);
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Not applicable to the Company during the audit period);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the audit period);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the audit period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not applicable to the Company during the audit period);
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period);
 - (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) relating to meetings and minutes (Not applicable to the Company during the audit period).

During the period under review, the Company has complied with the provisions of the following laws as applicable to the Company:

Contd3/-



- Employees Provident Fund and Miscellaneous Provisions Act, 1952
- Employees State Insurance Act, 1948
- Environment Protection Act, 1986 and other environmental laws
- Factories Act, 1948
- Hazardous Wastes (Management and Handling Rules, 1989 and Amendment Rule, 2003
- Industrial Dispute Act, 1947
- Minimum Wages Act, 1948
- Payment of Bonus Act, 1965
- Payment of Gratuity Act, 1972
- Payment of Wages Act, 1936 and other labour laws

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, *other than appointment of a woman director as required by the second proviso to sub-section (1) of Section 149*. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and Board Committee Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

I further report that during the Audit period, the Company has signed a Tripartite Supply Agreement with M/s. Griffon Hoverwork Limited, UK and M/s. Machinery Sales Corporation, Mumbai for providing technical know-how, spare parts and services etc. in connection with tenders for an Indian Army order to supply Air Cushion Vessels.

Contd4/-



FRANCISCO DIAS
B.Com., LL.B., F.C.S.
Practising Company Secretary

Continuation Sheet: 4

I further report that during the audit period, there were no instances of:

- (i) Public/ Rights/ Preferential issue of shares/ debentures/ sweat equity
- (ii) Redemption/ buy back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger/ amalgamation/ reconstruction etc.



Francisco Dias
Company Secretary
FCS No: 2225
CP No: 3765

Vasco da Gama.

Dated: 21st July, 2015.



Francisco Dias

B.Com., LL.B., F.C.S.

COMPANY SECRETARY

Sapana Terraces, FO - 20, 1st Floor,

Swatantra Path, Vasco da Gama, Goa - 403 802.

Phone : 2514452 ; (M) 9890172696

E-mail : franciscodias.cs@gmail.com

ANNEX TO SECRETARIAL AUDIT REPORT

To
The Members
Goa Shipyard Limited

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and 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. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.


Francisco Dias
Company Secretary
FCS No: 2225
CP No: 3765

Vasco da Gama
Date: 21st July, 2015



GOA SHIPYARD LIMITED
TEN YEARS AT A GLANCE



Sl	Description	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
		1	2	3	4	5	6	7	8	9	10
A	OPERATION STATISTICS										
1	Sales	75219	116522	84413	26969	51443	47289	47685	2694	15279	10696
2	Production	56955	50890	50662	67643	99032	86648	50801	31721	26707	24978
3	Non-operating Income	10526	4089	5552	4126	3707	8830	7866	8328	2922	1860
4	Materials	30045	30401	29794	36218	54317	48213	27546	15322	12054	15505
5	Salaries, Wages & Benefits	14527	12095	12183	11129	10708	11080	8354	5725	5038	4594
6	Depreciation	898	1727	1817	1628	851	470	429	406	389	381
7	Interest	73	2042	2424	1706	531	1108	1065	642	31	21
8	Other operating expenses	17192	15266	7592	9003	9853	14884	8726	7306	5557	3553
9	Profit before tax	5317	-6279	2612	12603	26479	19723	12592	10693	6605	2822
10	Provision for tax	-2507	-170	1062	4327	8866	6651	4396	3696	2536	1150
11	Profit after tax	7824	-6109	1550	8276	17613	13072	8196	6997	4069	1672
12	Dividend proposed	1,571	0	582	1717	3550	2620	1659	1455	815	640
13	Value Added	19825	15059	19639	27523	40615	33701	19725	14717	13715	8576
B	FINANCIAL POSITION										
1	Equity Capital	2910	2910	2910	2910	2910	2910	2910	2910	2910	2910
2	Reserve & Surplus	59011	55527	61143	60273	54001	40528	30511	24256	18676	15561
3	Long term loans	2,377	2,659	1,728	1,129	1,175	1,220	1,265	1,310	1,355	1,184
4	Gross Block	15710	44184	43920	42057	41648	11908	10935	10148	9338	8927
5	Net Block	6607	32428	33802	33741	34940	5963	5439	4997	4573	4546
6	Capital Work in Progress	14304	10423	1348	7242	1088	15739	6865	3699	1848	1503
7	Working Capital	32943	8221	23423	18750	22058	22956	26885	25646	17996	136063
8	Capital Employed	49994	50673	57225	52492	52256	28919	32324	30643	22569	18152
9	Net Worth	61921	58437	64053	63184	56911	43438	33421	27166	21586	18471
10	Gross Margin	6288	-2510	6853	15937	27861	21301	14086	11741	7025	3224
11	Gross Profit	5390	-4237	5036	14309	27010	20831	13657	11335	6636	2843
12	Added Value	1289	-7577	1131	10688	22635	18409	10854	8677	4768	1409
13	Number of employees	1568	1545	1602	1604	1667	1701	1620	1621	1558	1543
C	RATIOS	%	%	%	%	%	%	%	%	%	%
1	Gross Margin to Gross Block	40.03	-5.68	15.60	37.89	66.90	178.88	128.82	115.70	75.23	36.12
2	Gross Profit : Capital Employed	10.78	-8.36	7.86	27.26	51.69	72.03	42.25	36.99	29.40	15.66
3	Profit after tax : Net Worth	12.64	-10.45	2.42	13.10	30.95	30.09	24.52	25.76	18.85	9.05
4	Profit before tax : Production	9.34	-12.34	5.16	18.63	26.74	22.76	24.79	33.71	24.73	11.30
5	Production : Capital Employed	113.92	100.43	88.53	128.87	360.00	299.62	157.16	103.52	118.33	137.60
6	Production per rupee of Gross Block (Rs.)	3.63	1.15	1.15	1.61	7.53	7.28	4.65	3.13	2.86	2.80
7	Value Added per employee (Rs. In lakh)	12.64	9.75	12.26	17.16	24.36	19.81	12.18	9.08	8.80	5.56
8	Added Value to Value of Production	2.26	-14.89	2.23	15.80	22.86	21.25	21.36	27.35	17.85	5.64



DESHPANDE PANDIT & CO

Head Office	Branch	Phone
1640, Balakrishna Plaza Ansurkar Galli, Belagavi. Karnataka - 590 001.	3326, Behind Adarshi Palace, Gondhali Galli, Belagavi. Karnataka - 590 002.	Office - 0831-2462200 (HO) Office - 0831-2426600 (Branch) Mobile - 91-9448157300 Email : info@deshpandepandit.com
www.deshpandepandit.com		

Independent Auditor's Report

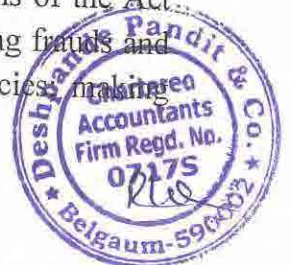
To,
The Members of Goa Shipyard Limited

Report on Financial Statements

We have audited the accompanying Financial Statements of **Goa Shipyard Limited** which comprise the Balance Sheet as at 31st March 2015, Statement of Profit and Loss Account and the Cashflow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

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

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

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

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

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

Opinion

In our opinion, and to the best of our information and according to the explanation given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 (18 of 2013) , we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by section 143 (3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. Since the Company is a Central Public Sector Undertaking, the provisions of section 164(2) of the Act are not applicable to the Company.
 - f. The Company has adequate internal financial controls over financial reporting of the Company, and the based on our review the same are operating effectively.

**For Deshpande Pandit & Co
Chartered Accountants**

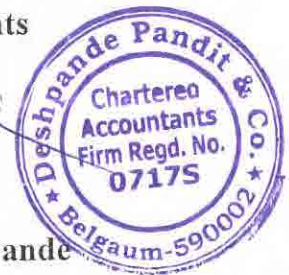
Raghendra V Deshpande

Signature

**Raghendra V Deshpande
Partner**

Membership Number - 018986

Firm registration number – 000717S



Place - Belgaum

Date - 03.08.2015

**Annexure to the Auditors' Report of even date to the members of
Goa Shipyard Limited, on the financial statements for the year ended
31 March 2015.**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i). (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As per explanation and information given to us verification has been carried out in respect of the fixed assets at reasonable intervals.
- (ii). (a) In our opinion and according to the information and explanations given to us and as per the certificate of Management provided to us, the stock of stores, spare parts and raw materials have been physically verified during the year at reasonable intervals.
- (b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company is maintaining proper records of inventory. As per the information and explanations given to us the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii). (a) According to the information and explanation given to us the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause iii(a) of the order are not applicable to the company.
- (b) According to the information and explanation given to us the company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.



Accordingly, the provisions of clause iii(b) of the order are not applicable to the company.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) Since the company has not accepted any deposits from the public, the provisions of clause 3(v) of the Companies (Auditors' Report) Order, 2015 are not applicable to the company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1)(d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) In our opinion and according to the information and explanations given to us the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. There were no arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
- (b) There are no dues of Income Tax/Sales Tax/Wealth Tax/Service Tax/Customs duty/Excise duty/cess which have not been deposited on account of any dispute.
- (c) The amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) The company has no accumulated losses as at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit however the company has incurred cash loss in the immediately preceding financial year.



- (ix) In our opinion and according to the information and explanations given to us the Company has not defaulted in the repayment of dues to a financial institution, bank or debenture holders.
- (x) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from bank or financial institutions are not prejudicial to the interests of the Company.
- (xi) Since no term loans are obtained by the Company, the provisions of clause 3(xi) of the Companies (Auditors' Report) Order, 2015 are not applicable to the Company.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Deshpande Pandit & Co
Chartered Accountants**

Raghendra V Deshpande

**Signature
Raghendra V Deshpande
Partner**

**Membership Number - 018986
Firm registration number - 000717S**



Place - Belgaum

Date - 03.08.2015

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF GOA SHIPYARD LIMITED, VASCO-DA-GAMA, GOA FOR THE YEAR ENDED 31 MARCH 2015.

