RED HERRING PROSPECTUS
Dated: September 7, 2018
(The Red Herring Prospectus will be updated upon filing with the RoC)
(Please read section 32 of the Companies Act, 2013)
100% Book Built Offer

GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED

Our Company was incorporated at Calcutta under the Companies Act, 1913 with the Registrar of Companies, Calcutta, as "Garden Reach Workshops Limited" on February 26, 1934. Our Company changed its name to "Garden Reach Workshops Private Limited" on November 5, 1957 after the promulgation of the Companies Act, 1956. Thereafter, our Company changed its name to "Garden Reach Workshops Limited" on November 30, 1961 pursuant to the acquisition of our Company by the Government of India and the status of our Company was changed from 'private limited company' to 'deemed public limited company under the provision of Section 43(1A) of the Companies Act, 1956 with effect from January 8, 1976. The name of our Company was again changed from 'Garden Reach Workshop Limited' to 'Garden Reach Shipbuilders & Engineers Limited' on December 31, 1976 by the Registrar of Companies, West Bengal. Our Company became a public company pursuant to a special resolution of the shareholders at an Annual General Meeting held on August 25, 2017. For further details, including change in Registered Office of our Company, see "*History and Certain Corporate Matters*" on page 164.

Registered Office: 43/46 Garden Reach Road, Kolkata – 700 024, West Bengal, India; **Contact Person:** Sandeep Mahapatra, Company Secretary and Compliance Officer
Tel: 033-2469 8545; **Fax:** 033-2469 8150; **Email:** co.sec@grse.co.in; **Website**: www.grse.in; **Corporate Identity Number**: U35111WB1934GOI007891

OUR PROMOTER: THE PRESIDENT OF INDIA ACTING THROUGH THE MINISTRY OF DEFENCE, GOVERNMENT OF INDIA

INITIAL PUBLIC OFFERING OF 29,210,760 EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED ("OUR COMPANY" OR THE "ISSUER") THROUGH AN OFFER FOR SALE BY OUR PROMOTER, THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF DEFENCE, GOVERNMENT OF INDIA ("THE "SELLING SHAREHOLDER") FOR CASH AT A PRICE* OF ₹[●] PER EQUITY SHARE ("THE OFFER PRICE"), AGGREGATING TO ₹[●] MILLION (THE "OFFER"). THE OFFER INCLUDES A RESERVATION OF UP TO 572,760 EQUITY SHARES AGGREGATING TO ₹[●] MILLION FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) ("EMPLOYEE RESERVATION PORTION"). THE OFFER LESS EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE NET OFFER. THE OFFER AND THE NET OFFER WILL CONSTITUTE 25.50% AND 25.00% RESPECTIVELY, OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF EQUITY SHARES IS ₹10 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT SIZE HAVE BEEN DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMs") AND WILL BE ADVERTISED IN ALL EDITIONS OF ENGLISH NATIONAL DAILY NEWSPAPER FINANCIAL EXPRESS, ALL EDITIONS OF HINDI NATIONAL DAILY NEWSPAPER JANSATTA AND KOLKATA EDITION OF BENGALI DAILY NEWSPAPER DAINIK STATESMAN, BENGALI BEING THE REGIONAL LANGUAGE OF KOLKATA, WHERE OUR REGISTERED OFFICE IS LOCATED, EACH WITH WIDE CIRCULATION, AT LEAST FIVE (5) WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

A discount of ₹5 per Equity Share to the Offer Price may be offered to the Retail Individual Bidders ("Retail Discount**") and a discount of ₹5 per Equity Share to the Offer Price may be offered to the Eligible Employees bidding in the Employee Reservation Portion ("**Employee Discount**").*

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three (3) additional Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding ten (10) Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the other members of the Syndicate.

This Offer is being made in terms of rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"). In accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI ICDR Regulations**"), the Offer is being made through the Book Building Process wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") ("**QIB Portion**"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Offered Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, up to 572,760 Equity Shares have been reserved for allocation and Allotment on a proportionate basis to Eligible Employees bidding in the Employee Reservation Portion, subject to valid bids being received from them at or above the Offer Price. All Bidders shall mandatorily participate in the Offer through an Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective bank account which will be blocked by the Self Certified Syndicate Banks ("**SCSBs**"). For details, see "*Offer Procedure*" on page 436.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10 each and the Floor Price is 11.50 times of the face value and the Cap Price is 11.80 times of the face value of the Equity Shares. The Offer Price (determined by our Company and the Selling Shareholder in consultation with the BRLMs in accordance with the SEBI ICDR Regulations and as stated in "*Basis for Offer Price*" on page 102) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares, nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Offered Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 22.

OUR COMPANY'S AND THE SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company and the Selling Shareholder, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company, the Selling Shareholder and the Offer, which is material in the context of this Offer, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholder confirms all information set out about itself as the Selling Shareholder in context of the Offer for Sale included in this Red Herring Prospectus and accepts responsibility for statements in relation to itself and the Equity Shares being sold by it in the Offer for Sale.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received an 'in-principle' approval from the BSE and NSE for the listing of the Equity Shares pursuant to letters dated April 17, 2018 and April 11, 2018, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be NSE. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the Registrar of Companies, West Bengal ("**RoC**") in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents which shall be available for inspection from the date of registration of the Red Herring Prospectus with the RoC, up to the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 509.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
IDBI Capital Markets & Securities Limited (*Formerly known as IDBI Capital Market Services Limited)* **Registered Office:** 3rd Floor, Mafatlal Centre Nariman Point, Mumbai – 400 021 **Tel.:** +91-22-4322 1212 **Fax:** +91-22-2285 0785 **Email:** ipo.grse@idbicapital.com **Investor Grievance E-mail:** redressal@idbicapital.com **Website:** www.idbicapital.com **Contact Person:** Sumit Singh/ Priyankar Shetty **SEBI Registration No.:** INM000010866	**YES Securities (India) Limited** **Registered Office:** Unit No. 602A, 6th Floor Tower 1 & 2, Indiabulls Finance Centre Senapati Bapat Marg, Elphinstone (West), Mumbai – 400 013 **Tel.:** +91-22-30126919 **Fax:** +91-22- 24214508 **E-mail:** grse.ipo@yessecuritiesltd.in **Investor Grievance E-mail:** igc@yessecuritiesltd.in **Website:** www.yesinvest.in **Contact Person:** Mukesh Garg/ Pratik Pednekar **SEBI Registration No.:** INM000012227	**Alankit Assignments Limited** **Registered Office:** Alankit House, 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi -110 055 **Tel:** +91-11-42541234 / 4254 1951/1952 **Fax:** +91-11-4254 1201 **E-mail:** grse_ipo@alankit.com **Investor Grievance E-mail:** grse_igr@alankit.com **Website:** www.alankit.com **Contact Person:** Sachin Gupta/ S. Arunraj **SEBI Registration No.:** INR000002532

BID/ OFFER PROGRAMME

BID/ OFFER OPENS ON	September 24, 2018
BID/ OFFER CLOSES ON*	September 26, 2018

(*) Our Company and the Selling Shareholder, in consultation with the BRLMs, may, consider closing the Bid/Offer Period for QIBs one (1) Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

TABLE OF CONTENT

SECTION I: GENERAL 1
DEFINITIONS AND ABBREVIATIONS 1
PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA 16
NOTICE TO INVESTORS 19
FORWARD-LOOKING STATEMENTS 20
SECTION II: RISK FACTORS 22
SECTION III: INTRODUCTION 55
SUMMARY OF INDUSTRY 55
SUMMARY OF BUSINESS 63
SUMMARY OF FINANCIAL INFORMATION 67
THE OFFER 74
GENERAL INFORMATION 76
CAPITAL STRUCTURE 86
OBJECTS OF THE OFFER 100
BASIS FOR OFFER PRICE 102
STATEMENT OF TAX BENEFITS 105
SECTION IV: ABOUT OUR COMPANY 108
INDUSTRY OVERVIEW 108
OUR BUSINESS 136
REGULATIONS AND POLICIES 157
HISTORY AND CERTAIN CORPORATE MATTERS 164
OUR MANAGEMENT 173
OUR PROMOTER AND PROMOTER GROUP 195
OUR GROUP COMPANIES 196
RELATED PARTY TRANSACTIONS 197
DIVIDEND POLICY 198
SECTION V: FINANCIAL INFORMATION 199
FINANCIAL STATEMENTS 199
SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND-AS 347
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 354
FINANCIAL INDEBTEDNESS 388
SECTION VI: LEGAL AND OTHER INFORMATION 396
OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS 396
GOVERNMENT AND OTHER APPROVALS 402
OTHER REGULATORY AND STATUTORY DISCLOSURES 409
SECTION VII: OFFER INFORMATION 427
TERMS OF THE OFFER 427
OFFER STRUCTURE 432
OFFER PROCEDURE 436
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES 485
SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION 486
SECTION IX: OTHER INFORMATION 509
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION 509
DECLARATION 512

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline, circular, notification or clarification or policy shall be to such legislation, act, regulation, rule, guideline, circular, notification or clarification or policy, as amended, supplemented or re-enacted from time to time.

The words and expressions used in this Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made there under. If there is any inconsistency between the definitions given below and the definitions contained in the General Information Document, the following definitions shall prevail.

General Terms

Term	Description
"Company", "our Company", "the Company", "the Issuer", "GRSE", "we", "us" or "our"	Garden Reach Shipbuilders & Engineers Limited, a company incorporated under the Companies Act, 1913, having its registered office at 43/46 Garden Reach Road, Kolkata – 700 024, West Bengal, India.

Company Related Terms

Term	Description
"Articles of Association" or "AoA"	The articles of association of our Company, as amended from time to time.
Audit Committee	The audit committee of the Board of Directors described in "*Our Management*" on page 184.
"Board" or "Board of Directors"	The board of directors of our Company (including any duly constituted committee thereof).
CPSE Capital Restructuring Guidelines	An Office Memorandum bearing F. No. 5/2/2016-Policy dated May 27, 2016, issued by DIPAM on Guidelines on Capital Restructuring of Central Public Sector Enterprises.
CSR	Corporate Social Responsibility.
CSR & Sustainability Committee	The Corporate Social Responsibility and Sustainability Committee of the Board of Directors described in "*Our Management*" on page 188.
Director(s)	The director(s) of our Company.
Equity Shares	The equity shares of our Company of face value of ₹10 each.
Government Nominee Director	Nominee Director(s) on our Board as appointed by the Government of India.
HR, Nomination and Remuneration Committee	HR, Nomination and Remuneration Committee of the Board of Directors described in "*Our Management*" on page 187.
Independent Directors	Independent Director(s) on our Board.
IPO Committee	The committee constituted by our Board for the Offer, as described in "*Our Management*" on page 189.
Key Management Personnel	Key management/ managerial personnel of our Company in terms of Section 2(51) of the Companies Act, 2013 and/ or Regulation 2(1)(s) of the SEBI ICDR Regulations and as disclosed in "*Our Management*" on page 173.
Materiality Policy	A policy adopted by Our Company, in its Board meeting held on November 14, 2017, for identification of material creditors and material litigations.
"Memorandum of Association" or "MoA"	The memorandum of association of our Company, as amended from time to time.

Term	Description
Part-Time Non-Official (Independent) Director	Part-Time Non-Official (Independent Director) on our Board.
Promoter	The President of India acting through the Ministry of Defence, Government of India.
"Registered Office" or "Registered and Corporate Office"	43/46 Garden Reach Road, Kolkata – 700 024, West Bengal, India.
"Registrar of Companies" or "RoC"	The Registrar of Companies, West Bengal at Kolkata, India.
Restated Financial Statements	The restated audited financial statements of our Company which comprises, in each case: the audited balance sheet, the audited statement of profit and loss and the audited cash flow statements as at and for the financial years ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 and notes thereto prepared in accordance with Ind-AS and the Companies Act and the rules made thereunder; and the audited balance sheet, the audited statement of profit and loss and the audited cash flow statements as at and for the financial years ended March 31, 2014 and March 31, 2013 and notes thereto, prepared in accordance with Indian GAAP and the Companies Act, as applicable. In both cases restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised) issued by the ICAI, together with the schedules, notes and annexures thereto.
SEBI Exemption Letter – I	The exemption letter having reference numbers SEBI/HO/CFD/DIL1/OW/P/2017/18400/1 dated August 03, 2017 issued by SEBI whereby our Company has received relaxation from the strict enforcement of certain requirements under the SEBI ICDR Regulations and SEBI Listing Regulations.
SEBI Exemption Letter - II	The exemption letter having reference number CFD/DIL-1/OW/5502/2018 dated February 21, 2018 issued by SEBI whereby our Company has received relaxation from the strict enforcement of certain requirements under the SEBI ICDR Regulations and SEBI Listing Regulations.
SEBI Exemption Letters	It is a collective reference to SEBI Exemption Letter-I and SEBI Exemption Letter-II.
SEBI Observations Letter	The initial observation letter having reference number ERO/NA/OW/M-8738/2018 dated April 16, 2018 and the final observations letter having reference number ERO/NA/OW/M-8841/2018 dated May 22, 2018 issued by SEBI received by our Company pursuant to the DRHP filed on March 26, 2018.
Shareholders	The holders of the Equity Shares of our Company.
Stakeholders Relationship Committee	The Stakeholders Relationship Committee of the Board of Directors as described in "*Our Management*" on page 188.
"Statutory Auditor" or "Auditor"	The statutory auditor of our Company, namely, M/s. G. P. Agrawal & Co., Chartered Accountants.

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid/ ASBA Form.
"Allot" or "Allotment" or "Allotted"	Transfer of Offered Shares to successful Bidders pursuant to the Offer for Sale by the Selling Shareholder.
Allotment Advice	Note, advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom the Allotment is made.

Term	Description
"Application Supported by Blocked Amount" or "ASBA"	An application, whether physical or electronic, used by a Bidder, to make a Bid and authorize a SCSB to block the Bid Amount in the ASBA Account.
ASBA Account	A bank account maintained with a SCSB and specified in the ASBA Form submitted by Bidders for blocking their Bid Amount mentioned in the ASBA Form.
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.
ASBA Bidder	Any Bidder in the Offer who intends to submit a Bid.
ASBA Form	An application form, whether physical or electronic, used by the Bidders and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Banker(s) to the Offer	Banks which are clearing members and registered with SEBI as bankers to an offer under the SEBI (Bankers to an Issue) Regulations, 1994 and with whom the Public Offer Account will be opened, in this case being State Bank of India and HDFC Bank Limited.
Basis of Allotment	The basis on which the Offered Shares will be Allotted to successful Bidders under the Offer as described in "*Offer Procedure*" on page 474.
"Bid(s)" or "Bidding"	An indication by a Bidder to make an offer during the Bid/Offer Period pursuant to submission of the ASBA Form, to subscribe to or purchase the Offered Shares at a price within the Price Band, including all revisions and modifications thereto, as permitted under the SEBI ICDR Regulations, in terms of the Red Herring Prospectus and the ASBA Form. The term Bidding shall be construed accordingly.
Bid Amount	The highest value of optional Bids indicated in the ASBA Form and payable by the Bidder or as blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid in this Offer which shall be net of the Employee Discount/ Retail Discount, as applicable.
Bid cum Application Form	The ASBA Form.
Bid Lot	120 Equity Shares.
"Bid" or "Offer Closing Date"	The date after which the Designated Intermediaries will not accept any Bids, which shall be published in all editions of the English national newspaper Financial Express and all editions of the Hindi national newspaper Jansatta and Kolkata edition of Bengali daily newspaper Dainik Statesman, Bengali being the regional language of Kolkata, West Bengal, where the registered office of our Company is located, each with wide circulation. In case of any revision, the extended Bid/ Offer Closing Date shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Member, as required under the SEBI ICDR Regulations. The Selling Shareholder and our Company, in consultation with the BRLMs, may consider closing the Bid/ Offer Period for QIBs one (1) Working Day prior to the Bid/ Offer Closing Date.
"Bid" or "Offer Opening Date"	The date on which the Designated Intermediaries shall start accepting Bids, which shall be published in all editions of the English national newspaper Financial Express and all editions of the Hindi national newspaper Jansatta and Kolkata edition of Bengali daily newspaper Dainik Statesman, Bengali being the regional language of Kolkata, West Bengal, where the registered office of our Company is located, each with wide circulation. In case of any revision, the extended Bid/ Offer Opening Date shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Member, as required under the SEBI ICDR Regulations.
"Bid" or "Offer Period"	The period between the Bid/ Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof.