The preparation of financial statements of **Goa Shipyard Limited, Vasco-da-Gama, Goa** for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 03.08.2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **Goa Shipyard Limited, Vasco-da-Gama, Goa** for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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



**(V.K. Girijavallabhan, IA&AS)
Pr. Director of Commercial Audit
and Ex-Officio Member, Audit Board, Bangalore.**

Bangalore

Dated: 25 August 2015

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- 1 The Financial Accounts are prepared under the historical cost convention on accrual basis in accordance with the applicable Accounting Standards and the Companies Act, 2013.

USE OF ESTIMATES

- 2 The presentation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires estimates and assumptions to be made that may affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimated.

VALUATION OF INVESTMENT

- 3 Long term investments are valued at cost after deducting provisions made, if any, for permanent diminution in the value.
- 4 Short term investments are valued at lower of cost or fair market value.

FIXED ASSETS

- 5 (a) Fixed Assets acquired or created by the Company are shown at original cost.

(b) Fixed Assets Acquired with full Finance Assistance from Outside Agencies:

Fixed Assets acquired with full financial assistance from outside agency are classified separately in Assets Register and shown at the amount spent out of the Finance Assistance with respect to that particular Fixed Asset.

(c) Fixed Assets Acquired Partly with Finance Assistance from Outside Agencies:

Fixed Assets acquired with partial financial assistance from outside agency are capitalised at net cost to the company. For the portion of cost of Asset, financed from the assistance from outside agency, Accounting Policy no 5(b) is applied.



- 6 Where in respect of (a) buildings, (b) plant and machinery and (c) Furniture and Fittings which were existing in the Company on 10.02.1962, original costs were not ascertainable, each such category of fixed assets was valued in lots and such values were taken in the books as original cost.
- 7 Plant, machinery, equipment and fixtures provided to the Company free of cost under any agreement are valued at market value if such plant, machinery, equipment and fixtures are new, or at the written down value to the donor, if they are used. The value so determined is taken in the books as the original cost to the Company. Corresponding credit is given to "Capital Reserve Account".
- 8 Assets stated acquired on lease are amortized over the period of lease and the lease payments there on are recognized as expenses in the Profit & Loss Account.
- 9 Assets acquired on direct finance lease are capitalized at the gross value and the interest there on is charged to Profit & Loss Account.
- 10 Capital works done internally are valued at prime cost plus appropriate overheads.
- 11 Capital Work in Progress comprises outstanding advance/stage payments paid to acquire fixed assets and the cost of fixed assets that are not ready for their intended use at the Balance Sheet date.
- 12 Software cost is capitalized where it is expected to provide future enduring economic benefits and amortised on a straight line basis over a period of three years. Capitalization costs include licence fees and costs of implementation/ system integration services. The costs are capitalized in the year in which the relevant software is implemented for use.

FINANCE COST

- 13 Interest on borrowed money allocated to and utilized for qualifying fixed assets, pertaining to the period up to the date of capitalization is capitalized as part of the cost of such assets. All other borrowing costs are recognized as an expense in the period in which they are incurred.

INVENTORIES

- 14 Raw materials, components and spare parts in stock are valued at Lower of cost [following weighted average method] or Net Realisable Value.
- 15 Loose tools in stock are valued at cost.
- 16 Scrap held at the end of each accounting period is valued at realizable value.



17 Equipment for specific projects is valued at cost.

18 Stores in transit is valued at cost.

19 Obsolete, slow moving and defective inventories are identified at the time of physical verification during every year and, where necessary, provision is made for such inventories.

Work-in-Progress.

20 In line with the Accounting Standard 7, recognition of profits/losses against contracts under work in progress is effected and valuation of work in progress is carried out accordingly as under:

(a)"Cost plus" Contracts:

Work-in-progress is valued at cost plus 80% of applicable profit as accrued at the end of each accounting period as per contractual terms.

(b)"Other" Contracts:

i) Short production cycle items:

Work done against short term contracts which may extend upto 12 months or against orders for Repair Services, is valued at cost or realizable value, whichever is lower. Profit, if any, is reckoned in the year in which the sale takes place.

ii) Long production cycle items:

Ships under construction under long term contracts which extend over more than one year, where Profit can be reliably measured are valued in the following manner:

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

iii) Loss on the contract:

Where, however, estimates of total contract costs indicate a loss at the beginning of the contract or during the currency of implementation of the contract, provision is made for the entire loss on the contract, irrespective of the amount of work done, by reducing the value of the work-in-progress immediately in the accounting period in which loss comes to light.



iv) Disclosure of work in progress:

In respect of construction of ships, Work in Progress at the close of the year is disclosed after deducting the amount received on account from Customers to the extent of cumulative work done.

v) Materials with contractors:

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

21.1 Trade Receivable

- (i) Full provision is made for all debts considered doubtful of recovery having regard to the following considerations
 - (a) Time barred debts from the Government / Government Departments / Government Companies are generally not treated as doubtful debts.
 - (b) Where debts are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
- (ii) Provision for bad and doubtful debts is generally made for debts outstanding for more than three years, excepting those which are contractually not due as per the terms of the contract or those which are considered realizable based on a case to case review.

21.2. Advances to Suppliers

Provision for Advance to Supplier is generally made for advance outstanding for more than three years, excepting those which are contractually not due as per the terms of the contract or those which are considered realizable based on a case to case review.

INDIRECT EXPENSES ON EXPANSION

21.3 Expenses on administration and supervision in respect of expansion facilities/new projects, which are carried on concurrently with production of the existing Operating Divisions, are charged to the revenue. However administrative and general overheads which are specifically attributable to the construction of a project or acquisition of fixed assets are charged to respective capital assets.



DEPRECIATION

22. **(i) Tangible Assets:** Depreciation on Tangible Assets is provided on the straight-line method over the useful lives of assets as specified in Schedule II of the Companies Act, 2013.

(ii) **Intangible Assets:** Cost of Software acquired for internal use which has been recognized as an Asset is amortised over a period of 5 years. Other Intangible Assets will be amortised in accordance with the provisions of AS 26.

(iii) Depreciation for assets purchased/sold during a period is proportionately charged.

23. Loose tools are charged off to revenue in the year of issue.

ADVANCES FROM THE CUSTOMERS

24 a) Advances from customers include advances received with letter of intent/progress payments received as per contracts.

b) Advance payments received from customers are disclosed after deducting the amount of work in progress to the extent of cumulative work done in respect of construction of ships.

RETIREMENT BENEFITS TO EMPLOYEES

25(i) **Provident Fund:** The Company's contribution to the recognized provident fund paid / payable during the year is debited to the Profit and Loss Account. The PF contribution of the employer and employees is remitted to the office of the Regional Provident Fund Commissioner.

ii) **Gratuity:** Liability for gratuity determined annually by actuarial valuation as per AS 15 (Revised), is being remitted to a separate Trust. The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the projected unit credit method carried out annually. Actuarial gains and losses are immediately recognized in the Profit and Loss Account.



iii) **Leave encashment:** Liability in respect of unavailed earned leave by the employees as at the end of the year is provided for on the basis of actuarial valuation as per AS 15 (Revised).

iv) **Voluntary Retirement Scheme :** Actual disbursement made under Voluntary Retirement Scheme is charged to revenue.

v) **Superannuation Scheme:** The company's Liability towards Defined Contribution Superannuation scheme is remitted to a separate Trust Fund, the corpus of which is invested with IRDA approved Life Insurance Company/Companies as decided by the Trustees.

CONTRACTUAL OBLIGATIONS

26. Provision for contractual obligations in respect of completed contracts under warranty at the end of each accounting period is made on the basis of assessment of each case, keeping in view the counter guarantees available to the Company and the un-expired period of warranty at the end of such accounting period.

CLAIMS AGAINST/BY THE COMPANY

27. Final/additional liability in respect of Customs duty/Excise duty/Sales tax paid under provisional assessment is accounted for only in the year of final settlement.

28. Amounts due against insurance claims are accounted for on accrual basis. In respect of claims not finally settled by the underwriters, credits are reckoned, based on the Company's estimate of the realizable value.

29. Liquidated damages recovered from suppliers' bills are included in Other Income except for cost plus contracts.

30. Interest from customers on outstanding balances etc. is accounted for on accrual basis based on the Company's estimate of the realizable value.

VARIATION IN FOREIGN EXCHANGE RATE

31 (i) In respect of loans and deferred liabilities, rupee values of the foreign exchange liabilities are updated (except where forward covers exist) based on the exchange rates prevailing on the date of Balance Sheet or the latest notified exchange rates wherever applicable. If the liabilities are against procurement of capital assets, the differences due to



exchange variation are included in the cost of the respective capital assets. If the liabilities are against revenue expenditure the differences due to exchange variations are accumulated separately and out of it, the amount proportionate to the liabilities discharged during the year is written off/written back to revenue during the year.

(ii) In other cases, the liabilities as at the close of the year are updated as stated at (i) above. The consequential differences are written off/written back to the revenue account, except when they relate to capital assets in which case they are included in the cost of the respective capital assets.

32 On delivery of the ship built with materials procured against deferred credit, concerned outstanding deferred liabilities inter-alia shall be treated as deferred debts but reduced from deferred liabilities.

CLASSIFICATION OF EXPENDITURE

33 All expenditure and income are accounted for under natural heads of accounts. If they are classified in any other manner, suitable indication is given.

SEGMENT REPORTING

34 Ship construction, Ship repairs, General Engineering and Base & Depot spares are considered as Reportable Segments for the purpose of Segment Reporting. For the ongoing projects and completed projects value of production is reported as segment revenue. Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Income and expenditure not allocable to segments are included under "Other unallocable expenditure net of unallocable income". Assets and liabilities of the company are used jointly by all the segments. Accordingly, there is no segment-wise bifurcation of assets and liabilities.

IMPAIRMENT OF ASSETS

35 As at each balance sheet date, impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is determined:

a) in the case of an individual asset, at the higher of the net selling price and value in use.

b) in case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating units net selling price and the value in use.

(Value in use determined as the present value of estimated future cash flows from the continuing use of the assets and from its disposal at the end of its useful life).



PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

36 Provisions are recognized in terms of Accounting Standard 29-Provisions, Contingent liabilities and Contingent Assets (AS-29), notified by the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be out flow of resources to settle the obligation and when a reliable estimate of the amount of the obligations can be made. Contingent liabilities are recognized only where there is a possible obligation arising out from past events due to occurrence or non occurrence or one or more uncertain future events, not wholly within the control of the company, or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an on going basis and only those having a largely probable out flow of resources are provided for. Contingent assets are not recognized in the Financial Statements.

SALES AND REVENUE RECOGNITION

37 (i) Sales against contracts are reflected in the accounts of the year in which the deliveries are made to the customer.

(ii) Sales values are ascertained in accordance with contractual provisions.

(iii) Where the contract prices are not finalized, sales are accounted for on the basis of provisional prices.

(iv) Additional revenue, in respect of contracts completed in earlier years, is accounted for as Sales for the year in which such revenue materializes.

(v) In the case of ship repair contracts completed the sales is recognized net of reductions admitted.

(vi) Credit notes issued to Customers are treated as reduction of sales for the year in which they are issued.

(vii) Sales Tax, Works Contract Tax, Service Tax collected /receivable from Customers is not treated as part of company's trading receipts.

(viii) Revenue Recognition in respect of ongoing contracts is done in accordance with provisions of AS-7 (Accounting for Construction Contracts) using percentage of completion method as outlined in Para-20.



TAXATION

38 i) Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

ii) Deferred tax is recognized on timing difference, being difference between taxable income and accounting income for the year that originate in one period and are capable of reversal in one or more subsequent periods and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

iii) Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

INTEREST EXPENSES

39 i) Interest charges other than interest on custom duty which is treated as part of custom duty incurred during the year are treated as part of overhead expenditure and are apportioned to various production jobs carried out during the year.

ii) Interest on deferred liabilities for the equipment supplied by a foreign Government for construction of Warships is accounted on accrual basis and treated as part of the project cost.

INTEREST INCOME

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

VALUES OF FREE SUPPLY ITEMS

41 Values of Free Supply items are not booked to job/work in progress except in the cases permitted by the contracts. However, value added thereon is taken to Value of Production and in Sales.

PROPOSED DIVIDEND

42 Dividends (including income tax thereon) are provided, as recommended by the Directors, in the Books of Accounts, pending declaration at the Annual General Meeting.



FOREIGN CURRENCY TRANSACTIONS-DERIVATIVE INSTRUMENTS & HEDGE ACCOUNTING

43

- (i) The company uses foreign currency derivative contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The company designates these as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 – Financial Instruments: Recognition and Measurement.
- (ii) The use of foreign currency derivative contracts is governed by the company's policies approved by the Board of Directors which provide written principles on the use of such financial derivatives consistent with the company's risk management strategy. The company does not use derivative financial instruments for speculative purposes.
- (iii) Foreign currency derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated as effective cash flow hedges are recognized in Hedging Reserve Account under Shareholders' Funds and ineffective portion is recognized in the profit and loss account. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the profit and loss account as they rise.
- (iv) Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in reserves is transferred to the Profit and Loss Account."



GOA SHIPYARD LIMITED
BALANCE SHEET AS AT 31ST MARCH 2015

	Note	Figures as at the end of the current reporting period March 31, 2015	Figures as at the end of the previous reporting period March 31, 2014
		Rupees in lakhs	Rupees in lakhs
I. EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	1	2,910	2,910
(b) Reserves and Surplus	2	59,011	55,527
		61,921	58,437
(2) Share application money pending allotment			
		-	-
(3) Non-current Liabilities			
(a) Long-term Borrowings	3	2,377	2,659
(b) Deferred Tax Liabilities (Net)	4	-	2,985
(c) Other Long-term Liabilities	5	-	-
(d) Long-term Provisions	6	1,646	733
Total- Non-current Liabilities		4,023	6,377
(4) Current Liabilities			
(a) Trade Payables	7	3,189	3,495
(b) Other Current Liabilities	8	65,569	81,403
(c) Short-term Provisions	9	5,630	2,319
Total- Current Liabilities		74,388	87,217
TOTAL		1,40,332	1,52,031
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10(i)	6,590	32,422
(ii) Intangible Assets	10(ii)	17	6
(iii) R & D Assets	10(iii)	248	-
(iv) Capital Work-in-Progress	11	14,304	10,423
		21,159	42,851
(b) Non-current Investments	12	NIL	NIL
(c) Deferred Tax Assets (Net)	4	573	-
(d) Long-term Loans and Advances	13	10,958	10,529
(e) Other Non-current Assets	14	311	228
Total- Non-current Assets		11,842	10,757
(2) Current Assets			
(a) Inventories	15	33,766	32,428
(b) Trade Receivables	16	7,536	14,132
(c) Cash and Bank Balances	17	52,041	40,965
(d) Short-term Loans and Advances	18	12,067	7,634
(e) Other Current Assets	19	1,921	3,264
Total- Current Assets		1,07,331	98,423
TOTAL		1,40,332	1,52,031

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS 1 to 40 FORM PART OF ACCOUNTS

As per Our Report of Even Date Attached
For **Deshpande, Pandit & Co.**

Chartered Accountants

(FRN 0007179)

R.V. Deshpande

Partner

M.No. 018986

Place : Belgaum

Date: - 3 AUG 2015



RA. Shekhar Mital, NM (Retd.)

Chairman & Managing Director

R C Asukar

Addl General Manager(Legal)
& Company Secretary



Shrihari Venkatesh Pairaikar

Director (Operations)

Place : Vasco da Gama, Goa

Date: 31.07.2015

GOA SHIPYARD LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2015

	Note	Figures as at the end of the current reporting period March 31, 2015	Figures as at the end of the previous reporting period March 31, 2014
		Rupees in lakhs	Rupees in lakhs
I. Revenue from Operations			
1 Turnover (Value of Production)	20	56,955	50,890
2 Other operating revenue	21	596	273
		57,551	51,163
II Other Income	22	10,526	4,089
III. Total Revenue (I + II)		68,077	55,252
IV. Expenses:			
1 Cost of Materials Consumed	23	30,045	30,401
2 Employees Benefit Expenses	24	14,527	12,095
3 Sub-Contract		7,085	5,430
4 Direct Expenses		2,846	2,738
5 Finance Costs	25	73	2,042
6 Depreciation	10	898	1,727
7 Other Expenses	26	5,582	5,712
8 Corporate Social Responsibility Expenditure	27	25	NIL
9 Provisions	29	1,679	1,386
Total Expenses		62,760	61,531
V. Profit/(Loss) before exceptional items and tax		5,317	(6,279)
VI. Exceptional items		-	-
VII. Profit/(Loss) Before Tax		5,317	(6,279)
VIII. Tax expense: (1) Current Tax		1,050	-
(2) Previous Year Tax Provision		-	-
(3) Deferred Tax		(3,557)	(170)
IX. Profit/(Loss) for the period		7,824	(6,109)
X. Basic Earnings per Equity Share (Rs)		27	(21)
XI. Diluted Earnings per Equity Share (Rs)		27	(21)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS 1 to 40 FORM PART OF ACCOUNTS

As per Our Report of Even Date Attached
For Deshpande , Pandit & Co.

Chartered Accountants
(FRN 000717S)

R.V. Deshpande
R.V. Deshpande
Partner
M.No. 018986
Place : Belgaum

Date: 3 AUG 2015



Shekhar Mital
RAdm. Shekhar Mital, NM (Retd.)
Chairman & Managing Director

R.C. Asukar
R C Asukar
Addl General Manager(Legal)
& Company Secretary

Shrihari Venkatesh Pairaikar
Shrihari Venkatesh Pairaikar
Director (Operations)

Place : Vasco da Gama, Goa
Date: 31.07.2015



GOA SHIPYARD LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDING ON 31ST MARCH 2015

		Figures as at the end of the current reporting period March 31, 2015	Figures as at the end of the previous reporting period March 31, 2014
		Rupees in lakhs	Rupees in lakhs
I	CASH FLOW FROM OPERATING ACTIVITIES:		
	1 Net Profit/(Loss) before tax as per Profit & Loss Account	5,317	(6,279)
	2 Adjusted for:		
a	Loss on Sale / Discard of Assets (net)	-	-
b	Depreciation and Amortisation Expense	(2,874)	1,638
c	Interest Income	(4,047)	(3,881)
d	Corporate Social Responsibility Reserve	(62)	(240)
e	Finance Costs	73	2,042
f	Hedge Reserve Account	(2,130)	733
	3 Operating Profit / (Loss) before Working Capital Changes	(3,723)	(5,987)
	4 Adjusted for:		
a	Other Current Assets	(3,091)	(1,507)
b	Trade Receivables	6,596	679
c	Inventories	(1,338)	11,166
d	Trade and Other Payables	(16,140)	(1,489)
e	Long-term Loans and Advances	(513)	(2,834)
f	Provisions	2,334	1,121
	5 Cash Generated from Operations	(15,875)	1,149
	6 Net Prior Year Adjustments		
a	Taxes Paid	(1,050)	-
	7 Net Cash (used in)/from Operating Activities	(16,925)	1,149
II	CASH FLOW FROM INVESTING ACTIVITIES:		
a	Purchase of Fixed Assets	(731)	(355)
b	Sale/Adjustment of Fixed Assets	28,921	91
c	Capital Work in Progress	(3,881)	(9,075)
d	Interest Income	4,047	3,881
	8 Net Cash (used in)/from Investing Activities	28,356	(5,458)
III	CASH FLOW FROM FINANCING ACTIVITIES:		
a	Long Term Borrowings	(282)	931
b	Dividends Paid (including Dividend Distribution Tax)	-	(681)
c	Interest Paid	(73)	(2,042)
	9 Net Cash (used in) / from Financing Activities	(355)	(1,792)
IV	Net Increase/(Decrease) in Cash and Cash Equivalents	11,076	(6,101)
V	Opening Balance of Cash and Cash Equivalents	40,965	47,066
VI	Closing Balance of Cash and Cash Equivalents	52,041	40,965

As per Our Report of Even Date Attached

For Deshpande, Pandit & Co.