Term	Description
"Bidder" or "Applicant"	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the ASBA Form and unless otherwise stated or implied.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated SCSB Branch for SCSBs, Specified Locations for members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which this Offer is being made.
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to this Offer, being IDBI Capital Markets & Securities Limited and YES Securities (India) Limited.
Broker Centres	The broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time.
Cap Price	The higher end of the Price Band, above which the Offer Price will not be finalised and above which no Bids will be accepted.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI and a list of such locations is available on the website of the BSE and NSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively.
Cut-off Price	The Offer Price finalised by our Company and the Selling Shareholder, in consultation with the BRLMs which shall be any price within the Price Band. Only Retail Individual Bidders and the Eligible Employees bidding in the Retail Portion and Employee Reservation Portion, respectively are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/ husband, investor status, occupation and bank account details.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time.
Designated Date	The date on which the SCSBs unblock funds from the ASBA Accounts and transfer to the Public Offer Account after filing of the Prospectus with the RoC and after finalization of Basis of Allotment in consultation with the Designated Stock Exchange, following which the Selling Shareholder shall give delivery instructions for the transfer of the Offered Shares.
Designated Intermediary(ies)	Collectively, the Syndicate Member, Sub-Syndicate Members/ agents, SCSBs, Registered Brokers, the CDPs and RTAs, who are authorized to collect the ASBA Forms from the Bidders, in relation to this Offer.
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time.

Term	Description
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms used by the Bidders, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	National Stock Exchange of India Limited.
"Draft Red Herring Prospectus" or "DRHP"	The draft red herring prospectus dated March 26, 2018, prepared and issued in accordance with the SEBI ICDR Regulations except as such relaxations specified under the SEBI Exemption Letters, which does not contain complete particulars of the price at which the Offered Shares will be Allotted and the size of this Offer, including any addenda or corrigenda thereto.
Eligible Employee(s)	A permanent and full-time employee of our Company (excluding such employees who are not eligible to invest in this Offer under applicable laws, rules, regulations and guidelines) as of the date of registration of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India and who continues to be an employee of our Company as on the date of submission of their ASBA Form and Bidding in the Employee Reservation Portion. Directors, Key Managerial Personnel and other employees of our Company involved in the Offer Price fixation process cannot participate in this Offer (as per Model Conduct, Discipline and Appeal Rules of CPSEs and office memorandum of DPE dated June 16, 2009 and July 28, 2009) and will not constitute Eligible Employees for the purposes of this Offer. An employee of our Company who is recruited against a regular vacancy but is on probation as on the date of submission of the ASBA Form will also be deemed a "permanent employee" of our Company.
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under this Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe or to purchase the Offered Shares.
Employee Discount	Discount of ₹5 per Offered Share to the Offer Price given to Eligible Employees bidding in the Employee Reservation Portion, subject to the Bid Amount not exceeding ₹500,000.
Employee Reservation Portion	The portion of the Offer being up to 572,760 Equity Shares reserved for allocation and Allotment to Eligible Employees on a proportionate basis. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 (excluding Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (excluding Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees bidding in the Employee Reservation Portion, for a value in excess of ₹200,000 (excluding Employee Discount), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (excluding Employee Discount).
"First Bidder" or "Sole Bidder"	The Bidder whose name shall be mentioned in the ASBA Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price will be finalized and below which no Bids will be accepted.
"General Information Document" or "GID"	The General Information Document for investing in public issues, prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to, among others, the circulars (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018, issued by SEBI, as suitably modified and included in "*Offer Procedure*" on page 449.
IDBI Capital	IDBI Capital Markets & Securities Limited (formerly known as IDBI Capital Market Services Limited) and having its registered office at 3rd Floor, Mafatlal

Term	Description
	Centre, Nariman Point, Mumbai – 400021.
"Maximum RIB Allottees" or "Maximum RII Allottees"	The maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Offered Shares available for Allotment to RIBs by the minimum Bid Lot.
Mutual Fund Portion	5% of the QIB Portion which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended.
Net Offer	The Offer less the Employee Reservation Portion being 28,638,000 Equity Shares aggregating to ₹[●] million.
Net Proceeds	Proceeds of this Offer less ₹[●] of the Offer expenses. For further information about use of the Offer Proceeds and the Offer expenses, see "*Objects of the Offer*" on page 100.
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees bidding in the Retail Portion or Employee Reservation Portion, respectively and who have Bid for the Equity Shares for an amount more than ₹200,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of this Offer being not less than 15% of the Net Offer comprising of 4,295,700 Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.
"Non-Resident" or "NR"	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FVCIs and FPIs.
"Offer" or "Offer for Sale"	The initial public offering of our Company through the offer for sale of 29,210,760 Equity Shares by the Selling Shareholder at the Offer Price, aggregating to ₹[●] million, in terms of the Red Herring Prospectus. The Offer includes a reservation of up to 572,760 Equity Shares aggregating to ₹[●] million for subscription by Eligible Employees. The Offer less Employee Reservation Portion is referred to as the Net Offer. The Offer and the Net Offer will constitute 25.50% and 25.00% respectively, of the post Offer paid-up Equity Share capital of our Company.
Offer Agreement	The agreement dated March 26, 2018 entered among the Selling Shareholder, our Company and the BRLMs pursuant to which certain arrangements are agreed to in relation to this Offer.
Offer Price	The final price (net of Retail Discount and Employee Discount, as applicable) within the Price Band at which the Offered Shares will be Allotted to successful Bidders in terms of the Red Herring Prospectus.
Offer Proceeds	The proceeds of this Offer that are available to the Selling Shareholder based on the total number of Offered Shares Allotted under this Offer and the Offer Price.
Offered Shares	29,210,760 Equity Shares being offered for sale by the Selling Shareholder in this Offer. The Offer includes a reservation of up to 572,760 Equity Shares aggregating to ₹[●] million for subscription by Eligible Employees. The Offer less Employee Reservation Portion is referred to as the Net Offer. The Offer and the Net Offer will constitute 25.50% and 25.00% respectively, of the post Offer paid-up Equity Share capital of our Company.
Pre-Offer Advertisement	The pre-Offer advertisement to be published by our Company under Regulation 47 of the SEBI ICDR Regulations and Section 30 of the Companies Act, 2013 after registration of the Red Herring Prospectus with the RoC, in all editions of the English national newspaper Financial Express and all editions of the Hindi national newspaper Jansatta, and Kolkata edition of Bengali daily newspaper Dainik Statesman, Bengali being the regional language of Kolkata, West Bengal, where the registered office of our Company is located, each with wide circulation, respectively.

Term	Description
Price Band	Price band of a minimum price of ₹115 per Equity Share (Floor Price) and the maximum price of ₹118 per Equity Share (Cap Price), including any revisions thereof. The Price Band, the Retail Discount, the Employee Discount and the minimum Bid Lot size for this Offer will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and will be advertised, at least five (5) Working Days prior to the Bid/ Offer Opening Date in all editions of the English national newspaper Financial Express and all editions of the Hindi national newspaper Jansatta, and Kolkata edition of Bengali daily newspaper Dainik Statesman, Bengali being the regional language of Kolkata, West Bengal, where the registered office of our Company is located, each with wide circulation, respectively.
Pricing Date	The date on which our Company and the Selling Shareholder, in consultation with the BRLMs, will finalise the Offer Price.
Prospectus	The prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations containing, inter alia, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information including any addenda or corrigenda thereto.
Public Offer Account	A bank account opened with the Bankers to the Offer by our Company under Section 40(3) of the Companies Act, 2013 to receive monies from the ASBA Accounts on the Designated Date pursuant to the Public Offer Account Agreement.
Public Offer Account Agreement	Agreement dated September 6, 2018 among the Selling Shareholder, our Company, the BRLMs, the Registrar to the Offer and the Banker(s) to the Offer for receipt of the Bid Amounts from the ASBA Accounts on the Designated Date and if applicable, refund of amounts collected from Bidders, on the terms and conditions thereof.
“QIB Category” or “QIB Portion”	The portion of the Net Offer being up to 50% of the Net Offer comprising of 14,319,000 Equity Shares which shall be Allotted to QIBs.
“Qualified Institutional Buyers” or “QIBs” or “QIB Bidders”	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations who Bid on this Offer.
“Red Herring Prospectus” or “RHP”	This red herring prospectus dated September 7, 2018 issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Offered Shares will be offered and the size of this Offer, including any addenda or corrigenda thereto. This Red Herring Prospectus will be registered with the RoC at least three (3) Working Days before Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
Refund Account	The account opened with the Refund Bank to which the refunds, if any, of the whole or part of the Bid Amount, shall be transferred from the Public Offer Account(s) and will be credited to the ASBA Accounts of the Bidders.
Refund Bank	The Banker(s) to the Offer with whom the Refund Account will be opened, in this case being State Bank of India and HDFC Bank Limited.
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate, and eligible to procure Bids in terms of circular no. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI.
Registrar Agreement	The agreement dated March 26, 2018 entered into between our Company, the Selling Shareholder and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to this Offer.
“Registrar and Share Transfer Agents” or “RTAs”	The registrar and the share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
“Registrar to the Offer” or “Registrar”	Alankit Assignments Limited, a company incorporated under the Companies Act,

Term	Description
	1956 and having its registered office at Alankit House, 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi – 110 055.
Resident Indian	A person resident in India, as defined under FEMA.
Retail Discount	Discount of ₹5 per Offered Share to the Offer Price, which may be given to Retail Individual Bidders in the Retail Portion.
"Retail Individual Bidder(s)" or "RIB(s)"	Individual Bidders, other than Eligible Employees bidding in the Employee Reservation Portion, who have Bid for the Offered Shares for an amount not more than ₹200,000 in any of the bidding options in this Offer (including HUFs applying through their Karta and Eligible NRIs) and does not include NRIs (other than Eligible NRIs).
Retail Portion	The portion of Net Offer being not less than 35% of the Net Offer consisting of 10,023,300 Equity Shares, available for allocation to Retail Individual Bidder(s) in accordance with the SEBI ICDR Regulations subject to valid Bids being received at or above the Offer Price.
Revision Form	Form used by the Bidders to modify the quantity of the Offered Shares Bid for, or the Bid Amount in any of their ASBA Forms or any previous Revision form(s). QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity and of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion can revise their Bids until the Bid/Offer Closing Date.
"Self-Certified Syndicate Bank(s)" or "SCSB(s)"	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) or such other websites and updated from time to time.
Selling Shareholder	The President of India, acting through the Ministry of Defence, Government of India.
Share Escrow Agreement	Share Escrow Agreement to be entered into amongst our Company, the Selling Shareholder and the Share Escrow Agent.
Share Escrow Agent	Share escrow agent appointed pursuant to the Share Escrow Agreement namely Alankit Assignments Limited.
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from the Bidders, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time.
Stock Exchanges	BSE Limited and the National Stock Exchange of India Limited.
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect the ASBA Forms and Revision Forms.
Syndicate Agreement	The agreement dated September 6, 2018, entered into between the BRLMs, the Syndicate Members, our Company, the Selling Shareholder and Registrar to the Offer in relation to the collection of the ASBA Forms by the Syndicate Members.
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, IDBI Capital Markets & Securities Limited and YES Securities (India) Limited.
"Syndicate" or "Members of the Syndicate"	The BRLMs and the Syndicate Members.
Systemically Important Non-Banking Financial Company	A non-banking financial company whose assets size is of ₹5,000 million or more as per the last audited balance sheet.
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s).
Underwriting Agreement	The agreement dated [●] entered into among the Underwriters, our Company and the Selling Shareholder on or after the Pricing Date but prior to the registration of the Prospectus with the RoC.

Term	Description
Willful Defaulter	A company or person categorized as a willful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines issued by the RBI and includes any company whose director or promoter is categorized as such.
Working Day	All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and (c) with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.
YES Securities	YES Securities (India) Limited.

Technical/ Industry Related Terms/ Abbreviations

Term	Description
61 Park Unit	Bailey Bridge Unit situated at 61, Garden Reach Road, Kolkata
AGM	Additional General Manager
ASW Corvette	Anti-Submarine Warfare Corvette
BS-OHSAS 18001-2007	Occupational Health and Safety Management Standard
BSF	Border Security Force
CCTV	Closed-circuit Television
CDO	Central Design Office
CGM	Chief General Manager
CGS	Coast Guard Ship
CII	Confederation of Indian Industry
CISF	Central Industrial Security Force
Cmde	Commodore
C & CP	Commercial and Corporate Planning
DEP	Diesel Engine Plant of our Company located at Ranchi, Jharkhand
DIG	Deputy Inspector General
DWT	Dead Weight Tonnage
ERP	Enterprise Resource Planning
EN ISO 9002 – 2014	Quality Management Systems Standard
FAC	Fast Attack Craft
FIB	Fast Interceptor Boat
FOJ Unit	Fitting Out Jetty Unit, situated at 70, Karl Marx Sarani, Kolkata
FPV	Fast Patrol Vessel
FRP Boats	Fibre Reinforced Plastic Boats
GM	General Manager
HR	Human Resource
ICC	Indian Chamber of Commerce
IDDM	Indigenously Designed, Developed and Manufactured

Term	Description
IEC	Importer Exporter Code
IETE	Institution of Electronics and Telecommunication Engineers
IE & P	Industrial Engineering & Process
IIIE	Indian Institution of Industrial Engineering
IIT	Indian Institute of Technology
INS	Indian Naval Ship
INTTUC	Indian National Trinamool Trade Union Congress
INTUC	Indian National Trade Union Congress
ISO 14001:2004	Environment Management Systems Standard
ISO 9002 – 1994	Quality System Standard
IT	Information Technology
Kw	Kilo Watt
LCT	Landing Craft Tank
LCU	Landing Craft Utility
LST(L)	Landing Ship Tank (Large)
L&T Shipyard	L&T Shipbuilding Limited
Main Works Unit	Main Works Unit situated at 43/46, Garden Reach Road, Kolkata
MSMEs	Micro, Small and Medium Enterprises
MTU	MTU Friedrichshafen GmbH, Germany
MTU, India	MTU India Private Limited
NALCO	National Aluminum Company Limited
NCCBM	National Council for Cement & Building Materials
NITSRI	National Institute of Technology, Srinagar *(formally known as Regional Engineering College, Srinagar)*
NTPC	National Thermal Power Corporation
OPV	Offshore Patrol Vessel
PP & C	Production Planning & Control
QA	Quality Assurance
RAdm	Rear Admiral
Rajabagan Dockyard	Rajabagan Dockyard situated at 44, Garden Reach Road, Kolkata
R&D	Research and Development
VAdm	Vice Admiral
WJ-FAC	Water Jet Fast Attack Craft

Conventional and General Terms or Abbreviations

Term	Description
"₹" or "Rs." or "Rupee(s)" or "INR"	Indian Rupees, the official currency of the Republic of India.
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations.
Air Act	The Air (Prevention and Control of Pollution) Act, 1981, as amended.
"AS" or "Accounting Standards"	Accounting Standards issued by the Institute of Chartered Accountants of India.