Chartered Accountants

(FRN 0007175)

R.V. Deshpande

Partner

M.No. 018986

Place : Belgaum

Date: **- 3 AUG 2015**



Shekhar

RA. Adm. Shekhar Mital, NM (Retd.)

Chairman & Managing Director

R C Asukar

R C Asukar
Addl General Manager(Legal)
& Company Secretary



Shrihari Venkatesh Pairaikar

Shrihari Venkatesh Pairaikar

Director (Operations)

Place : Vasco da Gama, Goa

Date: 31.07.2015

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31-03-2015

Rupees in Lakhs
31-03-2015Rupees in Lakhs
31-03-2014

	Rupees in Lakhs 31-03-2015	Rupees in Lakhs 31-03-2014
1 SHARE CAPITAL		
1.1 Authorized:		
4,00,00,000 (Previous Year 4,00,00,000) Equity Shares of Rs.10/- each.	4,000	4,000
	<u>4,000</u>	<u>4,000</u>
1.2 Issued, Subscribed & Fully Paid-up :		
291,00,937 (Previous Year 291,00,937) Equity shares of Rs.10/- each.	2,910	2,910
	<u>2,910</u>	<u>2,910</u>
1.3 Reconciliation of issued and fully paid-up Shares :		
1. Opening no. of Equity Shares	291	291
2. Closing no. of Equity Shares	<u>291</u>	<u>291</u>

1.4 Aggregate number of Shares allotted as Fully paid**Bonus Shares(during 5 years immediately preceeding 31st Mar. 2015)**

	Number of shares		Number of shares	
Shareholding upto 2008-09	291	2,910	291	2,910
Issue of Bonus Share	-	-	-	-
	<u>291</u>	<u>2,910</u>	<u>291</u>	<u>2,910</u>

1.5 Details of shares held by Shareholders holding more than 5% of the aggregate shares in the company

Name of the Shareholder and Number of Shares	Percentage of Share holding	Percentage of Share holding	
		Amount	Amount
President of India 1,48,66,695 Equity Shares of Rs 10/- each	51.09%	1,487	1,487
Mazagon Dock Limited 1,37,39,400 Equity Share of Rs 10/- each	47.21%	1,374	1,374

The Company has only one class of share referred to as Equity Shares and having a par value of Rs.10/- each

2 RESERVES AND SURPLUS**2.1 Capital Reserve:**

Balance as per last Balance Sheet	43	43
-----------------------------------	----	----

2.2 Corporate Social Responsibility and Sustainable Development Reserve

Balance as per last Balance Sheet	244	484
Less: Amount Utilised during the year	62	240
	<u>182</u>	<u>244</u>

In terms of DPE Guidelines, provision for unspent amount of Corporate Social Responsibility and Sustainability Development Expenditure upto FY 2013-14 have been set aside as CSR Reserve, to be utilised on Board approved CSR and SD Projects. During FY 2014-15 an amount of Rs 87 lakh was spent out of which an amount of Rs 25 Lakhs as required to be spent as per the Companies Act, 2013 was accounted as current year expenditure and the balance amount of Rs 62 lakhs was reduced from unutilised CSR Reserve (Refer Note no 27).

2.3 General Reserve:

Balance as per last Balance Sheet	54,507	60,610
Less: Amount to be charged from opening retained earnings on 01/04/2014 towards deficit on recomputation of Depreciation in accordance with the Companies Act, 2013. Refer Note no 10.	257	-
Add: Transfer from Surplus	5,900	(6,103)
	<u>60,150</u>	<u>54,507</u>

2.4 Hedge Reserve

As per Last Balance Sheet-Gain/(Loss)	733	Nil
Add: Net Gain/(Loss) during the year	(2,130)	733
Closing Balance-Gain/(Loss)	<u>(1,397)</u>	<u>733</u>

2.5 Profit and Loss Account

Opening Balance	Nil	6
Add: Net Profit / (Loss) after Tax transferred from Statement of Profit & Loss	7,824	(6,109)
	<u>7,824</u>	<u>(6,103)</u>
Less: Appropriations		
Transfer to General Reserve	5,900	(6,103)
Proposed Dividend Payment on Equity Shares	1,571	-
Dividend Distribution tax on Proposed Dividend	320	-
	<u>7,791</u>	<u>(6,103)</u>

Closing Balance

Total Reserve & Surplus

59,011

55,527



- 2.6 The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

During the year ended on 31st March 2015 the amount of Dividend per share recognised as distribution to the Equity Shareholders is **54% on Paid up Capital** (No dividend was declared during FY 2013-14 due to loss suffered by the Company). Total dividend appropriation for the year ended March 31, 2015 amounts to Rs.1891 lacs (previous year Rs. Nil) including Dividend tax of Rs.320 lacs (previous year Rs. Nil)

2.7 Disclosures of Hedge Reserve :

- i The company enters into foreign exchange derivatives contracts to offset the foreign currency risks arising from the amounts denominated in currencies other than Indian Rupee. The counter party to the company's foreign currency forward contracts is generally a bank. The company has designated all the outstanding Forward Exchange Contracts as Cash Flow Hedges. The changes in fair value of effective Forward Exchange contracts are recognized directly in the Reserve account designated as Hedging Reserve Account and the ineffective portion is recognized immediately in the Profit and Loss Account.
- ii The company has the following outstanding effective derivative contracts, which have been designated as Cash Flow Hedges, as on 31st March 2015:

Particulars	31-Mar-15		31-Mar-14	
	Notional amount of contracts	Fair Value Gain/(Loss)	Notional amount of contracts	Fair Value Gain/(Loss)
Forward Contracts	10430	(1,397)	40386	733
Total	10430	(1,397)	40386	733

- iii The movement in Hedge Reserve during the year ended 31 March 2015 for derivatives designated as Cash Flow Hedges is as follows:

Particulars	(Rs In Lakhs)	
	Year ended 31st March, 2015	Year ended 31st March, 2014
Balance at the beginning of the year	733	Nil
Gains/ (Losses) transferred to income statement on recognition of forecasted hedge transaction	Nil	Nil
Changes in the fair value of effective portion of outstanding cash flow derivatives	(2,130)	733
Net derivative gain/(Losses) related to a discounted cash flow hedge	Nil	Nil
(Gain)/Losses transferred to profit and loss account on recognition of financial asset	Nil	Nil
Balance at the end of the year	(1,397)	733

In addition to the above cash flow Hedges, the company has outstanding Foreign Exchange derivative contracts of firm commitment or highly probable forecast transactions and contracts without underlying transactions aggregating to Rs 41673 lakhs (Previous Year Rs Nil). The Fair value determination as on 31.03.2015 results in a positive MTM of Rs 1721 lakhs (Previous year Nil). Although these contracts are effective hedges from an economic perspective, they do not qualify for Hedge Accounting as per AS -30 and accordingly these are considered as ineffective hedges and changes in fair value recorded in the Statement of Profit and Loss.

3 LONG-TERM BORROWINGS (UNSECURED)

Deferred payment liability to a foreign supplier against supply of materials

Deferred Liabilities (From foreign suppliers against supply of material) towards 45 years:	5,235	5,647
Less : Deferred Debts towards 45 years	2,858	2,988
Deferred Liabilities (Net)	2,377	2,659
Less: Amount shown in current maturities of Long Term Debts:	-	-
	<u>2,377</u>	<u>2,659</u>

- 3.1 The deferred payment liability payable over 45 years without interest, in equal annual installment of Rs.130 lakhs. The loan is equated to units of Special Drawings Rights (SDR) as per Inter Governmental Agreement. The loan amount has been revalued at the present rate of SDR (announced by RBI), which is Rs.90.9397 for 1 SDR. (Previous year Rs 93.8393 for 1 SDR)

4 DEFERRED TAX (NET)

4.1 1. Deferred Tax Assets

Provisions

Provision for Doubtful Debts	32	25
Provision for Non-Recoverable Advances	100	120
Provision for Doubtful Employees Advances	1	1
Provision for Doubtful Deposits	1	1
Provision for Doubtful Claims	2	2
Provision for Guarantee Repairs	793	555
Provision for Leave Encashment (Section 43B)	688	312
	<u>1,617</u>	<u>1,016</u>

2. Deferred Tax Liabilities

Depreciation	1,044	4,001
Deferred Tax Liabilities/(Assets)(Net)	<u>(573)</u>	<u>2,985</u>

- 4.2 1. Deferred tax is recognized subject to the consideration of prudence on timing differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

Deferred tax assets are recognized only if there is reasonable certainty that there will be sufficient taxable income in the future from which these deferred tax assets can be realized.



5 OTHER LONG-TERM LIABILITIES

NIL

NIL

NILNIL

6 LONG-TERM PROVISIONS FOR

Provision for Leave Encashment

2,025

918

Less: Payable within 12 months (as per contra-9)

3791,6461857331,646733

6.1 Reduction in Discount rate from 9.15% to 7.80% used for calculation of Incremental Liability for Leave Encashment has resulted in recognition of higher liability compared to previous year.

7 TRADE PAYABLES (Current)

1. MSME Vendors

113

52

2. Other Vendors

3,0763,4433,1893,495

7.1 Details of the dues to Micro, Small and Medium Enterprises (MSME), as defined in the Micro, Small and Medium Enterprises Development Act, 2006, outstanding for more than 30 days, as on 31st March 2015 is Rs.113 lakh, (previous year ended 31st March 2014 :Rs. 52 lakh) are as shown below :

Vendor Name	Rupees In Lakhs	Rupees In Lakhs
1 Apex Industries	15	12
2 Aemphico Engg. Works	1	-
3 Anand Engg. Works	4	-
4 Aspolite Engineers (India) Pvt.Ltd.	8	-
5 Bandekar Speciality Valve Corpn	-	-
6 CNC Interior Decor	-	-
7 Damian De Goa	10	-
8 Ekta Engg. Works	-	-
9 Goa Paints & Allied products	1	1
10 Himform	-	-
11 Kailastej Engineers	1	20
12 Krasny Marine Services Pvt. Ltd.	26	-
13 Krist Engineering & Manufacturing Corporation	2	2
14 Malhar Valves Mfg. Co.	3	5
15 Marine Electrical Agencies	1	-
16 Modern Apparels	1	1
17 Mew Engineering Works Pvt Ltd	16	-
18 Nagardas Kanji Shah	-	-
19 Prime Engineering Works	10	5
20 Sea Blue Shipyards Ltd	1	-
21 Universal Engineers	3	3
22 V.B.S. Engineering	4	-
23 Woodcraft Industries	2	-
24 Zenith Control & Systems Pbv. Ltd.	-	-
25 Zuari Engineering Services	4	3
Total:	<u>113</u>	<u>52</u>

7.2 There is no interest paid/payable during the year by the company to the suppliers covered under the Micro, Small, Medium Enterprises Development Act 2006. The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.



NOTES TO ACCOUNTS FOR THE YEAR ENDED 31-03-2015

8 OTHER CURRENT LIABILITIES

1. Advances Received from Customers *	1,12,505		1,21,001	
Less: Deduction from Work-in-Progress (as per contra-15)	<u>64,941</u>	47,564	<u>80,484</u>	40,517
*Advance from Customers includes an amount of Rs.1454 lakh being the pro-rata unexpired licensed technical document fees paid to Russia (erstwhile USSR) for 5 numbers of Missile Boats for Indian Navy which has been reimbursed by the Customer. The corresponding amount has been reflected in note no 13.1				
2. Deferred Payment Liability payable within 12 months		-		-
3. Security Deposit & Earnest Money Deposit		341		298
4. Unclaimed Dividend		2		2
5. Advances received from Customer for Infrastructure Projects for Phase III & IV	11,200		24,413	
Add: Interest payable on Unutilised amount	<u>-</u>		<u>3,978</u>	
	11,200		28,391	
Less: Assets Capitalised during the year funded by Customer	<u>4,387</u>		<u>-</u>	
	6,813		28,391	
Less: Amount utilised for ongoing Modernisation Projects included in CWIP	<u>6,813</u>		<u>-</u>	28,391
6. Liability for Purchases		2,676		3,055
7. Creditors for Other Expenses		2,048		2,310
8. Liability for Wages and related Liabilities		1,371		1,085
9. Statutory Dues		183		220
10. Other Liabilities		11,384		5,525
		<u>65,569</u>		<u>81,403</u>

9 SHORT-TERM PROVISIONS

1. Provision for Leave Salary Encashment		379		185
2. Provision for Gratuity		-		500
3. Provision for Superannuation Fund		1,027		-
4. Provision for Guarantee and Warranty				
Opening Balance	1,634		326	
Less: Utilised -Material	628		-	
Less: Utilised -Sub Cont and Dir Exp	<u>323</u>		<u>66</u>	
	683		260	
Add , Additional Provision (Refer Note - 29)	<u>1,650</u>	2,333	<u>1,374</u>	1,634
5. Provision for Proposed Dividend on Equity Shares		1,571		-
6. Provision for Dividend Distribution Tax on Proposed Dividend		320		-
		<u>5,630</u>		<u>2,319</u>

9.1 Present Value of the Gratuity Obligation as per Gratuity Act,1972 as provided by Actuary at note no 24.2 is less than Fair value of the Gratuity Fund value as on 31.03.2015. Accordingly, no incremental Liability for Gratuity is provided during the year.



GOA SHIPYARD LIMITED

10 SCHEDULE OF FIXED ASSETS AS AT 31-03-2015

Particulars of Assets	GROSS BLOCK				DEPRECIATION				Rupees in Lakhs	
	Cost at 01-04-2014 (After Adjusting Sale proceeds where cost is not ascertainable)	Additions During the Year	Deductions/ Adjustments during the Year	Cost at 31-03-2015 (After Adjusting Sale proceeds where cost is not ascertainable)	Depreciation written off during the Year	Deductions/ Adjustments during the Year	Adjustment towards Opening Balance Depreciation Reserve	Total Depreciation written off upto 31-03-2015 (After Adjustment)	Net Block As at 31-03-2015	Net Block As at 31-03-2014
10(i) A. TANGIBLE ASSETS										
Freehold Land	143	0	0	143	0	0	0	0	143	143
Leasehold Land	36	0	0	36	1	0	0	5	31	32
Buildings & Other Civil Constructions	17463	0	14514	2949	122	1554	21	1465	1484	14587
Plant & Machinery	21814	271	13259	8826	532	2009	120	4661	4165	15796
Capital Dredging	1175	0	1107	68	1	207	0	63	5	906
Slipways	185	0	0	185	0	0	0	185	0	0
Fitting out Jetty	166	0	0	166	0	0	0	166	0	0
Furniture & Fittings	851	46	5	892	71	2	34	606	286	348
Office Equipment	164	29	2	191	23	1	25	132	59	79
Medical Equipment	2	0	0	2	0	0	0	0	2	2
Computers	1012	86	29	1069	73	29	52	954	116	155
Motor Cars & Vehicles	214	0	5	209	31	5	5	124	85	121
Steam Launches & Boats	814	0	0	814	40	0	0	600	214	253
Total Tangible Assets	44039	432	28921	15550	894	3807	257	8961	6590	32422
B. INTANGIBLE ASSETS										
ERP Software	145	15	0	160	4	0	0	143	17	6
Total Intangible Assets	145	15	0	160	4	0	0	143	17	6
TOTAL (A+B)	44184	447	28921	15710	898	3807	257	9104	6607	32428
Previous Year	43920	355	91	44184	1727	89	0	11756	32428	33802
C. R & D ASSETS										
R & D Assets	0	283	0	283	35	0	0	35	248	0
D. ASSETS FUNDED BY CUSTOMER										
MOD Phase I & II	0	28800	0	28800	0	0	0	0	28800	0
MOD Phase III & IV	4387	0	0	4387	0	0	0	0	4387	4387
Total	4387	28800	0	33187	0	0	0	0	33187	4387
Capital Work in Progress	10423	4328	447	14304	0	0	0	0	14304	10423
Previous Year	1348	9430	355	10423	0	0	0	0	10423	1348

10.1 No borrowings were made during the year to fund any of the Capital expenditure.

10.2 Building include Rs 67.29 (Original Cost) for Delhi Shipyards House being one third share in the property jointly held by Goa Shipyards Limited, Mazagon Dock Limited and Garden Reach Shipbuilders & Engineers Ltd.



GOA SHIPYARD LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31-03-2015

Rupees in Lakhs
31-03-2015

Rupees in Lakhs
31-03-2014

11 CAPITAL WORK-IN-PROGRESS

Opening Balance	10,423		1,348	
Add: Expenditure during the year	11,141		9,430	
Less: Capitalisation/Adjustments during the year	447		355	
	<u>21,117</u>		<u>10,423</u>	
Less: Amount received from Customer towards Infrastructure mobilisation Advance	6,813	14,304	-	10,423
		<u>14,304</u>		<u>10,423</u>

11.1 The Capital Work-in-Progress includes:

An amount of Rs.13928 lakhs (previous year: Rs. 9900 lakhs) incurred from internal accrual for creation of infrastructure facilities for MCMV Project under Phase III & IV of "GSL Modernisation Project". Out of the total estimated cost of Rs 47600 lakhs for Phase III and IV, an amount of Rs.11200 lacs has been received from Government of India as partial funding. Against this, Rs. 4387 lakhs was capitalised and the balance amount of Rs 6813 lakhs also has been fully utilised upto 31st March 2015.

12 NON-CURRENT INVESTMENTS

Non-Trade Investment (At Cost, Unquoted)

NIL

NIL

13 LONG-TERM LOANS AND ADVANCES

1. Loans to employees (Secured by way of mortgage/ hypothecation or by way of third party guarantee)	218		232	
Less: Current maturities of Long Term Advances	49	169	49	183
	<u>153</u>		<u>188</u>	
2. Loans to Employees (Unsecured and Considered good)	153		198	
3. Unsecured and Considered doubtful	2		2	
	<u>155</u>		<u>200</u>	
Less: Provision for doubtful loans	2		2	
	<u>153</u>		<u>198</u>	
Less: Current maturities of Long Term Advances	29	124	32	166
	<u>30,192</u>		<u>28,375</u>	
Less: Provision for Taxation	23,340		22,290	
		6,852		6,085
5. Other Loans and Advances -				
a) Deposits	-		-	
b) Sales Tax Refund	-		-	
c) Balances with Port Trust, Customs Authorities	-		-	
d) Foreign Exchange Fluctuation on Deferred Debts	2,359		2,641	
Less: Exchange fluctuation receivable within 12 months	-	2,359	-	2,641
	<u>1,454</u>		<u>1,454</u>	
6. License and Tech doc fees 1241RE				
		<u>10,958</u>		<u>10,529</u>

13.1 An amount of Rs.1454 lakh (Previous year Rs. 1454 lakh) being the pro-rata unexpired licensed technical document fees paid to USSR for 5 number of Missile Boats for Indian Navy. The corresponding amount reimbursed by the Customer is reflected in Current Liabilities (Refer note no 8).The matter is being taken up with the Ministry for extension of the validity of the Contract.