Term	Description
AY	Assessment Year.
BSE	BSE Limited.
CAG	Comptroller and Auditor General.
CAGR	Compounded Annual Growth Rate.
Category-I Foreign Portfolio Investors	FPIs who are registered with SEBI as "Category I foreign portfolio investors" under the SEBI FPI Regulations.
Category-II Foreign Portfolio Investors	FPIs who are registered with SEBI as "Category II foreign portfolio investors" under the SEBI FPI Regulations.
Category-III Foreign Portfolio Investors	FPIs who are registered with SEBI as "Category III foreign portfolio investors" under the SEBI FPI Regulations.
CDSL	Central Depository Services (India) Limited.
CFO	Chief Financial Officer.
CIN	Corporate Identity Number.
Client ID	Client identification number of the Bidders beneficiary account.
Consolidated FDI Policy	Consolidated FDI Policy of 2017 issued by the DIPP by circular D/o IPP F. No. 5(1)/2017-FC-1 with effect from August 28, 2017.
Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as applicable.
Companies Act, 1956	Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections) along with the relevant rules made thereunder.
Companies Act, 2013	The Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections as of the date of this Red Herring Prospectus, as amended from time to time, along with the relevant rules made thereunder.
Competition Act	The Competition, Act 2002 along with the relevant rules made thereunder as amended from time to time.
COPU	Committee of Public Undertakings.
CPSE	Central Public Sector Enterprise.
DDP	Department of Defence Production, Ministry of Defence, Government of India.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996.
DIN	Director Identification Number.
DIPAM	Department of Investment and Public Asset Management, Ministry of Finance, Government of India.
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
DPSU	Defence Public Sector Undertaking
DP ID	Depository Participant's Identification Number.
"DP" or "Depository Participant"	A depository participant as defined under the Depositories Act.
DPE	Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India.
DPP	Defence Procurement Procedure 2016.
EBITDA	Earnings before interest, taxes, depreciation, and amortization.
ECB	External Commercial Borrowing.
EGM	Extraordinary General Meeting.
"Environment Act" or "EPA"	Environment Protection Act, 1986, as amended.
EPS	Earnings Per Share.

Term	Description
Equity Listing Agreement	Listing Agreement to be entered into with the Stock Exchanges on which the Equity Shares of our Company are to be listed.
ESI Act	Employees State Insurance Act, 1948, as amended.
EU	European Union.
FCNR	Foreign Currency Non-Resident.
FDI	Foreign Direct Investment.
FDI Circular	Consolidated FDI Policy circular of 2017, effective from August 28, 2017, issued by the DIPP.
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended.
FII(s)	Foreign Institutional Investors as defined under the SEBI FPI Regulations.
"Financial Year" or "FY" or "Fiscal" or "Fiscal Year"	Unless stated otherwise, the period of twelve (12) months ending March 31 of that particular year.
FPI(s)	A foreign portfolio investor as defined under the SEBI FPI Regulations.
FTA	Foreign Trade (Development and Regulation) Act, 1992, as amended.
FTP	Foreign Trade Policy (2015 - 2020).
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations.
GAAR	General Anti Avoidance Rules.
GDP	Gross Domestic Product.
GIR	General Index Register.
"GoI" or "Government"	Government of India.
GST	Goods and services tax.
Hazardous Chemical Rules	Manufacture, Storage and Import of Hazardous Chemical Rules, 1989, as amended.
Hazardous Wastes Rules	The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, as amended.
HUF	Hindu Undivided Family.
I(D&R) Act	Industrial (Development and Regulation) Act, 1951, as amended.
ICAI	The Institute of Chartered Accountants of India.
ICDS	Income Computation and Disclosure Standards.
ICRA	ICRA Limited, a company registered under the erstwhile Companies Act, 1956 and having its registered office at Flat No. 1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi – 110001, India.
ICRA Report	Report titled "Industry Report on Shipbuilding" published on March 9, 2018 by ICRA.
IDA	Industrial Dearness Allowance.
IFRS	International Financial Reporting Standards.
IN	Indian Navy.
Income Tax Act	The Income Tax Act, 1961.
Ind-AS	Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as notified under Ind-AS Rules.
Ind-AS Rules	Companies (Indian Accounting Standards) Rules, 2015, as amended.
India	Republic of India.
Indian GAAP	Generally Accepted Accounting Principles in India.
IPC	The Indian Penal Code, 1860

Term	Description
IPO	Initial Public Offering.
IRDAI	Insurance Regulatory and Development Authority of India.
IST	Indian Standard Time.
IT	Information Technology.
Legal Metrology Act	Legal Metrology Act, 2009, as amended.
LM Act	The Legal Metrology Act, 2009, as amended.
M	Metre.
MCA	The Ministry of Corporate Affairs, Government of India.
MDL	Mazagon Dock Shipbuilders Limited.
Merchant Shipping Act	The Merchant Shipping Act, 1958, as amended.
Merchant Shipping Rules, 1991	Merchant Shipping (Cargo Ship Construction and Survey) Rules, 1991, as amended.
Merchant Shipping Rules, 1981	Merchant Shipping (Construction and Survey of Passenger Ships) Rules, 1981, as amended.
MHA	Ministry of Home Affairs, Government of India.
MICR	Magnetic Ink Character Recognition.
MoD	Ministry of Defence, Government of India.
MoU	Memorandum of Understanding.
Solid Wastes Rules	The Solid Wastes Management Rules, 2016, as amended.
"N.A." or "NA"	Not Applicable.
NAV	Net Asset Value.
NECS	National Electronic Clearing Services.
NEFT	National Electronic Fund Transfer.
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA.
NRE Account	Non-Resident External Account.
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000 as amended and in force from time to time.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
OEM	Original Equipment Manufacturers.
OM	Office Memorandum.
OSA	The Official Secrets Act, 1923, as amended.
"OCB" or "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permissions granted to OCBs under FEMA. OCBs are not allowed to invest in this Offer.
p.a.	Per annum.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
PAT	Profit After Tax.
PCA	Prevention of Corruption Act, 1988.
PFIs	Public Financial Institutions.

Term	Description
PIL	Public Interest Litigation.
PSU	Public Sector Undertaking.
Public Liability Act	Public Liability Insurance Act, 1991, as amended.
RBI	Reserve Bank of India.
RTI	Right to Information Act, 2005, as amended.
RoNW	Return on Net Worth.
RTGS	Real Time Gross Settlement.
Radiation Protection Rules	The Atomic Energy (Radiation Protection) Rules, 2004, as amended.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended.
SEBI Depository Regulations	Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended.
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
SEBI Mutual Fund Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended.
SEBI Portfolio Manager Regulations	Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as amended.
SEBI Stock Brokers Regulations	Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992, as amended.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations.
Security Manual	Security Manual for Licensed Defence Industries.
Securities Act	United States Securities Act of 1933, as amended.
Sq. mt.	Square metre.
Sq. ft.	Square feet.
State Government	The government of a state in India.
STT	Securities Transaction Tax.
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
"U.K." or "UK"	United Kingdom.
"U.S." or "U.S.A." or "United "States"	United States of America.
US GAAP	Generally Accepted Accounting Principles in the United States of America.
"USD" or "US$"	United States Dollars.

Term	Description
VAT	Value Added Tax.
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be.
Water Act	The Water (Prevention and Control of Pollution) Act, 1974, as amended.
WBPCB	West Bengal Pollution Control Board located at 247, Deshpran Sashmal Road, Kolkata - 700033, West Bengal.
Water Cess Act	The Water (Prevention and Control of Pollution) Cess Act, 1977, as amended.

Notwithstanding the foregoing, capitalized terms in "*Statement of Tax Benefits*", "*Financial Statements*", "*Basis for Offer Price*", "*Outstanding Litigation and Other Material Developments*", "*Offer Procedure*" and "*Main Provisions of the Articles of Association*" on pages 105, 199, 102, 396, 436 and 486 respectively, shall have the meaning as ascribed to such terms in such sections.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references in this Red Herring Prospectus to "India" are to the Republic of India and all references to the "U.S.", "U.S.A." or "United States" are to the United States of America.

Page Numbers

Unless stated otherwise, all references to page numbers in this Red Herring Prospectus are to the page numbers of this Red Herring Prospectus.

Financial Data

Unless stated otherwise, the financial information in this Red Herring Prospectus is derived from our Restated Financial Statements prepared in accordance with Ind-AS, the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

Our Company's Financial Year commences on April 1 and ends on March 31 of the following year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year. Unless the context otherwise requires, all references to a year in this Red Herring Prospectus are to a calendar year and references to a financial year are to March 31 of that calendar year.

Certain figures contained in this Red Herring Prospectus, including the financial information, have been subject to rounding off adjustments. All decimals have been rounded off to two or one decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

The audited and Restated Financial Statements as at and for Fiscals 2018, 2017, 2016 and 2015 are prepared and presented in accordance with Ind-AS, the Companies Act, 2013, the SEBI ICDR Regulations and the guidance notes issued by the ICAI. The audited and Restated Financial Statements as at and for Fiscals 2014 and 2013 are prepared and presented in accordance with Indian GAAP, the Companies Act, 2013, the SEBI ICDR Regulations and the guidance notes issued by ICAI.

There are significant differences between Indian GAAP, Ind-AS, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to Ind-AS, IFRS or U.S. GAAP. Please refer "*Summary of significant differences between Indian GAAP and Ind-AS*" on page 347 for a summary of certain of the areas in which differences between Indian GAAP and Ind-AS could be significant to our financial position and results of operations. This summary should not be taken as an exhaustive list of all the differences between Indian GAAP and Ind-AS. No attempt has been made to identify all recognition and measurement, disclosures, presentation or classification differences that would affect the manner in which transactions or events are presented in our Restated Financial Statements (or notes thereto). We urge that you consult your own advisors regarding the impact of difference, if any, on financial data included in this Red Herring Prospectus. Accordingly, the degree to which the financial information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, the Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. Our annual financial statements for periods subsequent to April 1, 2016, have been prepared and presented in accordance with Ind-AS. Given that Ind-AS differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with Ind-AS may not be comparable to our historical financial statements prepared under the Indian GAAP.

On February 16, 2015, the MCA issued the Ind-AS Rules for the purpose of enacting changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The Ind-AS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with the Indian Accounting Standards converged with IFRS, although any company may voluntarily implement Ind-AS for the accounting period beginning from April 1, 2015. With effect from April 1, 2016, we are required to prepare our financial statements in accordance with the Ind-AS. Pursuant to SEBI Circular number SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016, our restated financial information as at and for the financial years 2018, 2017, 2016 and 2015 included in this Red Herring Prospectus is prepared under the Ind-AS while our restated financial information for the financial years 2014 and 2013 included in this Red Herring Prospectus is prepared under the Indian GAAP.

For details in connection with risks involving differences between Indian GAAP and IFRS see "*Risk Factors – Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP, Ind-AS and IFRS, which may be material to investors' assessments of our financial condition*" on page 49 and for risks in relation to Ind-AS, see "*Significant Differences between Indian GAAP and Ind-AS*" on page 347.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Conditional and Results of Operations*" on pages 22, 136 and 354, respectively, and elsewhere in this Red Herring Prospectus have been calculated on the basis of our Restated Financial Statements prepared in accordance with Companies Act, Ind-AS Rules, the Indian GAAP, as applicable and restated in accordance with the SEBI ICDR Regulations.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and
- "USD" or "US$" are to United States Dollar, the official currency of the United States.

Our Company has presented certain numerical information in this Red Herring Prospectus in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Exchange Rates

This Red Herring Prospectus may contain conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and other currencies:

Currency	As on March 31, 2013[(1)(2)]	As on March 31, 2014[(1)(2)]	As on March 31, 2015[(1)(2)]	As on March 31, 2016[(1)(2)]	As on March 31, 2017[(1)(2)]	As on March 31, 2018[(1)(2)]
1 US$	54.39	60.10	62.59	66.33	64.84	65.04
1 EURO	69.54	82.57	67.51	75.10	69.25	80.62

(1) In case March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered.
(2) Exchange rate is rounded off to two decimal places.
Source: www.rbi.org.in

Industry and Market Data

Industry and market data used in this Red Herring Prospectus has been obtained or derived from publicly available information and from the report titled "Industry Report on Shipbuilding" dated March 9, 2018 ("**ICRA Report**") published by ICRA which includes the following disclaimer:

"All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents."

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed, and their reliability cannot be assured. Although we believe the industry and market data used in this Red Herring Prospectus is reliable, it has not been independently verified by us or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 44.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources. Accordingly, no investment decision should be made solely on the basis of such information.

In accordance with the SEBI ICDR Regulations, the "*Basis for Offer Price*" on page 102 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

NOTICE TO INVESTORS

The offer and sale of the Equity Shares has not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions. The offer and sale of the Equity Shares has not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S promulgated under the U.S. Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States to non-U.S. persons in reliance on Regulation S. Each purchaser of Equity Shares will be required to represent and agree, among other things, that such purchaser is a non-U.S. person acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

European Economic Area

This Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("**EEA**"), from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and Council and includes any relevant implementing measure in each Relevant Member State (as defined in "*Other Regulatory and Statutory Disclosures*" on page 416). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Red Herring Prospectus should only do so in circumstances in which no obligation arises for our Company or any of the Underwriters to produce a prospectus for such offer. None of our Company and the Underwriters have authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Underwriters which constitute the final placement of Equity Shares contemplated in this Red Herring Prospectus.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans, prospects or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. For the reason described below, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Therefore, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

These forward looking statements are based on current plans and expectations and actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate. Important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

- Substantial reliance on Indian Navy and Indian Coast Guard for revenue;
- Any decrease in orders from Indian Navy and Indian Coast Guard;
- Dependence on limited number of customers for a significant portion of our revenue and loss of our major customers;
- A decline or reprioritisation of funding in the Indian defence budget, that of customers including the Indian Navy, Indian Coast Guard or delays in the budget process;
- Of losses under our fixed price contracts as a result of cost overruns, delays in delivery or failures to meet contract specifications;
- Our future growth and expansion being limited by our production capacities and the location at which we operate;
- Imposition of liquidated damages and invocation of performance bank guarantees/indemnity bonds by our customers;
- Our inability to keep pace with the technology changes or devote sufficient resources for research, design and development;
- The loss of, or shutdown of, our operations at our shipyards from which our entire business operations are based;
- Non-yielding of benefits, expected by us, from our strategic cooperation agreements;
- Inability to successfully execute our growth strategies;
- General economic and business conditions in India in general and the shipping and defence sector in particular;
- Inability to attract or retain key personnel;
- Any adverse change in laws, rules and regulations that apply to our business, our clients and suppliers and

legal uncertainties and our ability to respond to them; and

- Any occurrence of natural calamities or natural disasters affecting our assets and the areas in which we operate.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 22, 136 and 354, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure the Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as on the date of this Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although, we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, the Selling Shareholder, our Directors, the BRLMs and the Syndicate Members nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, the Selling Shareholder and BRLMs will ensure that the Bidders in India are informed of material developments until the Offered Shares to be sold pursuant to this Offer have been transferred or refund of application monies have been completed and shall further extend up to the time of the grant of listing and trading permission by the Stock Exchanges.

In accordance with SEBI requirements, our Company and the Selling Shareholder shall severally ensure that investors in India are informed of material developments from the date of this Red Herring Prospectus in relation to the statements and undertakings made by them in the Draft Red Herring Prospectus, this Red Herring Prospectus and Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer. Further, in accordance with Regulation 51A of the SEBI ICDR Regulations, our Company may be required to undertake an annual updation of the disclosures made in this Red Herring Prospectus and make it publicly available in the manner specified by SEBI.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment decision in our Equity Shares. If anyone or a combination of the following risks actually occur, our business, prospects, financial condition and results of operations could suffer, and the trading price of our Equity Shares could decline, and you may lose all or part of your investment. The risks described below are not the only ones relevant to us or our Equity Shares or the industry and regions in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. If any of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, results of operations and financial condition could be adversely affected, and the trading price of the Equity Shares could decline, and you may lose all or part of your investment.