14 OTHER NON-CURRENT ASSETS (Unsecured)

1. Other Receivables				
a) Considered good	307		224	
b) Considered doubtful	5		5	
	<u>312</u>		<u>229</u>	
Less: Provision for doubtful debts and disallowances	5	307	5	224
	<u>3,000</u>		<u>3,000</u>	
2. Short Term Deposits	3,000		3,000	
Less: Amount set aside from General Reserve towards possible impairment in value				
	<u>3,000</u>	NIL	<u>3,000</u>	NIL
3. Others		4		4
		<u>311</u>		<u>228</u>

14.1 The Unsecured Inter Corporate Short term Deposits of Rs. 3000 lakh with Cement Corporation of India Limited (CCIL), a Central PSU under the Ministry of Industry, Department of Heavy Industry, is long overdue. A reference was made to Ministry of Industry, who have stated that dues of the Company have been reflected in the Draft Rehabilitation Scheme, which is to be sanctioned by BIFR. A Misc application was filed by GSL before Hon'ble BIFR on the matter on 13th February, 2015. During the hearing on 4th June, 2015 at New Delhi CCIL representatives submitted that due to various administrative and legal hurdles they have not been able to dispose off the assets. A proposal for modified DRS has been submitted to the Ministry of Heavy Industry for approval. The Hon'ble Bench Members stated once the Govt. approves the MDRS and submit to BIFR for its consideration and clearance, the principal amount of Rs. 3000 lakhs which has been catered in the scheme, as an unsecured creditor, will be paid to GSL.



15 INVENTORIES (as verified, valued & certified by Management)

1. Raw Materials, Stores & Spares:				
a) Stores in hand	23,396		19,251	
b) Stock in Transit	-	23,396	-	19,251
2. Scrap		-		86
3. Loose Tools		NIL		NIL
4. Work-in-progress	75,311		93,575	
Less: Amounts received from Customers (as per contra-Note -8)	64,941	10,370	80,484	13,091
		<u>33,766</u>		<u>32,428</u>

Value of Stores worth Rs 2433 Lakhs, mostly Yard Materials such as Pipes & fittings, Cables, Flanges, angles, fasteners, insulation materials, consumables and other shelf life items such as paint etc, on account of delivered vessels are lying in stock. Stocks worth Rs 674 lakhs are with regard to vessels delivered prior to 2008-09 and balance Rs 1759 Lakhs are on account of 90Mtr OPVs for Coast Guard and and NOPVs for Indian Navy. An amount of Rs 1236 Lakhs has been accounted towards depletion in the value of the inventory. Refer Note no 26.17

16 TRADE RECEIVABLES (Current)**(Unsecured, Considered good unless otherwise specified)**

Total Receivables

1 a) Debts Outstanding over six months				
i) Considered good	2,904		2,265	
ii) Considered doubtful	95		74	
	2,999		2,339	
Less: Provision for doubtful debts and disallowances	95	2,904	74	2,265
1 b) Other Debts				
i) Considered good	4,632		11,867	
ii) Considered doubtful	-		-	
	4,632		11,867	
Less: Provision for doubtful debts and disallowances	-	4,632	-	11,867
2. Deferred Debt Exchange fluctuation receivable within 12 months		-		-
		<u>7,536</u>		<u>14,132</u>

17 CASH AND BANK BALANCES**17.1 Cash and Cash Equivalents**

1. Balances with Banks in current accounts		126		16
2. In fixed deposit accounts less than 3 months maturities		10,560		11,010
3. In Imprest Account		5		5
		10,691		11,031

17.2 Other Bank Balances

In fixed deposit accounts more than 3 months maturities		41,350		29,934
		<u>52,041</u>		<u>40,965</u>

17.3 Cash and Bank Balances include an amount of Rupee 1 (Previous year Rupee 1) being the token amount remaining after writing off an amount of Rs.195991 in the year 1969-70 in respect of balance with Banco Nacional Ultramarino, Lisbon.

18 SHORT-TERM LOANS AND ADVANCES

1. Loans to employees Current Maturity of Long Term Advances (Secured by way of mortgage/hypothecation or by way of third party guarantee)		49		49
2. Current maturity of Loans to employees (Unsecured)		29		32
3. Advance to Suppliers				
Secured considered good	3,957		4,320	
(Secured against Bank Guarantees)				
Unsecured considered good	8,032		3,233	
Unsecured considered doubtful	293		352	
	12,282		7,905	
Less: Provision for doubtful advances	293	11,989	352	7,553
		<u>12,067</u>		<u>7,634</u>



19 OTHER CURRENT ASSETS (Considered good)

1. Prepaid Expenses		410		448
2. Deposits with Government Departments		172		65
3. Other Deposits				
Unsecured considered good	93		37	
Unsecured considered doubtful	2		2	
	95		39	
Less: Provision for doubtful deposits	2	93	2	37
4. Earnest Money Deposits		36		51
5. Insurance Claims Receivables		89		1,551
6. Interest accrued but not due		797		379
7. Forward Contract		324		733
		<u>1,921</u>		<u>3,264</u>

19.1 Certain balances under Current Assets, Loans and Advances, Current Liabilities for material/services, etc. are subject to confirmation and reconciliation. Consequent adjustments thereof, if any, will be given effect in the books of accounts during the year of adjustments.

19.2 The company has a process of sending communication for confirmation of balances during the year. Adjustments arising out of confirmations, if any, will be given effect in the books of accounts during the year of adjustments.

20 TURNOVER (VALUE OF PRODUCTION)**1. Sales**

i) Ship Construction		56,439		1,07,229
ii) Sale of B & D Spares		1,156		2,213
iii) Ship Repair		1,257		2,030
iv) General Engineering		16,367		5,050
Gross Sales		<u>75,219</u>		<u>1,16,522</u>
Less: Excise Duty		-		-
Net Sales		<u>75,219</u>		<u>1,16,522</u>

(Refer Accounting Policy no 37)

2. Changes in Inventory of Work-In-Progress

Closing Work-in-progress	75,311		93,575	
Less: Opening Work-in-progress	93,575		1,59,207	
	<u>(18,264)</u>		<u>(65,632)</u>	
Less: Capitalised during the year	-	(18,264)	-	(65,632)
Value of Production		<u>56,955</u>		<u>50,890</u>

20.1 Contract revenue recognition with respect to projects/vessels in WIP:

1. Amount recognized as Revenue in Statement of Profit & Loss		42,596		29,414
2. Aggregate amount incurred less loss charged to P&L (Cumulative)		75,311		93,575
3. Advance payment received (Cumulative)		64,941		80,484
4. Amount of Retention (Cumulative)		Nil		Nil
5. Gross dues to customers as at balance sheet date		Nil		Nil
6. Gross dues from customers as at balance sheet date		Nil		Nil



21 Other Operating Revenue				
1. Revenue from Govt Contract-Foreign Exchange Variation (Net)		108		129
2. Sale of Stores		161		23
3. Sale of Scrap		327		121
		<u>596</u>		<u>273</u>
22 OTHER INCOME				
1. Interest				
a) On Deposits with Banks	3,910		3,862	
b) On Loan to Employees	13		17	
c) Other Interest	124	4,047	2	3,881
2. Insurance Claims		21		-
3. Profit on sale of fixed assets (Net)		53		6
4. Liabilities/Provisions no longer required written back (Refer Note no 37)		6,201		113
5. Miscellaneous Income		204		89
		<u>10,526</u>		<u>4,089</u>
23 MATERIAL CONSUMPTION				
23.1 Cost of Material consumed				
A. Opening Stock				
Raw materials, Stores and Spares		19,251		24,134
B. Add : Purchases(Gross)		36,478		26,115
		55,729		50,249
C. Less : Closing Stock-Stores in Hand		23,395		19,251
Value of Raw Materials consumed (Gross):		32,334		30,998
Less: Material issued for Guarantee Repair	628		-	
Less: Reduction in Value-included in other expenses	1,236		82	
Less: Stores & Spares consumption included in Repairs & Maint.	425	2,289	515	597
Cost of Material Consumed (Net)		<u>30,045</u>		<u>30,401</u>
23.2 Trade Purchases				
1. Imported	323		549	
2. Indigenous	837		1,329	
Net Consumption		1,160		1,878
1. Imported	13,852		15,926	
2. Indigenous	15,033	28,885	12,597	28,523
Total Consumption		<u>30,045</u>		<u>30,401</u>
23.3 Consumption consists of:				
1. Iron & Steel	1,783		1,321	
2. Non-ferrous Metals & Alloys	404		175	
3. Machinery & Equipment fitting on ships etc	27,352		26,048	
4. Others	506		2,857	
		<u>30,045</u>		<u>30,401</u>
23.4 Value of Imports on CIF basis:				
A- Total Foreign Exchange outflow				
1. Raw material including machinery, equipment for construction of ships, repairs and other production jobs.		22,637		14,373
2. Expenditure in Foreign Currency Know-how, Professional Consultancy Fees,		689		435
3. Capital goods		168		148
		<u>23,494</u>		<u>14,956</u>
B- Total Foreign Exchange Inflow on Export orders		<u>20,650</u>		<u>8,277</u>



24 EMPLOYEE BENEFITS EXPENSES

1. Salaries, Wages, Allowances and Bonus	9,729	9,111
2. Leave Encashment	1,618	385
3. Contribution to Provident Fund	908	905
4. Contribution to Employees State Insurance Scheme	10	12
5. Contribution to Deposit Linked Insurance Scheme	13	11
6. Contribution to Gratuity Fund	-	500
7. Contribution to Superannuation Fund	1,027	-
8. Staff Welfare Expenses	1,222	1,171
	14,527	12,095

24.1 i) The Company will be implementing Superannuation Scheme for Officers and Non Unionised Supervisors w.e.f. 01/01/2007 (Defined Contribution Plan) as part of Pay Revision effective from that date. The Liability amounting to Rs 1027 lakhs has been provided in the accounts, which will be contributed to the Trust to be formed for the purpose, in FY 2015-16.

ii) Reduction in Discount rate for calculation of Incremental Liability from 9.15% to 7.80% has resulted in increase in Leave Encashment expenditure to Rs 1618 Lakhs in current Financial Year against Rs 385 Lakhs in FY 2013-14.

**24.2 Actuarial valuation of liability towards Gratuity - Note No. 24 above refers.
Defined Benefit Plans Gratuity - as per actuarial valuation on March 31, 2015**

	Valuation Date 31st March 2015	Valuation Date 31st March 2014
i) Assumptions as at		
Mortality	IALM (2006-08) Ult	IALM (2006-08) Ult
Discount Rate	7.80%	9.15%
Rate of increase in compensation	4.00%	4.00%
Rate of return (expected) on Plan Assets	8.75%	8.75%
Withdrawal rates	5.00%	5.00%
ii) Table showing changes in present value of obligations		
Present value of obligations as at the beginning of the year	6,555	6,190
Interest Cost	562	475
Current Service Cost	393	426
Benefits Paid	(821)	(568)
Actuarial (gain) / loss on obligations	299	31
Present value of obligations as at the end of the year	6,988	6,554
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	6,055	5,447
Adjustment to opening Fair value of plan assets	1,052	-
Expected return on plan assets	586	498
Contributions	-	743
Benefits paid	(821)	(568)
Actuarial (gain) / loss on plan assets	127	(66)
Fair value of plan assets at the end of the year	6,999	6,054
iv) Table showing fair value of plan assets		
Fair value of plan assets at the beginning of the year	6,055	5,447
Adjustment to opening Fair value of plan assets	1,052	-
Actual return on plan assets	712	432
Contributions	-	743
Benefits paid	(821)	(568)
Fair value of plan assets at the end of the year	6,998	6,054
Funded status	10	(500)
Excess of Actual over estimated return on plan assets	127	(66)
v) Actuarial Gain / Loss recognized		
Actuarial (gain) / loss for the year - Obligation	(299)	(31)
Actuarial (gain) / loss for the year - plan assets	127	(66)
Total (gain) / loss for the year	(172)	(97)
Actuarial (gain) / loss recognized in the year	(172)	(97)
Unrecognized Actuarial gains/(loss) for the period	-	-
vi) The amounts to be recognized in the balance sheet and statements of profit and loss		
Present value of obligations as at the end of the year	6,988	6,555
Fair value of plan assets as at the end of the year	6,998	6,055
Funded status	10	(500)
Unrecognized Actuarial Gains/(Loss)	-	-
Net Asset / (Liability) recognized in balance sheet	10	(500)



NOTES TO ACCOUNTS FOR THE YEAR ENDED 31-03-2015

vii) Expenses recognized in statement of Profit & Loss

Current Service Cost	393	426
Interest Cost	562	475
Expected return on Plan Assets	(586)	(498)
Net Actuarial (gain) / loss recognized in the year	173	97
Expenses recognized in statement of Profit & Loss	542	500

viii) Movements in the liability recognised in Balance Sheet

Opening Net Liability	500	743
Adjustment to opening Fair value of plan assets	(1,052)	-
Expenses as above	542	500
Contribution paid	-	(743)
Closing Net liability	(10)	500

ix) Experience Analysis - Liabilities

Actuarial (gain) / loss due to change in bases	350	(293)
Experience (gain) / loss due to change in Experience	(51)	324
Total	299	31

Experience Analysis - Plan Assets

Experience (gain) / loss due to change in plan assets	(127)	66
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x) Schedule III details

Current Liability	-	500
Non Current Liability	6,988	-

24.3 Actuarial valuation of liability towards Leave Encashment - Note No. 24 above refers.
Defined benefit Plans Leave Encashment as per actuarial valuation on March 31, 2015

	Valuation Date 31st March 2015	Valuation Date 31st March 2014
i) Assumptions as at		
Mortality	IALM (2006-08) Uit	IALM (2006-08) Uit
Discount Rate	7.80%	9.15%
Rate of Increase in Compensation Levels	4.00%	4.00%
Rate of Return on Plan Assets	-	-
Withdrawal rates	5.00%	5.00%
Expected Average remaining working lives of employees (years)		
ii) Table Showing Changes in Present Value of Obligations		
Present Value of Obligation as at the beginning of the year	918	862
Acquisition adjustment	-	-
Interest Cost	72	64
Current Service Cost	329	301
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefits Paid	(263)	(132)
Actuarial(gain)/loss on Obligations	970	(178)
Present Value of Obligation as at the end of the year	2,026	918
iii) Table Showing changes in the Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	263	132
Benefits Paid	(263)	(132)
Actuarial gain/(loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	-	-
iv) Tables Showing Fair Value of Plan Assets		
Fair Value of Plan Asset at the beginning of the year	-	-
Acquisition Adjustments	-	-
Actual Return on Plan Assets	-	-
Contributions	263	132
Benefits Paid	(263)	(132)
Fair Value of Plan Asset at the end of the year	-	-
Funded Status	(2,025)	(918)
Excess of Actual over estimated return on Plan Assets	-	-



NOTES TO ACCOUNTS FOR THE YEAR ENDED 31-03-2015

v) Actuarial Gain / Loss recognized			
Actuarial (gain) / loss for the year - Obligation		(970)	178
Actuarial (gain) / loss for the year - Plan Assets		-	-
Total (gain) / loss for the year		(970)	178
Actuarial (gain) / loss recognised in the year		(970)	178
Un-recognised Actuarial (gains) / losses at the end of the year		-	-
vi) The amounts to be recognized in the balance sheet and statements of profit and loss			
Present Value of Obligation as at the end of the year		2,025	918
Fair Value of Plan Assets as at end of the year		-	-
Funded Status		(2,025)	(918)
Unrecognized Actuarial (gains)/ losses		-	-
Net Asset / (Liability) Recognized in Balance Sheet		(2,025)	(918)
vii) Expenses recognized in statement of Profit & Loss			
Current Service Cost		329	301
Interest Cost		72	64
Expected Return on Plan Assets		-	-
Curtailment Cost / (Credit)		-	-
Settlement Cost / (Credit)		-	-
Net Actuarial (gain) / loss recognized in the year		970	(178)
Expenses Recognized in the statement of Profit & Loss		1,371	188
viii) Movements in the liability recognized in Balance Sheet			
Opening Net Liability		918	862
Expenses as above		1,371	188
Contribution paid		(263)	(132)
Closing Net Liability		2,025	918
ix) Experience Analysis - Liabilities			
Actuarial (gain) / Loss due to change in bases		116	(49)
Experience (gain) / loss due to change in Experience		855	(129)
Total		971	(178)
Experience Analysis - Plan Assets			
Experience (gain) / loss due to change in Plan Assets		-	-
x) Schedule III details			
Current Liability		379	185
Non Current Liability		1,646	733
25 FINANCE COSTS			
1. Interest Expenses on Bank Overdraft		6	194
2. Others		67	1,848
		<u>73</u>	<u>2,042</u>
26 OTHER EXPENSES			
26.01 Power Fuel and Electricity		342	259
26.02 Rent		62	68
26.03 Rates and Taxes		18	51
26.04 Water expenses		43	39
26.05 Insurance		127	112
26.06 Repairs and Maintenance:			
i) Factory Buildings & site	474		378
ii) Plant and Machinery	840		848
iii) Others	539		529
	<u>1,853</u>		<u>1,755</u>
Less: Work done internally and other expenditure which has been included in Salary Wages and Benefits.	568	1,285	544
26.07 Loose Tools consumed		-	-
26.08 Printing and Stationery		32	32
26.09 Postage, Telegrams and Telephone		75	74



Rupees in Lakhs
31-03-2015Rupees in Lakhs
31-03-2014

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31-03-2015

26.10	Travelling Expenses	351		440	
	Less: Amount included under	-		-	
	- Recruitment Expenses	6		-	
	- Direct Expenses	105	240	89	351
26.11	Recruitment Expenses	10		9	
	Less: Advertisement expenses for Recruitment included under the Head "Advertisement"	4	6	9	-
26.12	Advertisement	-		-	
	- Recruitment	4		9	
	- Staff & Establishment	-		1	
	- Tenders	55		29	
	- Publicity	36	95	107	146
26.13	Business Promotion Expenses		183		16
26.14	Bank Charges		10		11
26.15	Auditors Remuneration				
	- Statutory Audit Fees	2		2	
	- Cost Audit Fees	1		1	
	- Tax Audit Fees*	-		-	
	- VAT Audit Fees*	-		-	
	- Audit Expenses	2		2	
	- Fees for Certification*	-	5	-	5
*Due to rounding up of figures to Rs Lakhs, amount towards Tax Audit Fees, VAT Audit Fees & Certification Fees are showing 'Nil'					
26.16	CISF and Security Expenses		1,050		760
26.17	Stock Adjustments/Depletion in value of Inventory old projects		1,236		82
26.18	Legal Charges		40		51
26.19	Professional and Consultant Fees		72		64
26.20	Insurance Claim disallowed		-		300
26.21	Vehicle Hire charges		131		119
26.22	Books & Periodicals		11		7
26.23	Foreign Exchange Variation		108		129
26.24	Training Expenses	27		26	
	Add: Travelling expenses for training	18		16	
		45		42	
	Less: Training expenses included in Travelling expenses	18	27	16	26
26.25	Directors Sitting Fees & Expenses		11		14
26.26	LD Deducted by Customer		633		1,293
26.27	R & D Expenditure		647		24
26.28	Stores Clearing and Handling Charges		463		182
26.29	Bad Debt Written off		65		8
26.30	Exchange Fluctuation on Forward Contract		(1,721)		-
26.31	Miscellaneous Expenses		286		278
			<u>5,582</u>		<u>5,712</u>

27 CORPORATE SOCIAL RESPONSIBILITY

(a) Gross Amount required to be spent by the Company during the year

25

(b) Amount spent during the year

87

Less: Utilised from Opening CSR Reserve (Note 2.2)

62

Amount spent as Current Year Expenditure

25

(i) On construction or acquisition of Assets - In Cash 25
- Liability accounted -

25

(ii) On purposes other than (i) above - In Cash -
- Liability accounted -

-

25 NIL

28 PREVIOUS YEARS' ADJUSTMENTS (NET)

NIL NIL

29 PROVISIONS MADE

1. Liquidated Damages

-

2. Guarantee Repairs

1,650 1,374

3. Bad and Doubtful Debts

21 -

4. Others

8 12

1,679 1,386

Liabilities/Expenses on Projects delivered : (a) During the year 2014-15, Company has provided an amount of Rs 750 Lakhs towards balance amount for extension of warranty for major equipment due to delay in supply of indigenous development of Gear Box, which ultimately led to cancellation of order on M/s KPCL and subsequent procurement from M/s Renk, Germany leading to revised project delivery schedule, as approved by the Govt.,

(b) Based on the assessment of outstanding work to be carried out under Warranty Clause of the Contract of vessels under Guarantee, an amount of Rs 9.00 Cr has been provided for Yards 1204, Y-1205, Y-1194-1196 and Y-1211.