To obtain a more detailed understanding of our Company, prospective investors should read this section in conjunction with titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 136 and 354, respectively contained in this Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this Offer. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Offer.

This Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and, in the section titled, "Forward Looking Statements" on page 20.

Because we are a CPSE, primarily serving the Indian Navy and the Indian Coast Guard, our revenues are concentrated with the GoI. This customer relationship involves certain unique risks. In addition, our sales to private domestic or international customers expose us to different financial and legal risks. Despite the varying nature of our Indian and international defence operations and the markets we serve, each group shares some common risks, such as the ongoing development of high-technology products and the price, availability and quality of commodities and subsystems.

As a result of national security related concerns, certain material information in relation to our business and operations has been classified as 'confidential' by the Ministry of Defence, Government of India and us. As a result, we have not (i) disclosed such information in this RHP; or (ii) provided such information to the BRLMs, the legal counsels and other intermediaries involved in this Offer. We cannot assure you that this RHP contains all such material information necessary for investors to make an informed investment decision.

Unless specified or quantified in the relevant risks factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Financial Statements.

INTERNAL RISK FACTORS

Risk Relating to Our Business and Our Industry

1. ***Loss of any of our major customers or a reduction in their orders may have a material adverse impact on our business, financial condition, results of operations and growth prospects as we are dependent on a few major customers.***

Our Company primarily caters to requirement of the Indian Navy and Indian Coast Guard. Our revenue from operations made to Indian Navy and Indian Coast Guard has been ₹12,615.30 million, ₹8,383.19 million and ₹15,321.33 million comprising of 93.69%, 90.10% and 92.18% of our total revenue from operations for the Fiscals 2018, 2017 and 2016 respectively. As on July 31, 2018, we have an order book position of ₹203,136.10 million of which 98.80% & 1.20% comprises of orders from Indian Navy and Indian Coast Guard respectively in the shipbuilding division, 14.92% comprises of orders from Indian Navy in the engineering division and 3.46% & 96.54% comprises of orders from the Indian Navy and Indian Coast Guard respectively in the engine division. We expect to continue to derive most of our sales from work performed under the MoD contracts for Indian Navy and Indian Coast Guard. These contracts depend upon the continuing availability of budgets extended to the MoD, which in turn allocates the funding to the Indian Navy and the Indian Coast Guard, our largest customers. A decline or reprioritisation of funding in the Indian defence budget or any reduction or unavailability of funds to our customers, Indian Navy and Indian Coast Guard or delays in the budget process could have an adverse impact on the funding of these contracts and award of new contracts.

Further, continued economic challenges may place pressure on GoI budgets and allocation of spending. While we believe that our programs are well aligned with India's national defence and other priorities, shifts in domestic spending and tax policy, changes in security levels, defence, and intelligence priorities, general economic conditions and developments, and other factors may affect a decision to fund, or the amount of funding available to, existing or proposed defence programs.

The MoD and GoI have continued efforts to reform defence related policies such as the DPP to promote private participation, a level playing field and the domestic defence manufacturing industry and eco-system. These policies have altered the competitive landscape for our Company with respect to securing capital procurement contracts for the Indian Navy and Indian Coast Guard for the manufacture of products under technology transfer licence. While the MoD has given the highest priority to IDDM products for capital procurement, there can be no assurance that we will continue to be selected as the Indian production agency for such contracts. In addition, the MoD has imposed changes that increased competition with international competitors. For instance, the MoD has made changes to the definition of Indian vendor in view of the relaxed FDI policy. In May 2017, the GoI introduced a strategic partnership model under DPP (the "**DPP Strategic Partnership Model**") under which the GoI seeks to identify a few Indian private companies as strategic partners who would initially tie up with a few shortlisted foreign OEM to manufacture military platforms and equipment. Although these policies do not apply to warship building sector as of now, however as and when the same are applied to the warship building sector, it will raise the level of competition and we cannot assure you that we will be as competitive under the new policy and we will continue to be awarded contracts.

While we would expect to continue to compete for procurement contracts of the Indian Navy and the Indian Coast Guard, there can be no assurances that the Indian Navy and Indian Coast Guard will continue to engage us or that we will continue to sustain the general level of revenues that we have secured from them in the past. If any of our major customers ceases to have business dealings with us or materially reduces the level or frequency of their orders for new vessels from us, our business, financial condition, results of operations and prospects may be adversely affected which may affect our ability to grow and/or maintain our sales, earnings and cash flow.

2. *Our 250 tonne Goliath Crane at Main Works Unit recently collapsed due to near cyclonic storm in Kolkata.*

We rely on our machinery and equipment for undertaking our shipbuilding activities and accordingly from time to time procure such machinery and equipment, which we believe are suitable for us. Out of the several equipment we owned, the 250 tonne Goliath Crane located at our Main Works Unit was instrumental in assisting us in construction of wide range of modern and strategic warships by supporting the newly constructed hull shop, module shop for mega block integration, dry dock and building berth for the construction and repair of ships.

There was an accident involving the Goliath Crane on April 17, 2018 wherein due to a near cyclonic storm in Kolkata, the entire structure of our 250 tonne Goliath Crane collapsed and resultantly damaged a few other assets located in its vicinity. Due to the accident, the Goliath Crane has become unusable. The book value of Goliath Crane as on April 1, 2018 was ₹880.21 million and the estimate of financial effect of this incident cannot be ascertained presently. As an effect of the collapse, the construction methodology of our P17A project had to be modified to minimize the requirement of high capacity crane and smaller cranes of 25 tonne capacity have been installed to carry out the day to day construction activities. Specific requirement of high capacity cranes are being met through hiring on a need basis. As per the initial assessment, the effect of the incident on individual projects and our consolidated order book is minimal with no cost escalation on the ongoing projects being anticipated and no delay in project schedule being envisaged. A criminal proceeding has been initiated under provisions of the Factories Act, 1948. For further details, please refer to "*Outstanding Litigation and other Material Developments*" on page 397.

Our Company is expected to recover the damage and costs pertaining to the accident, restoration and repair from the insurance claims which we believe is adequately insured alongwith adequate insurance of each of the other assets damaged in the incident. Further, our Company has also undertaken steps to use alternate sites for unhindered construction of the ships.

Although, presently we have not witnessed or envisage any adverse impact to our ongoing projects or our ability to signing up for new orders, however, there can be no assurance that similar incidents will not occur in future and our customers will not rescind their shipbuilding contracts with us in future, if there is a delay in delivery beyond the time stipulated in the contract or we may need to renegotiate some of our shipbuilding contracts. Occurance of any of these events will have an impact on our reputation leading to a material adverse effect on our financial condition, results of operations and prospects.

3. ***We have been granted certain relaxation by SEBI from the strict enforcement of certain requirements and disclosure of certain information under SEBI ICDR Regulations and SEBI Listing Regulations.***

Our Company is engaged in designing and construction of a wide range of modern and strategic warships including frigates, corvettes, fleet tankers, survey vessels, landing ship tanks, landing craft utility, offshore patrol vessels, fast attack craft, inshore patrol vessels, offshore patrol vessels, fast patrol vessels, fleet replenishment tanker and hovercrafts, and also portable pre-fabricated steel bridges, deck machinery items, marine pumps and diesel engines for warships. As our Company's production and product development program are closely linked to the Indian Navy and the Indian Coast Guard, a large part of operations of our Company, including its production plans, are considered as secret and confidential. Further, the units of our Company, being defence installations, are classified as prohibited place under Section 2 of the Indian Official Secrets Act, 1923.

As a result of national security related concerns, the Indian Navy, the Indian Coast Guard and our Company have determined that certain material documents and information as secret and confidential, such as board minutes and committee minutes, agreements executed with our suppliers, customers, vendors and technical collaborators, information in relation to our business strategy, research and development plans, segment-wise reporting, demand and supply forecasts, existing capacity, time and cost overrun, past trends and future prospects, details of our Company's order book, planned capital expenditure, and qualitative and quantitative information in relation thereto.

Accordingly, pursuant to the SEBI Exemption Letter-I, our Company has been exempt from making disclosures in this RHP as required under Schedule VIII Part A (VIII) (B)(1)(b), (B)(1)(c), (B)(1)(e), B(2), B(3), D(1)(b)(i), (iii) and (v), D(1)(d) and (f), D5 and D6 of the SEBI ICDR Regulations to the extent such information are confidential in nature. As a result, such documents and information have not been disclosed in this RHP, and in certain cases the disclosure contained in this RHP is not as detailed as that found in other public offering documents. Further, pursuant to the SEBI Exemption Letter-I, our Company has been exempted from making such confidential documents/ information available for public inspection under Schedule VIII, Part A (XVI) of SEBI ICDR Regulations. As a result, such documents and information may not be available for public inspection.

Due to the confidential nature of such documents and information, we have been restricted from disclosing such information to the BRLMs and other intermediaries and advisors involved in this Offer. As a result, the BRLMs and other intermediaries and advisors involved in this Offer have had limited access to such documents and information and accordingly have not been able to independently verify certain disclosures made herein. In such instances the BRLMs and other intermediaries and advisors have relied solely on the information and confirmations given to them by our management. Further, the BRLMs, other intermediaries and advisors cannot assure you that all information (other than the confidential information stated above) that are material in the context of this Offer have been disclosed to the BRLMs and the advisors and have relied on the confirmation given by our management.

As a result of the restrictions imposed on the BRLM's and other intermediaries' and advisors' access to material information, and the limitation on the disclosure of such information in this RHP, through the SEBI Exemption Letter-I, SEBI has granted relaxation from strict compliance with the format of due diligence certificates to be issued by the BRLMs in relation to this Offer under clauses (1), 2(a), 2(c), 11 and 12(b) of Form A (regarding due diligence certificate before opening of this Offer) and clause 1 of Form C (regarding due diligence certificate at the time of registering the Prospectus with the RoC), clause 1 of Form D (regarding due diligence certificate immediately before opening of the Offer) and clause 1 of Form E (regarding due diligence certificate after opening of this Offer) of schedule VI of the SEBI ICDR Regulations.

Pursuant to the SEBI Exemption Letter-I, our Company has also been exempted from making certain disclosures, including, but not limited to, details of collaborators and market for the product and services, business strategy and time and cost overruns in this RHP as required under SEBI ICDR Regulations to the extent such information are confidential in nature.

We cannot assure you that this RHP contains all such material information necessary for investors to make an informed investment decision and cannot assure you that there is no omission of any material fact necessary in order to make the statements made herein, in the context in which they are made, not misleading.

4. ***We could incur losses under our fixed price contracts as a result of cost overruns, delays in delivery or failures to meet contract specifications which may have an adverse effect on our business, financial condition and results of operations.***

The majority of our shipbuilding contracts are fixed-price contracts. The timely and satisfactory execution of our contractual commitments depends upon numerous factors, including our ability to develop the technologies necessary to provide, directly or through third parties, the products and services required by our customers. The failure by us to deliver, in a timely manner or at all, the products and services we are obliged to deliver, or any fault in contract execution (including as a result of delays or breaches by our suppliers), may lead to higher costs or penalties or the calling of performance bonds. This may negatively affect our operating and financial performance.

We are dependent on our suppliers for the timely delivery of raw materials, the most important of the raw materials being steel, paint, pipes, insulation, cables etc., bought out equipment and other components. Additionally, we outsource certain aspects of our shipbuilding work scope including the fabrication work and vessel sub-assemblies from time to time to our subcontractors. We also rely on imports of material and equipment and other shipbuilding related components that are not manufactured domestically or due to pricing advantages. We import material and equipment depending on the requirements of the customers. Sometimes, we have to compete with our competitors for these components, resulting in delays in the delivery of such components. We may encounter situations where we are unable to deliver our products on a timely basis due to, amongst other reasons, late or lack of delivery of raw materials & machinery/equipment from our suppliers, delivery of wrong material/equipment or sub-standard material/equipment, or late completion of subcontracted works by our subcontractors. In addition, we are also dependent on contract labour and production workers for the construction of our vessels. If we are unable to source such raw materials, equipment and components from alternative suppliers on a timely basis, our production schedule may be delayed, thereby delaying the delivery of the vessel to our customers. In addition, our profitability may also be adversely affected if we are unable to secure alternative sources of such raw materials, equipment and components in a cost-efficient manner or if we are unable to recover liquidated damages from the defaulting suppliers.

We typically enter into contracts for a period ranging from twenty-three (23) to sixty-six (66) months, prior to the scheduled delivery. All costs including labour and raw materials costs are forecasted by us when we enter into such fixed-price contracts. In case of cost variances from such estimates, we are able to retain all cost savings on completed contracts, however, we have to bear the cost overrun in case the actual recorded expenses exceed the estimated cost. In the past, we have witnessed cost overruns in the case of some of our contracts and we may also continue to witness the same in the future. The actual costs incurred on a fixed-price contract may vary from our estimates due to factors such as:

- unanticipated increases in labour, raw material, subcontracting and overhead costs;
- design related issues, rework and modification issues;
- delivery delays and corrective measures for poor workmanship;
- delay in finalisation of equipment and systems by the customer; and
- delay in supply of equipment and integration and subsequent test and trial.

There can be no assurance that these contracts, if secured, can be completed without any delay and consequential time and cost overrun. Significant cost overruns on our fixed price contracts may have a material adverse effect on our business, financial condition, results of operations and prospects.

All of our fixed price contracts provide for liquidated damages for late delivery. Though the fixed price contracts being executed by us presently do not have the scope to re-negotiate the price, however, possibility always exists for us to re-negotiate some of the terms, such as price, date of delivery and scope of work of our shipbuilding contracts due to delay in delivery of the vessel owing to a combination of internal as well as external factors beyond our control. We have also had to pay liquidated damages for delay in delivery. There can be no assurance that our customers in future will not rescind their shipbuilding contracts with us if there is a delay in delivery beyond the time stipulated in the contract or we may need to renegotiate some of our shipbuilding contracts. This may have an impact on our reputation, which could have a material adverse effect on our financial condition, results of operations and prospects.

5. *We may have to participate in tenders for obtaining new orders in the future, which have been awarded to us on a nomination basis by our customers.*

Being a CPSE, under the administrative control of the MoD, we have a large number of projects and programs for which we are the incumbent nominated production agency. A substantial portion of our business is awarded through nomination or assignment of contracts by the MoD. However, going forward and with the liberalisation of defence sector to allow private and foreign companies to participate in defence contracts, we will be required to participate in competitive bidding among DPSU, PSU and other private shipyards. Our experience in bidding for new orders is comparatively lesser to our experience in the nomination process, where projects are awarded on fixed margin basis. The competitive bidding process entails managerial time to prepare bids and proposals for contracts and may require us to resort to price cuts in order to win contracts which may not be awarded to us or may be split with our competitors. Following an award, we may encounter significant expenses, delays, contract modifications, or even loss of such contract if our competitors protest or challenge contracts that are awarded to us. In addition, our customers may face budget constraints, availability of more affordable solutions, and reducing product and technology development cycles. To remain competitive, we must consistently provide products with superior performance and capability to our customers, advanced technology solutions and service at an affordable cost and with the agility that our customers require to satisfy their mission objectives. If we are not successful in adapting to the tender process, we may not receive as many new orders as we have in the past. There can be no assurance that we will continue to receive new orders through a nomination basis or that we will be successful in our attempt to secure orders by participating in the tender process. If we no longer receive new orders on a nomination basis or fail to secure orders through the tender process, our business, financial condition and results of operations may be adversely affected.

6. *Our Company is not in compliance with certain provisions of the Companies Act and/or SEBI Listing Regulations in relation to terms of reference of the Audit Committee and the HR, Nomination and Remuneration Committee.*

As of the date of this RHP, our Company is not in compliance, with the relevant provisions of the SEBI Listing Regulations and/or the Companies Act, 2013 in relation to compliance of Regulation 18(3) read with Paragraph A (2) of Part C of Schedule II of SEBI Listing Regulations, wherein provisions relating to recommendation for appointment, remuneration and terms of appointment of auditors of a listed entity is required to be included in the terms of reference of audit committee. In accordance with Section 139(5) of the Companies Act, 2013, the Comptroller and Auditor General of India ("**CAG**") is required to appoint our Statutory Auditors. Accordingly, provisions relating to appointment of our Statutory Auditors are not included in the terms of reference of our Audit Committee, as required under the SEBI Listing Regulations.