ADDITIONAL NOTES TO ACCOUNTS – INFORMATIVE**30 Computation of Profit/(Loss) for Earnings Per Share**

Profit/(Loss) after Tax	7,824	(6,109)
Earnings per share Basic (in Rs.)	27	(21)
Earnings per share Diluted (in Rs.)	27	(21)
(Share having nominal value of Rs.10/- each)		

31 Business Segment Reporting**A) Segment-wise Turnover (Value of Production)**

Shipbuilding	45,502	39,954
Ship Repair	1,602	1,770
General Engineering	8,695	6,953
B & D Spares	1,156	2,213
Total :	56,955	50,890

B) Segment Result**Profit / (Loss) before Tax from each Segment**

Shipbuilding	(1,701)	(6,090)
Ship Repair	395	314
General Engineering	924	403
B & D Spares	78	245
Other Operating income	596	273
Sub-total :	292	(4,855)

Less : Income/Expenditure not allocated to segments

Interest payments	73	2,042
Interest on Deposits	(4,047)	(3,881)
Other Unallocable Expenditure net of Allocable Expenditure	(6,065)	2,923

Less : Income Tax

Profit/(Loss) after Tax	7,824	(6,109)
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C) Capital Employed

49,994	50,673
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i) There is no segmentwise bifurcation of Assets & Liabilities for Ship Construction, Ship Repair, General Engineering and B & D Spares. Assets & Liabilities of the Company are jointly used by all segments.

ii) There are no geographical segments within the business segments.

32 Contingent Liabilities and Commitments:

32.1 Provisions, Contingent Liabilities and Contingent Assets as per Accounting Standard 29 issued by the Institute of Chartered Accountants of India is assessed during every year and the treatment of the same in the books is disclosed at relevant heads at Balance Sheet and / or in the notes to Accounts

32.2 Amounts for which Company may be contingently liable:

a) Estimated amount of contracts remaining to be executed on capital account.	-	-
b) Position of non-fund based limits utilized for:	-	-
(i) Letters of Credit	5,366	5,519
(ii) Guarantees and counter guarantees	17,460	18,484
c) Indemnity Bonds issued by the Company to Customers for various contracts	1,19,783	1,71,746
d) Guarantee for house building loan granted by HDFC	-	1

32.3 Claims against the Company pending under litigation not acknowledged as debts in respect of claims made by:

(i) Suit No. 3256/90, before Mumbai High Court, Mumbai filed by L&T for breach of contract and damages	NIL	984
(ii) Arbitration against KPCL Counter Claim made by KPCL (The amount has been claimed with interest @ 18%p.a. However, the period of interest claimed has not been indicated, hence the interest amount has not been added.)	1,528	1,528
(iii) Arbitration against M/s Shoft Shipyard for yard 1196 & 1204 (The amount has been claimed with interest @ 27%p.a.)	895	649
(iv) Arbitration appeal no. 06/2014, M/s Mahalasa Services against the Award of the Arbitrator	56	Nil
(v) Damages claimed by dismissed employee in Civil Suit filed in Vasco Court.	840	Nil



GOA SHIPYARD LIMITED

32.4 PROVISIONS

31-03-2015

		Rupees in lakhs							
Sr. No	Provision towards	Carrying amount at the beginning of the year	Additional provisions made during the year	Amount used during the year	Unused amount reversed	Amount at the end of the year	Brief description of nature and obligation	Indications of uncertainties about the outflow	Amount expected reimbursement, if any
1	Taxation	22,290	1,050	-	-	23,340	Provision for Income Tax of various Assessment Years	Any excess / short provided would be adjusted on completion of assessment	Nil
2	Proposed Dividend	-	1,571	-	-	1,571	Proposed Dividend	Nil	Nil
3	Tax on Distributed profit	-	320	-	-	320	Tax on Distributed profit	Nil	Nil
4	Leave Encashment	918	1,370	263	-	2,025	Provision for encashable earned leave as per actuarial valuation	Nil	Nil
5	Gratuity	500	-	500	-	-	Provision for Gratuity as per actuarial valuation	Nil	Nil
6	Superannuation	-	1,027	-	-	1,027	Provision for Superannuation Scheme	Nil	Nil
7	Guaranteee Repairs	1,634	1,650	951	-	2,333	Provision for Guaranteee Repairs	Nil	Nil
	Total 1 to 6	25,342	6,988	1,714		30,616			



- 33 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:
- 33.1 In case of Ship Building and Ship Repair and Refit activities, normal operating cycle is considered vesselwise, as the time period from the effective date of contract/letter of intent to the date of expiry of guarantee period.
- 33.2 In case of other business activities normal operating cycle will be 12 months.
- 34 The Appellate Authority for Arbitration after hearing Andaman & Nicobar Administration and Goa Shipyard Limited passed an Arbitration Award/Order on 15/11/2011 allowing Appeal filed by GSL & rejected the Appeal of A&N Admin. The subject was discussed with Andaman & Nicobar Administration by Goa Shipyard Limited and in the interest of both the parties, being Government organizations, it has been decided to settle the matter, subject to approval of competent authorities of respective organizations. The claim is certain and provision in this regard of Rs 52 lakhs has been withdrawn. The matter relating to settlement of the dues has been taken up with Andaman & Nicobar Administration.
- 35 Certain balances under Trade Receivable, Trade Payable, Current Assets, Loans and Advances, Current Liabilities, etc. are subject to confirmation and reconciliation.
- The company has a process of sending communication for confirmation of balances during the year. Adjustments arising out of confirmations, if any, will be given effect in the books of accounts during the year of adjustments.
- 36 There are no instances to the notice of the Management concerning related party transactions of the Company of material nature, with the Management, key executives, their associates and/or relatives etc. that may have potential conflict with the interests of the Company at large.
- 37 MOD had sanctioned an amount of Rs 400 Cr vide letter no. 8-2/2007/GSL/D(SY) dated 01/10/2010 towards development of infrastructure for MCMV as part of GSL Modernisation project, out of which an amount of Rs 288 Cr was released during FY 2011-12. As per said letter interest was chargeable in case of delay in utilization of the mobilization advance beyond 2011-12. Accordingly an amount of Rs 39.78 Cr was provided towards interest liability upto 31st March 2014. However, MoD vide letter No 23(136)/2013/GSL/D(NS-I) dated 02nd February, 2015 has reallocated the sanctioned amount of Rs 400 Cr as Rs 288 Cr towards Phase 1 & 2 and Rs 112 Cr towards Phase 3 & 4. Accordingly, Assets worth Rs 288 Cr earlier capitalised under Phase 1 & 2 of GSL Modernisation Project as Company's Assets, have been re-classified as "Customer Funded Assets for development of infrastructure for MCMV Project". Due to above restructuring of Govt. Funding, depreciation amounting to Rs 36.90 Cr on those assets charged upto 31/03/2014 have been reversed during current Financial year. Since Rs 288 Cr allocated vide letter referred above stands fully utilized towards Phase 1 and 2 even before 07.12.2011 i.e. the date of receipt of the mobilization advance, interest as mentioned in the original sanctioned letter is not payable. Accordingly, interest Liabilities amounting to Rs 39.78 Cr provided upto 31st March 2014 has also been reversed.
- 38 Disclosure in relation to Schedule III to the Companies Act, 2013: -
Accretion/Decretion to Contract Work-in-progress is considered as part of revenue from operations.
- 39 The company has taken up the issues of waiver of LDs, reimbursement of additional project expenditure on account of warranty extension and claim for cost difference of Gear Box amounting to Rs. 59.18Cr with the customer/Ministry.
- 40 Figures for the previous year have been regrouped/reclassified, wherever considered necessary to conform to current year presentation. Figures are suitably rounded off to Rs. lakh [except Earnings per share and Face Value of Share] in pursuance of the approval from Govt. of India, vide Ministry of Law, Justice & Company Affairs, Department of Company Affairs, letter No46/180/98/CL-III dated 03.08.1998.

As per Our Report of Even Date Attached
For Deshpande, Pandit & Co.
Chartered Accountants
(FRN 000717S)


R.V. Deshpande
Partner
M.No. 018986
Place : Belgaum
Date: - 3 AUG 2015




R.C. Asukar
Addl General Manager (Legal)
& Company Secretary


RAdm. Shekhar Mital, NM (Retd.)
Chairman & Managing Director


Shrihari Venkatesh Pairaikar
Director (Operations)

Place : Vasco da Gama, Goa
Date: 31.07.2015