Pursuant to Regulation 19(4) read with Paragraph A of Part D of Schedule II of SEBI Listing Regulations, provisions relating to (i) identification of persons who are qualified to become directors, (ii) recommending appointment and removal of directors, (iii) recommending extension of the term of independent directors, (iv) formulation of criteria for evaluation of performance of the directors, (v) devising policy on diversity of the board of directors, (vi) formulation of the criteria for determining qualifications, positive attributes and independence of a director, are required to be included in the terms of reference of HR, Nomination and Remuneration Committee. In our case, the power to appoint Directors on our Board is vested with the President of India acting through the MoD and, as a result, we do not have the power to appoint Directors on our Board.

Accordingly, the aforementioned matters are not included in the terms of reference of our Audit Committee and HR, Nomination and Remuneration Committee, respectively. To this extent, we are not compliant with the SEBI Listing Regulations and have accordingly been exempted under the SEBI Exemption Letter-II.

If we were to be subject to an adverse remark or any penalties, it could have an adverse effect on our reputation, business operations, financial conditions and results of our operations. For details, see the section entitled "*Our Management – Corporate Governance*" on page 183.

7. *Ongoing disclosure of information in relation to our Company after the listing of the Equity Shares on the Stock Exchanges may be limited and may not be in compliance with the SEBI Listing Regulations and other applicable laws.*

Pursuant to the SEBI Exemption Letter-II, our Company has been exempted from making certain disclosures relating to (i) continuous disclosure requirements under the equity listing agreement with respect to the information in the RHP which are exempt from disclosure pursuant to exemption under the SEBI Exemption Letters; and (ii) requirement of security deposit of 1% of the Offer size as required under Regulation 7 of the SEBI ICDR Regulations. Therefore, prospective investors should note that disclosure of such information in relation to our Company may be limited as compared with other companies listed on the Stock Exchanges and we may not be in compliance with the terms of the SEBI Listing Regulations and other applicable laws. There can be no assurance that all information in relation to our Company that may be material to the investors will be disclosed by our Company to the Stock Exchanges.

8. ***There are various criminal proceedings pending against one of our Independent Directors, which if determined against him, may have an adverse effect on our reputation.***

There are outstanding legal proceedings involving our independent director, Dr. Biswapriya Roychoudhury which are pending before various trial courts. Any unfavourable decision or conviction of our independent director, Dr. Biswapriya Roychoudhury in connection with these criminal trials could adversely affect our reputation and business. Certain details of such outstanding legal proceedings as of date of this Red Herring Prospectus are set out below:

Litigation against one of our Independent Directors

Sr. No.	Name of Court	Case No.	Description of offence
1.	Chief Judicial Magistrate, Malda	GR 137/2005	Under Sections 147, 447, 353, 506, 34 of the IPC
2.	Chief Judicial Magistrate, Malda	GR 403/1993	Under Sections 143, 37, 427, 186 of the IPC and Section 3 of Prevention of Damage to Public Property Act, 1984
3.	Chief Judicial Magistrate, Malda	GR 706/1992	Under Sections 147, 149, 427 of the IPC
4.	Chief Judicial Magistrate, Malda	GR 52/ 2007	Under Sections 353, 143 of the IPC
5.	ACJM, Bidhannagar	ECPS Case No. 120/17 dated October 23, 2017; GR 849/17	Under Sections 143,186,332 and 506 of the IPC

9. ***The GoI has significant influence over our actions which may restrict our ability to manage our business. Any change in GoI policy could have a material adverse effect on our financial condition and results of operations.***

In accordance with our AoA, the President of India may issue directives with respect to the conduct of our business or our affairs for as long as we remain a Government owned company, as defined under the Companies Act. For instance, as per our AoA, our Directors are appointed by the President of India. Further, the President of India may from time to time issue directions as he may consider necessary in regard to the exercise and performance of the functions of our Company in matters involving national security or substantial public interest, such influence on our Company will continue to remain after this Offer.

The priorities of the GoI may be different from ours or that of our other shareholders. As a result, the GoI may take actions with respect to our business and the businesses of our peers and competitors that may not be in our or our other shareholders' best interests. The GoI could, by exercising its powers of control, defer or initiate a change of control of our Company or a change in our capital structure, delay or defer a merger or consolidation.

In particular, given the importance of the defence industry to the Indian economy, the GoI could require us to take actions designed to serve the public interest and not necessarily to maximise our profits. This could adversely affect our business and results of operations.

10. ***Our inability to keep pace with the technological changes or devote resources for new product development, could affect our market share, revenues and profits.***

Continuing technological changes in the market for our products could make our products less competitive or obsolete, either generally or for particular applications. Our future success will depend upon our ability to develop and introduce a variety of new capabilities and enhancements to our existing product offerings, as well as introduce a variety of new product offerings, to address the changing needs of the defence sector in which we offer our products. Delays in introducing new products and enhancements, the failure to choose correctly among technical alternatives or the failure to offer innovative products or enhancements at competitive prices may cause existing and potential customers to purchase our competitors' products. We expect to incur substantial research, design and development costs and devote significant resources to identifying and commercialising new products in accordance with the requirement of the Indian Navy and the Indian Coast Guard, which could significantly reduce our profitability and may never result in generation of revenue.

Our primary customers increasingly require incorporation of advanced technology and specification into the products we produce for them as well as delivery of products on more aggressive timelines**.** If we are not able to successfully incorporate new design software and design tools, including virtual reality labs, advanced technology, and specification, into our products, or if we are unable to adopt construction processes that will enable us to construct our products on more aggressive timelines, our primary customers may instead purchase products from our competitors, in which case, our business, financial condition, and results of operations may be adversely affected.

11. ***Our future growth and expansion is limited by our production capacities and the location at which we operate.***

We have adequate capacity and capability to build ships to meet the current and future needs of our customers. For details of our infrastructure facilities, please see "*Our Business*" on page 150. Our production capacity is limited to a range of ships and geographical location of the shipyard including the number, size and capacities of our berths, docks and our plant and equipment. In the event we wish to produce our products in excess of our current capacity, we will need to expand our facilities.

There can be no assurance that we will be able to manage the future expansion of our facilities effectively if we attempt to expand our facilities. Any failure on our part to do so may have a material adverse effect on our business, financial condition, results of operations and prospects.

Further, in view of our offices and infrastructure facilities being defence installations, they are classified as 'prohibited place' under Section 2 of the Indian Official Secrets Act, 1923, and therefore the nature of disclosures of our infrastructure facilities is limited to the extent the same do not compromise national security.

12. ***We may be unable to attract and retain sufficient skilled or qualified personnel.***

Our operations require highly skilled and qualified personnel, such as engineers, skilled workmen and other technicians. However, competition for skilled shipyard and engineering labour in India is intense. Our competitors may also be expanding their operations and may require additional workers. As a result, we may from time to time, experience difficulties in attracting and retaining highly skilled employees. For example, our engineers are instrumental in analysing the design blueprints of new vessels and play a central role in designing the hull, engineering, electrical and piping system and producing the production engineering drawings. They also play a critical role in our cost management system, as we are dependent on them to formulate production design plans that will allow for the efficient utilisation of our raw materials. There can be no assurance that will continue to maintain a sufficient number of skilled and qualified personnel to handle the more sophisticated and technology-intensive processes, or that we will not be forced to pay substantially higher salaries to hire these personnel. If we fail to maintain a sufficient number of skilled and qualified personnel to handle the more sophisticated and technology-intensive processes, such failure could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, although we incentivise our employees by engaging with them to develop their leadership skills and succession planning throughout our business, our wage structures are in-line with the guidelines prescribed by the DPE and there is no assurance that we will be able to hire resources, who demand a salary more than what is prescribed by DPE.

There can be no assurance that we will not face a man-power shortage. Man-power shortages could increase the cost of labour and hinder our productivity and ability to complete the construction of our vessels on time, which would materially and adversely affect our business, financial condition, results of operations and prospects.

13. ***We do not have access to records and data pertaining to certain historical legal and secretarial information in relation to certain disclosures.***

Our Company is unable to trace copies of prescribed forms filed by it with the RoC, including *inter-alia* in respect of the allotment of Equity Shares, certain changes in the authorised share capital of our Company and certain other forms required to be filed with the RoC from incorporation until the year 1994. The share capital build-up included in the section "*Capital Structure*" on page 87 are based on certain available statutory or other records maintained by us. Our Company has not been able to obtain copies of these documents, including from the RoC. Our Company cannot assure you that these form filings will be available in the future or that it will not be subject to any penalty imposed by the competent regulatory authority in this respect. In addition, we have not been able to ascertain the acquisition price and the nature of consideration for the intial acquisition of our Company by our Promoter from MacNeill & Barry in the year 1960, due to non-availability of the share transfer deeds and thus we have not considered the price for initial acquisition while computing average cost of acquisition of equity shares by the Promoter of our Company.

There may be inconsistencies between the date of filing of the relevant forms filed with the RoC for allotment of equity shares to the President of India and the register maintained noting the allotment made to the President of India. We cannot assure you of the accuracy and completeness of such internal records maintained by us in respect to the above mentioned.

14. ***All of our existing orders are long term orders imposing limits on the value of production that could be achieved in the next three (3) financial years.***

The long-term sustainability of our economic and financial performance depends on our ability to perform our existing contracts and to enter into new long-term contracts. Given the nature of our customers, (e.g. the Indian Navy and Indian Coast Guard) which operate in highly regulated environment as well as the complexity and the cutting-edge technological content of the contracts, our existing long-term contracts may be affected by disputes with customers, which may put in danger the regular performance of the obligations arising thereunder. In addition, a majority of our contractual arrangements have long gestation periods typically ranging from a period of twenty-three (23) to sixty-six (66) months and considering that our production capabilities are limited by our facilities, so, as long as such long-term contracts subsist, we may not be able to commit to new supply orders in excess of our production capabilities. Furthermore, there can be no assurance that our contractual arrangements shall be renewed prior to their expiry or at all.

No assurances can be given that we will enter into new contracts to permit us to carry on our business or that any new contract entered into or renewed will be on terms and conditions similar to those of our current contracts. The award of new contracts is subject to competition and is affected by factors outside of our control such as governmental spending decisions, new policies and administrative procedures. Any failure to secure or any delay in securing a consistent number of long-term contracts or any interruption, suspension or termination of existing contracts may cause an insufficient workload that would adversely affect our operating and financial position.

15. ***We are entirely dependent on a single supplier for our engines division.***

In relation to our DEP, our Company has entered into several arrangements including licence agreement with MTU for the assembly and overhauling of high speed and high power to weight ratio diesel engines for the naval vessels. In collaboration with MTU, our Company has supplied one hundred fifty-five (155) engines of various configurations for marine applications and has also carried out overhaul and repair of over eighty-one (81) engines of various series.

We have recently entered into a memorandum of understanding with an engine manufacturer to produce smaller capacity (50-500 KW) marine diesel engines, however for engines of other categories MTU is our only supplier. Any significant change in the business plans of MTU or any change in our relationship with MTU may affect our business prospects. Furthermore, the success of our engine division is dependent on MTU's financial condition, as any adverse change in their financial condition may affect the financing and consequently, the implementation of our engine projects. In the event the engine related contracts we are engaged on are cancelled or delayed or otherwise adversely affected, our results of operations and financial condition could be materially and adversely affected.

16. ***Our Business is cyclical in nature.***

Our business, in terms of both revenue and expenses, is cyclical in nature. Our shipbuilding projects have a typical order-to-delivery period of anywhere from twenty-three (23) to sixty-six (66) months. Our longer projects are typically the more expensive projects, and our recognition of revenue and expenses occurs in large parts during the middle period of the project, when expensive equipment and sophisticated systems are installed in the vessels.

The beginning period of a project and the end period of a project give rise to significantly lower revenue and expense recognition as compared to the middle period of the project. As a result, the revenue and expense recognition of our Company is heavily weighted toward a five (5) year cycles of one (1) to two (2) year periods of lower revenue and expense recognition, followed by one (1) to two (2) year periods of significantly higher revenue and expense recognition, followed again by one (1) to two (2) year periods of lower expense recognition. We seek to mitigate this cyclic nature through diversification of our product portfolio, but there is no assurance that we would be successful in diversifying our business or significantly increase the revenues from our non-cyclical products and our inability to successfully diversify would result in a continuation of this revenue and expense cycle playing a significant part in our financial results.

17. *Imposition of liquidated damages by our customers could impact our results of operations and we may face potential liabilities from lawsuits and claims by customers in the future.*

Our contracts with our customers contain provisions that subject us to liquidated damages for delays in completion of project milestones attributable to us, which are often specified as a fixed percentage of the contract value, subject to certain customary exceptions such as (i) occurrence and continuance of force majeure events, or (ii) delays that are caused due to reasons not attributable to us. Further, our clients are entitled to deduct the amount of damages from the payments due to us. All of our fixed price contracts provide for liquidated damages for late delivery. Though the fixed price contracts being executed by us presently do not have the scope to re-negotiate the price, however, possibility always exists for us to re-negotiate some of the terms, such as price, date of delivery and scope of work of our shipbuilding contracts due to delay in delivery of the vessel owing to a combination of internal as well as external factors beyond our control.

Our Company, in the financial years 2016, 2017 and 2018 has been subject to and charged with liquidated damages aggregating to ₹255.75 million, ₹765.60 million and ₹340.43 million, respectively in relation to its product offerings in the ship building and repairs division. There can be no assurance that our customers in future will not rescind their shipbuilding contracts with us if there is a delay in delivery beyond the time stipulated in the contract or we may need to renegotiate some of our shipbuilding contracts. This may have an impact on our reputation, which could have a material adverse effect on our financial condition, results of operations and prospects.

18. *We may be subject to liability claims, invocation of refund guarantees by our customers or claims for damages or termination of contracts with our clients for failure to meet project milestones or defective work, which may adversely impact our profitability, cash flows, results of operations and reputation and we may face potential liabilities from lawsuits or claims by customers in the future.*

We may be subject to product liability claims or claims for damages or termination of contracts with our clients for failure to meet project milestones or defective work, which may adversely impact our profitability, cash flows, results of operations and reputation.

Further, pursuant to the terms of our existing contracts and expected future contracts, we may be required to provide advance and progress payment guarantees/indemnity issued by our Company or a financial institution acceptable to our customers in respect of each instalment of the contract price that is paid to us by our customers in terms of the executed contracts. If the customer terminates the contract under certain circumstance, the customer has the right to invoke such refund guarantees (i.e. advance bank guarantees and performance bank guarantees) and the entire amount that has been paid by the customer to us may become payable together with interest. There can be no assurance that our customers will not invoke such refund guarantees or indemnities to the customers or the financial institutions. If the refund guarantees are invoked by a customer, we would be required to repay these amounts to the customers/ financial institution which furnished such guarantees. If we are required to repay such refund guarantees, our business, financial condition and results of operations may be adversely affected.

We are warship building and ship repair yard and our contracts with our customers contain provisions that subject us to liquidated damages for delays in completion of project milestones attributable to us, which are often specified as a fixed percentage of the contract value, subject to certain customary exceptions such as (i) occurrence and continuance of force majeure events, or (ii) delays that are caused due to reasons not attributable to us. Further, our clients are entitled to deduct the amount of damages from the payments due to us. During the construction period as well as the defect notification at the time of handing over, we are usually required to remedy construction defects at our own risk and costs. We are usually responsible for rectifying the defects during the defect notification period, which is usually for a period of twelve (12) months and may extend by such period as may be contractually required after the completion of work. Further, we are also required to provide performance guarantees for some of our projects as per the terms of the contracts.

In addition to monetary penalties, any such failure to meet project schedules/ milestones or defective work may subject us to adverse reputational impact. The client may also be entitled to terminate the agreement in the event of delay in completion of the work if the delay is not on account of any of the agreed exceptions. With respect to some of our projects, in the event of termination for any of the aforesaid reasons, we may only receive partial payments under such agreements and such payments may be less than our estimated cash flows from such projects.

In addition to the risk of termination by the client, delays in completion of construction may result in cost overruns, lower or no returns on capital and reduced revenue for the client thus impacting the project's performance. There can be no assurance that we would not be subjected to any such monetary penalties in the future. Any such penalites may adversely impact our reputation, financial position, cash flows, results of operations, future prospects and profitability.

19. *Our growth rate, the number of orders we have received in the past and our current order book may not be indicative of our future growth rate or the number of orders we will receive in the future.*

Our order book on hand, as of a certain date, represents the total nominal value of the contracts that have not been completed, excluding the portion of revenue in respect of those orders that we have recognized as of such date. As of July 31, 2018, our shipbuilding order book consisted of balance thirteen (13) vessels with an aggregate outstanding revenue value of ₹2,00,294.20 million. The successful conversion of these orders into our revenue depends on a number of factors including, among other things, absence of adverse changes in the Indian shipbuilding markets, the availability of funds with shipowners, competition, our production capacity, our research and development, and our ability to deliver the vessels on time. There can be no assurance that our order book will not be affected by delays, cancellations and the renegotiations of the contracts, and therefore there can be no assurance that we will be able to deliver all of our existing orders on schedule and successfully. Furthermore, there can be no assurance that our order book is an accurate indicator of our future performance or future revenue. The growth of our order book is a cumulative indication of the revenues that we expect to recognise in future periods in relation to signed contracts. Our order book only represents business that is considered firm, although this is subject to, among other things, cancellation or early termination because of a breach by us of our contractual obligations, non-payment by our customers, a delay in the initiation of our customers' projects, unanticipated variations or adjustments in the scope and schedule of our obligations for reasons outside our and our customers' control or change in budget appropriations which affect our customers. Although the overall order book position of our Company is healthy, since the construction of certain vessels are presently at design and preparatory stage, the effective value of production that could be achieved in the next couple of years will be limited due to the skewed nature of product realization. Any adverse effects on our conversion of order book contracts into revenue may have an adverse effect on our business, results of operations, cash flows and financial condition.

There can be no assurance that we will be able to maintain our past growth rate or secure the same number of orders we have received in the past. Our past growth rate or secured orders should not be relied upon as indicators of our future growth rate or orders we will receive in the future. To the extent that we experience any significant decrease in demand for our products, increase in competition or increase in the prices of raw materials, equipment and components, our business, financial condition and results of operations may be materially and adversely affected. Our continuous growth depends on a number of factors, many of which are beyond our control, including the impact on demand for our products resulting from the macroeconomic policies of the Indian government, the level of competition in India and sectors in which we conduct business and the prices we pay for raw materials, equipment and components.

Furthermore, we face risks of a low growth rate of orders because the shipbuilding orders placed by our customers are typically non-recurring in nature. Further, our orders being primarily from Indian Navy and Indian Coast Guard, any slowdown in procurement by Indian Navy and Indian Coast Guard would impact our order book flow. As a result, there can be no assurance that we will receive the same number of orders or more orders than we have received in the past or that the contract value of the order book will remain the same or increase. The number of orders we have received in the past or the current value of our order book should not be relied upon as an indicator of our performance or numbers of orders in the future.

20. *We may face claims and incur additional rectification costs for defects and warranties in respect of our vessels which could have a negative effect on our business, financial condition and results of operations.*

We may face claims by our customers in respect of defects, poor workmanship or non-conformity to our customers' specifications in respect of vessels built by us and such claims could be substantial. Such claims could also adversely affect our reputation and ability to grow our business. We generally provide a warranty period of twelve (12) months and may extend the same at the request of our customers under exceptional circumstances. We may also be required to give additional warranties for the time period between the completion of construction and delivery of our vessels at the request of our customers. Due to the length of the warranty period extended by us, we may be subject to claims from our customers and we may incur additional costs if rectification work is required in order for us to satisfy our obligations during the warranty period. There can be no assurance that our warranty provisions will be sufficient to cover the costs incurred for defects. If the cost of any rectification works exceed the warranty provisions we have made, our business, financial condition, results of operations and prospects may be adversely affected.

21. ***Our operations expose us to potential liabilities that may not be covered by insurance or that are greater than our existing insurance cover. Thus, should we incur substantial liability that our insurance would not cover, our business, financial condition and results of operations may be adversely affected.***

Our Company, in the ordinary course of its business, maintains a number of insurance policies to cover its assets, liabilities and risks that it faces being inherent to our business activities and operations. Our business operations are subject to inherent risks and hazards which may affect our profitability, including breakdowns, failure or substandard performance of the equipment, malfunctions and failures, equipment misuse, third party liability claims, labour disturbances, employee fraud, infrastructure failure and natural disasters that can result in fires and explosions. We maintain a standard fire and special perils policy, but we do not have insurance for business interruption. Substantial portions of our activities involve the fabrication and refurbishment of large steel structures, the operation of cranes and other heavy machinery and other operating hazards. These risks could expose us to substantial liability for personal injury, wrongful death, product liability, property damage, pollution and other environmental damages. For instance, the recent incident involving the collapse of our 250 tonne Goliath Crane is covered by insurance, which we believe is adequate to cover us for the losses that we have incurred due to the incident. Although we have obtained insurance for our employees as required by Indian laws and regulations, as well as our important properties and assets, our insurance may not be adequate to cover all potential liabilities. We also maintain various other insurance policies including public liability insurance, a marine hull policy and a builder's risk insurance policy as per the contractual requirements. There can be no assurance that the operation of our Company's business will not be affected by any of the incidents and hazards listed above. In addition, our Company's insurance may not provide adequate coverage in such circumstances including those involving claims by third parties and is subject to certain deductibles, exclusions and limits on coverage. Further, there can be no assurance that insurance will be generally available in the future or, if available, that the premiums will not increase or remain commercially justifiable. Also, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. If our arrangements for insurance or indemnification are not adequate to cover claims, including those exceeding policy aggregate limitations or exceeding the resources of the indemnifying party, we may be required to make substantial payments and our results of operations and financial condition may be adversely affected.

While the shipbuilding companies, including us, conduct general site inspections during the vessel build period, there are always unanticipated or unforeseen risks that may come up due to adverse weather conditions, geological conditions, specification changes made by our clients and other reasons. Additionally, our operations are subject to hazards inherent in providing shipbuilding services, such as risk of vertical heights, fires, mechanical or equipment failure, work accidents, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. Our policy of covering these risks through contractual limitations of liability, indemnities and insurance may not always be effective and this may have a material adverse effect on our reputation, business, financial condition and results of operation.

If these hazards materialise, they can cause personal injury and loss of life, catastrophic damage or destruction of property and equipment as well as environmental damage, which could result in a suspension of operations and the imposition of civil or criminal liabilities which could disrupt our business operations and adversely affect our results of operations, financial condition and reputation. Although we have obtained various insurance policies covering our assets, liabilities and labourers, we could face claims and litigation, filed on behalf of persons alleging injury predominantly as a result of occupational exposure to hazards at our project sites.

If these risks materialise or such claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations and financial condition could be adversely affected.

22. ***Reliance has been placed on declarations and affidavit furnished by one of our Independent Directors for details of his biography and pending litigations included in this Red Herring Prospectus.***

One of our Independent Directors, namely Dr. Biswapriya Roychoudhury (Part-Time Non-Official (Independent) Director) has been unable to trace copies of certain documents pertaining to his biography and criminal proceedings, actions by statutory/ regulatory authorities/ taxation matters and other pending litigations against him. Accordingly, reliance has been placed on declarations, undertakings and affidavit furnished by the director to disclose the details of his biography and criminal proceedings, actions by statutory/ regulatory authorities/ taxation matters and other pending litigations in this RHP and we have not been able to independently verify these details. Therefore, we cannot assure you that all information relating to the educational/ professional background and pending litigations of the said Independent Director included in the sections "*Our Management*" and "*Outstanding Litigations and Other Material Developments*" on pages 176 and 401 respectively, as may be applicable, is complete, true and accurate.

23. ***We face the risk of unsatisfactory quality of work performed by our subcontractors which could result in a negative impact on our business, reputation, financial condition and results of operations.***

We rely substantially on outsourcing our jobs through subcontracting. Instead of undertaking a number of jobs through in-house man-power, we engage contractors which may increase or decrease to suit our requirements. There can be no assurance that these subcontractors will not use poor quality or defective sub-components or underqualified or less skilled workers, and as a result, should a sub-standard quality of vessel be delivered, this could adversely impact our reputation. An adverse impact on our reputation could adversely affect our operations, financial conditions and cash flows.

We depend on our subcontractors to report safety concerns. The failure of our subcontractors to properly report safety concerns may lead to increased costs borne by us, which could adversely affect our business, reputation, financial condition, results of operations and prospects and our relationships with our customers. In addition, should our sub-contractors default on their contractual obligations or be unable to complete their work according to specifications on schedule, there can be no assurance that we can deliver the vessels to our customers in accordance with the quality or timing specifications in the shipbuilding contract, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Our Company also assumes liability for the work undertaken by the subcontractors in connection with any design or engineering work and hence, any failure on the part of our sub-contractors to perform their obligations in a timely manner or at all could adversely affect our operations, financial conditions and cash flows.

24. ***There are outstanding litigation involving our Company, which if determined adversely, could affect our business and results of operations.***

As on date of this RHP, we are involved in certain criminal, civil and tax (direct and indirect) legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally from us and other parties. We can give no assurance that these legal proceedings will be decided in our favour. We may incur significant expenses and management time in such legal proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. Any adverse decision may have an adverse effect on our business, results of operations and financial condition.

As summary of pending tax proceedings and other material litigations involving our Company is provided below:

Litigation involving our Company

Nature of Litigation against our Company	**Number of Cases Outstanding**	**Amount Involved (₹ in million)**
Criminal Matters	5	0.30
Direct Tax Matters	0	Nil
Indirect Tax Matters	5	246.82
Action by regulatory/statutory authorities	1	Nil
Material civil litigations	4	1,122.09
Nature of Litigation by our Company	**Number of Cases Outstanding**	**Amount Involved (₹ in million)**
Criminal Matters	0	Nil

Direct Tax Matters	5	48.53
Indirect Tax Matters	4	70.67
Action by regulatory/ statutory authorities	0	Nil
Material civil litigation	2	4,136.54

The amounts claimed in these proceedings have been disclosed to the extent ascertainable. For further details on the outstanding litigation against our Company, Promoter and Directors please see "*Outstanding Litigation and Other Material Developments*" on page 396 of this Red Herring Prospectus.

25. *We are subject to a number of procurement rules and regulations of the MoD, Government regulations and other rules and regulations and which may subject us to civil or criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, and suspension or prohibition from doing business with the Indian Navy and the Indian Coast Guard.*

We must comply with, and are affected by, policies, rules and regulations of the MoD, in particular the DPP and any amendments or revisions thereto from time to time relating to the award, administration, and performance of the MoD contracts. Government contract rules and regulations affect how we do business with our customers, in particular, the Indian Navy and the Indian Coast Guard and, in some instances, impose added costs on our business. A violation of specific rules and regulations could harm our reputation and result in the imposition of fines and penalties, the termination of our contracts, or debarment from bidding on contracts. For example, the DPP states that an integrity pact would need to be signed between bidders and the MoD for contracts exceeding an estimated value of ₹20 million in order to ensure that transactions are conducted in a transparent manner and to minimise corrupt practices. If DPSUs are the bidder for the contract, such DPSUs are not required to sign an integrity pact with the MoD. However, the DPSUs are required to sign an integrity pact with the sub-vendors individually for contracts exceeding estimated value of ₹20 million. We require contract bidders to enter into an integrity pact for any contract with a threshold value of ₹20 million or more. The integrity pact is a binding agreement between our Company and our contract bidders for specific contracts stipulating that our vendors and subcontractors, will not accept bribes or offer bribes.

A termination arising out of default or the occurrence of any of the foregoing risks could expose us to liability and cause a material adverse effect on our ability to compete for future contracts and orders, as the MoD has the authority to debar us for any amount of time (with the minimum being five (5) years).

The MoD, the Indian Navy and the Indian Coast Guard routinely audit and review the performance of programs for which we have entered into specific contracts with them. These audits review our performance under these programs, which include the review of cost structure, compliance with applicable laws, regulations of the MoD, and quality of standards. If an audit uncovers any improper or illegal activities with regard to our procurements, we may be subject to civil or criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, and suspension or prohibition from doing business with the Indian Navy and the Indian Coast Guard. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us.

26. *We do not have clear and unopposed title over our DEP land and our business may get affected in the event we are directed to vacate the said premises.*

The plot of land upon which our DEP is situated was allotted to us by the Heavy Engineering Corporation Limited ("**HEC**"), free of cost, in the year 1966 for setting up a marine diesel engine plant. Since 1966, our Company has been in uninterrupted possession of the said plot of land, having obtained the necessary licenses from the respective authorities to set-up and run operations thereon. HEC, however, has claimed ownership over the said plot of land in year 1999 and demanded the execution of a fresh lease agreement along with a one-time premium and lease rent at the then existing market rate (₹2.4 million/acre). The claim was denied by our Company.

In April 2013, HEC unilaterally referred the issue to the DPE for adjudication through arbitration seeking either eviction of our Company or execution of a lease agreement. The arbitrator rejected the reference citing lack of jurisdiction in the absence of a lease agreement. Thus, there are no subsisting valid claims of HEC against our Company before any forum as on date.

Moreover, to establish/ protect our Company's rights over the land, our Company filed a civil suit before the Subordinate Court at Ranchi bearing suit no. 117/2014 claiming *inter alia* for a declaration by the court that our

Company has acquired irrevocable license coupled with interest in the subject-land free of cost by setting up the DEP permanently thereon as per law of the land and for permanent injunction upon HEC from interfering with the possession/ operations by our Company at our DEP. Recently, our Company received a show cause notice of eviction dated May 17, 2018 from the Estate Officer under Public Premises (Eviction of Unauthorised Occupants) Act, 1971 for, *inter-alia,* declaring that the Company is in unauthorised occupation of the DEP Unit land and eviction of the Company therefrom. For details, please see the section titled "*Outstanding Litigation and Other Material Developments"* on page 399 of this Red Herring Prospectus.

If the above suit is dismissed, the same will, however, not have any direct impact on our possession of the said land.

Any adverse adjudication in the aforesaid suit will impact our diesel engine production operations which are primarily concentrated at the DEP, as we may be directed to vacate the premises which could lead to disruptions of our operation and consequently, have an adverse impact on our business, financial condition, profitability and results of operations.

27. *Our businesses are dependent on our information technology infrastructure and we rely on third-party licenses for our business.*

We depend on our information technology infrastructure to conduct our business activities, manage risks, implement our internal control systems and manage and monitor our business operations. The key systems in place include an enterprise resource planning system, which enables our management to more accurately assess the inventory, production capacity, procurement requirements and performance of each of our departments and assists them in allocating resources throughout our business and improves operational efficiency by enhancing supply chain and distribution management. We also use third party software for creating detailed designs in relation to the vessels we build. We have a knowledgeable, dedicated & lean in-house team of IT personnel to manage the complete IT landscape of our Company. However, we engage reputed third-party IT service providers to look after the day-to-day maintenance activities and updates. A failure or breakdown of any part of our information technology infrastructure can interrupt our normal business operations, result in a slowdown in operational and management efficiency. There can be no assurance that (i) our information technology infrastructure will not fail or breakdown, (ii) we will not have a dispute with our information technology service providers, or (iii) our service agreements or licensing agreements will not be terminated. If any of these events occur, our business, financial condition and result of operations may be adversely affected.

28. *Our Statutory Auditor has not audited the financial statements pertaining to our DEP unit.*

The financial statements for the financial years ended March 31, 2018, 2017 and 2016 included in this RHP, in so far as they relate to our DEP unit, have been audited by another firm of chartered accountants in Ranchi, Jharkhand ("**Branch Auditor"**) who have been appointed by the CAG as Branch Auditor of our DEP unit. The total assets and total revenues, included in the Restated Financial Statements, for the relevant years for our DEP unit is tabulated below:

(₹ in million)

Year	Total assets	Total Revenue
2015-16	389.82	187.87
2016-17	307.35	37.23
2017-18	316.81	58.16

The financial statements included in this RHP have been prepared by our Statutory Auditor who has relied upon the reports of the Branch Auditor, whose reports have been furnished to our Statutory Auditor and their opinion, in so far as it relates to the amounts included in the Restated Financial Statements included in this RHP, are based solely on the report of the Branch Auditor and therefore, the opinion of our Statutory Auditor is limited, in so far as it relates to the amounts included in the Restated Financial Statements which are based solely on the report of the Branch Auditor.

29. *Our business could be negatively affected by cyber or other security threats or other disruptions.*

We face cyber threats, threats to the physical security of our facilities and employees, and terrorist acts, as well as the potential for business disruptions associated with information technology failures, natural disasters, or public health crises.

We may have experienced cyber security threats, threats to our information technology infrastructure and attempts to gain access to our Company's sensitive information, as may have our customers, suppliers and subcontractors. We have installed anti-virus software to prevent our systems and infrastructure from being infected and crippled by computer viruses. All our internet facing servers installed at all our data centres as well as at all our offices are also secured with firewalls and intrusion preventions systems. Our ERP system and design software are not accessible or connected from internet. We have a replica-based disaster recovery data centre at Mumbai, in operation to minimise the impact in case of any natural disaster.

The threats we may face vary from attacks common to most industries to more advanced and persistent, highly organised adversaries who may target us because we protect national security information. If we are unable to protect sensitive information, our customers or governmental authorities could question the adequacy of our threat mitigation and detection processes and procedures. Due to the evolving nature of these security threats, however, the impact of any future incident cannot be predicted.

Although we work cooperatively with our customers, suppliers and subcontractors and acquisitions to seek to minimise the impact of cyber threats, other security threats or business disruptions, we must rely on the safeguards put in place by these entities, which may affect the security of our information. These entities have varying levels of cyber security expertise and safeguards and their relationships with government contractors may increase the likelihood that they are targeted by the same cyber threats we face.

The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Occurrence of any of these events could adversely affect our internal operations, the services we provide to our customers, loss of competitive advantages derived from our research, design and development efforts or other intellectual property, early obsolescence of our products and services, our future financial results, our reputation or our stock price.

30. ***We do not have definite contractual agreements for use of the premises situated at Belur and Baranagar and our business may get affected in the event we are asked to vacate the said premises.***

We are in possession of the premises admeasuring 5.29 acres situated at Dharmatala Road, PO Belur Math, Howrah, Kolkata. We acquired the said under a lease deed executed on March 27, 1962, which expired in 1989. Although, we have made an application to the Howrah District Administration for renewal of the lease, till date we have not received any reply from the Howrah District Administration. The said premise is under our engineering division and it is decided by our Board on May 12, 2009 to close down production facilities there and a skeleton staff is positioned towards maintenance and watch & ward. There can be no assurance that our application will be accepted by the Howrah District Administration and that the lease will be extended. If we are not successful in obtaining the renewal from the Howrah District Administration, we will be forced to vacate the premises.

Furthermore, we are in possession of the premises admeasuring 2.05 acres situated at 5, Dr. RN Tagore Road, Kolkata and have been using the said premises as a multi-trade training unit. Although we are in possession of the premises, we do not hold any title documents evidencing our title to the said premises. We have submitted a request to the Indian Statistical Institute, owners of the said premises, for entering into a long-term lease in respect of the premises, however we have not received any reply from the owners till date. Although, presently we are not using this property for our business purposes, our ability to use this property in future may be hampered.

Accordingly, in the absence of a valid document for use of the premises, we may be directed to vacate the premises at any time by the owners which could lead to disruptions of our operation and consequently, have an adverse impact on our business, financial condition, profitability and results of operations.

31. ***We have not been able to obtain the 'consent to operate' for our Rajabagan Dockyard.***

We have been operating our Rajabagan Dockyard after acquiring the same from CIWTCL in the year 2006 without obtaining the 'consent to operate' required under Sections 25 and 26 of the Water (Prevention & Control of Pollution) Act, 1981 and under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981. This non-compliance is on account of CIWTCL not obtaining the relevant consents and approvals at the time they were in ownership and possession of the Rajabagan Dockyard. Subsequently, we are taking appropriate steps to obtain the 'consent to establish' and 'consent to operate' from the relevant authorities. There is no assurance that we will be able to obtain the 'consent to establish' and further obtain 'consent to operate' in a timely manner or at all. In the event we are not able to obtain the consent to establish or consent to operate, we will be subject to penalties which may cause a material adverse effect to our business, operations and cash flows.

32. *We cannot assure you that we will be able to compete successfully against our competitors and new entrants to the industry.*

Our business is highly competitive. We face competition from existing competitors located both in India, with respect to the domestic market, and elsewhere, as well as new entrants to this industry. For further details on our competitors, see *"Our Business - Competition*" on page 152. We compete on the basis of our ability to fulfil our contractual obligations including the timely delivery of vessels constructed by us, our yard's capacity and operational efficiencies and the price and quality of the vessels we construct. Some of our competitors have more resources than we have and some of our competitors may have lower costs of operations, including lower costs of raw materials and manpower, than we have. In addition, some of our competitors may have competitive advantages in building certain types of vessels compared to us given our current dock size and other facility constraints, including the location of our facilities in Kolkata, which are all in thickly populated area. Our competitors, particularly those in India, from time to time, may engage in aggressive and unviable pricing and delivery schedules in order to gain market share. Further, most of our clients follow competitive bidding processes due to which we may not be able to effectively bid for future projects.

Moreover, our competitors outside India may be able to source cheaper raw materials given that indigenous ancillary industries are virtually non-existent in India and therefore we are required to import a substantial portion of our major raw materials and other equipment. In addition, a number of shipbuilding companies currently focus on building different types of vessels than we do. Although these shipbuilding companies currently do not compete with us, they may possess the capability to build the types of vessels we build, and we cannot assure you that they will not compete with us in the future.

Our competitors may be able to provide our customers, including the Indian Navy and Indian Coast Guard with different or greater capabilities or benefits than we can provide in areas such as technology, technical qualifications, post contract performance, price and the availability of key professional personnel. Further, many of our competitors may be able to utilise their substantially greater resources and economies of scale to develop better competing products and technologies, divert sales away from us by winning broader contracts or hire away our employees by offering more lucrative compensation packages. In the event that the market for warships expands, we expect that competition will intensify as additional competitors may enter the market and current competitors expand their product lines. In addition, larger diversified competitors serving as prime contractors may be able to supply underlying products and services from affiliated entities or new joint ventures with private Indian companies, which would prevent us from competing for subcontracting or licencing opportunities on these contracts. Our failure to compete effectively with respect to any of these or other factors could have a material adverse effect on our business, prospects, financial condition or operating results.

Competition may increase as a result of the development of new shipyards in India, which may have an adverse impact of our business operations and other financial parameters. In addition, shipyard companies from other countries that establish operations in India may compete with us, particularly if they are more efficient and have lower costs such as cheaper access to skilled manpower. Current and future competitors may also introduce new and more competitive shipbuilding services, make strategic acquisitions or establish cooperative relationships among themselves or with third parties, thereby increasing their ability to address the needs of our target customers. If we cannot compete in providing competitive shipbuilding services or expanding into new markets, this could have an adverse impact on our business, financial condition, profitability and results of operations. There can be no assurance that we will be able to retain our customers in the face of increased competition.

33. *We are subject to stringent labour laws and our workmen are unionised under a number of trade unions. Labour disputes could lead to lost production and increased costs. Any labour dispute, including in objection to the proposed Offer, could result in lost production and increased costs and may lead to strikes, lock-down or work stoppages which will adversely affect our operations, reputation and financial condition.*

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for discharge of employees and dispute resolution and imposes financial obligations on employers upon employee layoffs. As a result of such stringent labour regulations, it is difficult for us to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect our business, financial condition and results of operations. Additional labour unrest could result due to the operative labour union within our workforce. We cannot assure you that there will not be any labour unrest, strikes or work stoppages in the future, which could have an adverse impact on our operations, particularly given our dependence on a large workforce.

As of the date of the RHP, there are ten (10) registered trade unions of our workmen (operative category and office assistant category) under the Trade Unions Act, 1926. Apart from the above, there are four (4) trade unions of contractor workers in our Company. There have been instances of strikes, lock-outs or instances of labour unrest in our Company in the last five (5) years. There is no guarantee that if such issues related to workmen arise, we will be able to resolve all the issues amicably through discussions with the concerned workmen and recognised unions. If such issues arise and we are not able to resolve them, there is a risk that our operations will be disrupted and that the business operations and financial conditions of our Company could be adversely affected. Issues related to workmen are taken up during periodical meetings with the recognised unions. Historically, where employees are covered by collective bargaining agreements with respective bargaining unions, we have been successful in negotiating renewals to expiring agreements. However, we cannot assure you that we will be successful in our efforts to negotiate renewals of our existing collective bargaining agreements when they expire. If we are unsuccessful, there is the possibility that we could incur unanticipated delays or expenses in the programs which could have a material impact on our business, operations and financial conditions.

Further, majority of our workmen have opposed the proposed Offer and have submitted their statement of objection through their respective trade unions to us. We cannot assure you that we will not face any strikes or work stoppages in the future or agitations by our workmen against the proposed Offer, which may affect adversely affect our reputation and could have an adverse impact on our operations.

34. *We are subject to extensive government regulation and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required for our business, it may lead to our Company incurring significant costs or liabilities and/or causing interruption or closure of the operations of our Company, any of which events adversely affecting our results of operations and cash flows.*

We require a number of approvals, licences, registrations and permits for developing and operating our business complexes, including those related to environmental clearances, including clearances from the WBPCB and clearance for storage and removal of hazardous wastes and the supply of critical raw materials. While we have obtained a number of required approvals for all our divisions, certain approvals are currently pending. For further details, in relation to the approvals, licences, registrations and permits currently held by our Company and applications made by our Company for its renewal, see the section entitled "*Government and Other Approvals*" on page 402. If we fail to obtain or retain any applicable approvals, licences, registrations or permits, or renewals thereof, in a timely manner, we may be unable to operate or expand our business complexes, or at all, which could affect our business and results of operations. Further, some of our statutory approvals and licences that are essential for carrying on our business activities are about to expire.

A majority of these approvals, licenses, registrations and permissions are granted for a limited duration and require renewal. The approvals required by our Company are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged noncompliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

35. *We depend on the contribution of key management personnel. The loss of their services may have a material adverse effect on our business, financial condition and results of operations.*

Our success significantly depends on the continued service and performance of the members of our senior management team and other key management personnel in our business for the management and running of our daily operations and planning and execution of our business strategy.

Our ability to implement our business strategy will depend, in large part, on our ability to attract, train, motivate and retain highly skilled personnel. There is intense competition for experienced senior management and other key personnel with technical and industry expertise in the ship building business and there can be no assurance that the members of our senior management team and/or other key management personnel will continue to work for us. In case we lose the services of the members of our senior management team and/or any of our existing key management personnel to competitors without timely and suitable replacements or are unable to attract and retain new personnel with suitable experience as we grow, our ability to realize our strategic objectives could be impaired and our financial performance and operations may be materially and adversely affected. Accordingly, the loss of one or more members of our senior management team and/or other key management personnel could have a material adverse effect on our business, financial condition, results of operations, profitability and prospects.

36. *We may fail in implementing our strategies.*

We have experienced decline in operating revenue over the past five (5) Fiscals. Our revenue from operations was ₹13,465.16 million, ₹9,293.22 million and ₹16,645.86 million for Fiscal 2018, 2017 and 2016 respectively. Our Company has adopted a corporate plan (Fiscal 2017 to Fiscal 2024) in the 339th meeting of its Board of Directors held on December 28, 2016 dealing with the opportunities in the ship repair domain, ship design models, business strategy and capacity augmentation and implementation strategies ("**Corporate Plan**"), which is subject to updates from time to time. We intend to pursue a growth strategy to explore existing and potential market opportunities in consonance with the Corporate Plan, however, our future prospects will depend upon our ability to further grow our business and operations and manage it effectively by implementing and improving our operating systems, procedures and internal controls on a timely basis, creating additional facilities and infrastructure and making timely and adequate investments at competitive rates. In case we fail to implement these systems, procedures and controls or add additional facilities and infrastructure on a timely basis, we may not be able to meet our customer's needs, hire and retain new employees, pursue new business, complete future strategic agreements or operate our business effectively. Failure to manage growth effectively could have an adverse effect on our business, results of operations and financial condition.

37. *Factors beyond our control or the control of our customers may cause our customers to terminate their projects, postpone purchases from us or default on payments owed to us, which may adversely affect our business, financial condition and results of operations.*

Our customers retain the right to change the scope of contractual work with financial implications or terminate the contract under the specific provisions of the termination clause. There can be no assurance that our customers will not take such actions with respect to their contracts with us. Any termination of a significant contract could have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, factors beyond our control or the control of our customers may cause our customers to postpone purchases from us. Due to the possibility of changes in project scope and schedule as a result of exercises of our customers' discretion or reasons outside the control of our customers, there can be no assurance that a project will be performed. A project not being performed could materially harm our financial condition, results of operations and cash flows.

There can be no assurance that, even where a project proceeds as scheduled, the contracting parties may default or will pay amounts owed. Any reduction in scope, payment postponement or payment default in regard to order book projects or disputes with customers in respect of any of the foregoing could materially harm our financial condition, results of operations and cash flows.

38. *Our contingent liabilities not provided for (as per AS 29 - provisions, contingent liabilities and contingent assets) as stated in our Restated Financial Statements could adversely affect our financial condition.*

As of March 31, 2018, our Restated Financial Statements disclosed and reflected the following contingent liabilities not provided for (as per AS 29 - provisions, contingent liabilities and contingent assets):

(₹ *in million*)

Particulars	Amount
Claims against our Company not acknowledged as debt	662.38
Guarantees	
• Guarantees given by banks	664.78
• Indemnity bonds for performance and guarantee	1,8695.55
• Unexpired letters of credit	145.42
Liquidated damages	744.21
Other money for which our Company is contingently liable	
• Sales tax	297.51

• Excise duty	20.00
• Service tax	12.13
• Income tax	48.53
Total	21,290.51

For further details of certain matters which comprise our contingent liabilities, not provided for (as per AS 29 - provisions, contingent liabilities and contingent assets), please see "*Financial Statements*" on page 262 of this Red Herring Prospectus.

If at any time we are compelled to realize all or a material proportion of these contingent liabilities, it would have a material and adverse effect on our business, financial condition and results of operations.

39. *Our inability to establish and maintain an effective system of internal controls and compliances and the possibility of our quality assurance department being unable to identify all defects, poor workmanship or non-conformities to client specifications could adversely affect our reputation, business, prospects, financial condition and results of operations.*

In addition to the various certifications received by us, we have an established quality assurance department comprising of engineers and support personnel with significant experience in the shipbuilding industry and we intend to further strengthen this department. We have established a set of quality control assurance and monitoring procedures applicable to every stage of the vessel construction process. Testing and sea trials are also expected to be conducted prior to delivery of the vessel to our customers. However, there can be no assurances that our quality control department and quality control assurance and monitoring procedures will identify all defects, poor workmanship or non-conformities to our customers' specifications in respect of vessels built by us. If our quality control department and quality control assurance and monitoring procedures do not to identify certain defects, poor workmanship or non-conformity to our customers' specifications, claims arising from such defects, poor workmanship or non-conformities could be substantial. Such claims could also adversely affect our reputation, business, prospects, financial condition and results of operations. Further, we manage regulatory compliance by monitoring and evaluating our internal controls and ensuring, to the best of our knowledge that we are in compliance with all relevant statutory and regulatory requirements. However, there can be no assurance that deficiencies in our internal controls and compliances will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. As we continue to grow, there can be no assurance that there will be no other instances of such inadvertent non-compliances with statutory requirements, which may subject us to regulatory action, including monetary penalties, which may adversely affect our reputation, business, prospects, financial condition and results of operations.

40. *We have not applied for trademark registration of our logo and any failure to protect our intellectual property rights could adversely affect our business.*

We have not applied for a trademark registration for the corporate logo that appears on the cover page of this Red Herring Prospectus and our competitors could challenge the validity of the usage of the corporate logo/ trademark by our Company. In case we fail to successfully obtain or enforce our trademark, we may need to change or rebrand our logos, including our corporate logo. Any such change could adversely affect our branding and may have an adverse effect on our business, reputation and, consequently, on our results of operation, cash flows and financial condition. There can be no assurance that we will be able to secure the intellectual property rights of any such trademarks, service marks or trade names that we use or may use in future. We may be unable to prevent third parties for infringing or wrongly using our unregistered trademarks, trade names or logos thereby causing damage to our business prospects, reputation and goodwill.

Further, any protective steps taken by us in relation to our intellectual properties may be inadequate to deter misappropriation of our intellectual property. We may be subject to the risk of brand dilution and consequently loss of revenue in case of any misuse of our brand name by our agents or any third party. We may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Failure to protect our intellectual property and trademarks adequately could harm our reputation and affect our ability to compete effectively. Further, defending our intellectual property rights may require significant financial and managerial resources which may adversely affect its business, financial condition and results of operations.

41. *We may fail to enhance our market position by failing to improve our research and development capabilities, access new markets and develop new relationships which complement our existing*

business operations which may have an adverse impact on our business, financial condition and results of operations.

We intend to enhance our market position through improving our research and development capabilities and accessing new markets and relationships which complement our existing business operations. The implementation of such strategy is subject to a number of risks, including, but not limited to the risks of:

- failing to assimilate new technology required for building the new products identified;
- failure of new equipment and facilities installed for the expansion;
- experiencing difficulties in obtaining regulatory approvals;
- being adversely affected by changes in market conditions and demands;
- experiencing the diversion of our management's time and attention from other business concerns; and
- experiencing difficulties in retaining the key employees of who are essential to successfully managing those businesses.

There can be no assurance that we do not face any of the above risks. If any of these uncertainties materializes, it may have an adverse effect on our business, financial condition and results of operations.

42. ***We may not be able to adequately develop our infrastructure and unit facilities to meet the project demands.***

We have undertaken growth initiatives, including entering into strategic alliances with other shipyards and widening our vendor base and engaging reputed sub-contractors and revamping the process in shipyard, to improve quality and reduce build period thereby meeting the stiff timelines as being achieved by leading global players in the shipbuilding industry. However, there can be no assurance that we will be able to undertake such initiatives on a regular basis and/or that we will be able to maintain our build period and meet the timelines. Any delay due to our inability to maintain such build period and ensuring timely completion of project deliverables shall adversely affect the financial condition, results of operations, profitability and future business prospects of our Company.

43. ***Certain of our immovable properties are leased. If we are unable to renew existing leases or relocate our operations on commercially reasonable terms, there may be an adverse effect on our business, financial condition and operations. Further, some of our lease/ leave and license agreements may not be adequately stamped.***

We have taken on leases certain of the immovable properties pursuant to leases of up to ninety nine (99) years. If we are unable to renew certain or all of these leases on commercially reasonable terms, we may suffer a disruption in our operations or be unable to continue to operate from those locations in the future. In the event any of the lessors/ licensors terminate or do not renew the lease/ license on commercially acceptable terms, or at all, we shall be required to vacate such premises. In addition, the land on which our manufacturing unit for bridges at Taratala is located has non-renewable lease expiring on December 27, 2021. Any failure to renew our leases or to find alternative property may have an adverse impact on our operations and profitability.

44. ***Our operations are subject to a variety of environmental laws and regulations including those relating to hazardous materials. Any failure to comply with applicable environmental laws and regulations could have an adverse effect on our financial condition and results of operations.***

Our business and operations are subject to various environmental risks such as oil spills and disposal of hazardous waste and chemicals. We, like other port shipyards in India, are subject to various central, state and local environmental, health and safety laws and regulations concerning issues such as accidents, damage caused by air emissions, wastewater discharges, solid and hazardous waste handling and disposal. These laws, rules and regulations also prescribe the punishments for any violations. While we believe that our facilities are in compliance in all material respects with applicable environmental laws and regulations and we have obtained the requisite permissions and clearances in this regard, we may incur additional costs and liabilities in relation to environmental concerns and compliance with these laws and regulations or any remedial measures in relation thereto. These additional costs and liabilities could be on account of penalties, fines, remedial measures and clean up liabilities or due to compliance with more onerous laws or regulations. Any non-compliance with such laws and regulations may force us to close our operations until such time as we are in compliance with these laws and regulations and in that event our business, results of operations and financial condition could be adversely affected.

Generally, insurance coverage in India may be less comprehensive than that in certain developed countries. Although we maintain insurance coverage against pollution and related liabilities, in such amounts and against such risks as we believe are in accordance with industry practice in India, our insurance may not be adequate to cover all losses or liabilities that may arise from our operations and any additional costs or liabilities could adversely affect our business, financial condition and results of operations.

45. ***Our operating results may experience significant variability and as a result it may be difficult for us to make accurate financial forecasts.***

Our operating results may fluctuate significantly from period to period due to various factors, such as customer losses, delays or failure by us or our partners to generate the projected level of business, variations in our operating efficiency and manpower, delays or difficulties in expanding our operations (including constructing new facilities), changes to our pricing structure or that of our competitors and other fluctuations in the operations of our customers and other events identified under "*Forward-Looking Statements*" on page 20 of this Red Herring Prospectus. In addition, the timing and speed of commencement of revenue-generating operations from our projects and capital expenditures may vary considerably from our expectations based upon the size and complexity of the project being implemented. These factors may make it difficult to make accurate financial forecasts or replace anticipated income that we do not receive as a result of delays in implementing our services or due to losses of customers. If our actual results do not meet estimates or expectations, or if we under-perform market expectations as a result of such factors, trading prices for our Equity Shares could be adversely affected.

46. ***Change in policy initiatives and entry of other players in the business of building indigenous deck machinery, may affect our business.***

The GoI's thrust on Make in India has infused a new life into the shipbuilding landscape. A clear intention to boost the Make in India initiative in the Defence Sector and to speed up the procurement process, the GoI has revamped the DPP applicable from April 2016 which introduces a slew of changes. The DPP among other things, envisages the imperatives of self-reliance in defence production and accordingly has introduced a new procurement category "Buy Indian – IDDM" where IDDM stands for "Indigenously Designed, Developed and Manufactured" and comprehensively revamp the Make Procedure subsequent to which our Company has revamped its procedures and processes used for developing the deck machinery and other products of our Company.

Further, as on July 31, 2018, our engineering division has successfully supplied a total of eight hundred and nineteen (819) deck machinery equipment and naval pumps to various projects in different shipyards and to the material organizations of Indian Navy and the Indian Coast Guard, and in the process, we have converted 100% of all equipment of the imported content into indigenous content apart from rail-less helo traversing systems and thus saved considerable amount of foreign currency. The deck machinery have achieved 72% indigenized target for rail-less helo traversing systems.

However, there is no assurance that our Company, with respect to the various projects in different shipyards and supply to the material organizations of Indian Navy and the Indian Coast Guard, would in the future be able to maintain and/or surpass the aforesaid supply and production levels and/or continue to save and optimize foreign currency outflows from our Company. Any failure on the part of our Company to do so may have an adverse impact on our business, financial condition, results of operations, profitability and prospects may be adversely affected.

47. ***We are susceptible to both (i) espionage activities from enemies of India because we supply vessels to the Indian Navy and Coast Guard and (ii) industrial espionage.***

In the past we have faced espionage attempts from enemies of India. These attempts include individuals attempting to steal blueprints and layouts of our facilities. Enemies of India, if they obtain information with respect to our facilities, may attempt to attack our facilities because of our connection with the Indian Navy and Coast Guard. There can be no assurance that future espionage attempts will not be successful and lead to our facilities being compromised. There can be no assurance that such future espionage attempts will not be successful and that enemies of India will not take advantage of such espionage and attack our facilities. If enemies of India attack our facilities, our business, financial condition and results of operations may be adversely affected.

Also, attempts by others to gain unauthorized access to our information technology systems are becoming more sophisticated. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to our computers and networks and impersonating authorized users, among others.

We seek to detect and investigate all security incidents and to prevent their recurrence, but in some cases, we might be unaware of an incident or its magnitude and effects. The theft, unauthorized use or publication of our intellectual property and/or confidential business information could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives or otherwise adversely affect our business. To the extent that any security breach results in inappropriate disclosure of our customers' or licensees' confidential information, we may incur liability as a result. In addition, we expect to devote additional resources to the security of our information technology systems.

48. *We may have to outsource work to private vendors to meet out delivery timelines.*

We are developing our outsourcing base with adequate quality assurance coverage for hull fabrication, plumbing, cabling, hull outfit, machinery for further strengthening our capability to meet delivery schedules/ timelines and achieving higher customer satisfaction levels. Towards this effort, we are also developing a new subcontractor base to meet the demand of future projects.

Although, we outsource works to sub-contractors with adequate quality control mechanisms, there is no assurance that the outsourced work shall not have quality concerns including but not limited to manual defects, imperfections and faults and as per the shipbuilding and ship repair industry standards and expectations of the customer and our Company and its officers may be subject to and liable for any claims arising from such defects or non-conformities, which could be nominal or substantial in value which may adversely affect the financial condition, results of operations, profitability and future business prospects of our Company.

49. *We may not be able to expand our overseas business adequately and may also suffer losses due to currency fluctuations.*

Our Company intends to explore the overseas market for its products by way of participation in global defence tenders for construction of war vessels. There is no assurance that export orders for the products of our Company would be received or global defence tenders would be awarded to our Company which may adversely affect the expansion plans of the overseas business of our Company. Also, our overseas business would be influenced by the movements in exchange rates of other currencies against the Indian Rupee and any appreciation of the Indian Rupee against the foreign currency may adversely affect our results of operations and financial condition, in particular our export sales. Our Company may consider entering into hedging arrangements to mitigate the impact of aforesaid currency fluctuations, however there can be no assurance that such hedging arrangements, if any executed by our Company, shall adequately protect the risks to which our Company shall be exposed to as a consequence of exploring overseas markets and any such loss incurred by our Company in relation thereto shall adversely affect the financial condition, results of operations, profitability and future business prospects of our Company.

50. *We are subject to compulsory acquisition by the GoI of any critical technology developed by us which may have an adverse effect on our business, financial condition and results of operations.*

The GoI as a controlling shareholder may issue directives with respect to the conduct of our business or our affairs for as long as we remain a government owned company, as defined under the Companies Act. Further, under our Articles of Association, the President of India may from time to time issue such directions as he may consider necessary in regard to the exercise and performance of the functions of our Company in matters involving national security or substantial public interest, and in like manner may vary and annul any such directions and our Board of Directors shall duly comply with and give immediate effect to the directions so issued.

In light of the above, the GoI may issue directives for compulsory acquisition of any critical technology developed by our Company which may deemed necessary due to reasons of national security or substantial public interest. Any such action in respect of any of the technology in which we are investing or may invest in the future may adversely affect our business, financial condition or results of operations.

51. *Any announcements by the GoI relating to revision in the wages and salaries for our workmen and officers who are government and public-sector employees shall increase our expenses and may adversely affect our business prospects, financial condition and operating results in the years of implementation.*

The DPE vide Office Memoranda No. W-02/0028/2017-DPE(WC)-GL-XIII/17 dated August 3, 2017 notified upward pay revision of Board level and below Board level executives and non-unionised supervisors of CPSE w.e.f. January 1, 2017 with respect to *inter alia* fitment benefits, increments, dearness allowance, house rent allowance, perks, performance related pay, superannuation benefits, etc. along with prescribing the methodology for pay fixation. The said revisions are subject to our Board's consideration of the proposal of pay revision and submission to the Ministry of Heavy Industries and Public Enterprises for its approval and is yet to be implemented by our Company. Further, the DPE pursuant to memoranda issued from time to time, may empower public sector undertakings, including our Company, to increase the pay scales of their respective whole-time board members and executive officers. These memoranda may also require such government enterprises to implement salary increases for employees below executive level and these wage increases are to be determined by the respective boards and management of the relevant government enterprises.

Also, the trade unions representing our workmen may negotiate the wage structure of workmen effective from time to time and in case the trade unions are able to successfully negotiate any revisions to the current wage and salary structures, the same would increase our labour costs and consequently the costs and prices of our products and services. Such increased employee costs may adversely affect our financial condition in the years following implementation and in case we are unable to increase productivity or to get such costs increase recovered from our customers or a combination of both, it will have adverse impact on our margins, operating results and financial condition. In addition, the price increase may make our products less competitive and adversely affect our business prospects and revenues.

52. *We have referred to the data derived from the market study report commissioned from ICRA.*

We have retained the services of an independent third-party research agency, ICRA, to prepare a research report on the shipbuilding and ship repair industry in India. The research study report prepared dated March 9, 2018 contains an analysis and assessment of the shipbuilding and ship repair industry, portable steel bridge, deck machinery items and marine engine industry in India. However, this report is based upon various limitations and assumptions which are subjective and uncertain. There can be no assurance that the assumptions adopted by ICRA for the purposes of preparing their research report will prove to be accurate. If any of these assumptions are incorrect, the development of the shipbuilding and ship repair industry in India could be materially different from that set forth in this report. Accordingly, investors are advised not to place undue reliance on the data derived from this report in their investment decisions.

53. *We operate in industries demanding high working capital and may be adversely affected by changes in terms of credit and payment.*

We are required to maintain a high level of working capital because our business activities are characterised by long product development periods and production cycles. We usually finance our working capital requirements mainly through milestone payments released upon completion of various stages of construction as per the terms of the contracts. In addition, we have fund based and non-fund based working capital arrangements with various banks as based on our existing requirements, which are being used on actual requirement. In future, these arrangements may be enhanced on project advancements based on our requirements. Delays in payment under on-going contracts or in disbursements under our financing arrangements and/ or in particular, reduction of advance payments due to lower order intake could adversely affect our working capital, lower our cash flows and materially increase the amount of working capital to be funded through external debt financings.

54. *We engage contract labour for carrying out certain of our operations and we are responsible for paying the wages of such workers. If the independent contractors through whom such workers are hired default on their obligations, this could have an adverse effect on our results of operations and financial condition.*

In order to retain operational efficiencies, we engage independent contractors who in turn engage on-site contract labour to carry out our unskilled jobs and allied services. Although we do not engage the contract labour directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. Further, in case any regulatory body or court passes orders which require us to regularise any of the casual or contract labour as regular employees, it may have an adverse effect on our business, financial condition and results of operations.

55. ***There may be significant independent press coverage about our Company and this Offer, and we strongly caution you not to place reliance on any information contained in press articles, including, in particular, any financial projections, valuations or other forward-looking information, and any statements that are inconsistent with the information contained in this RHP.***

There may be significant press coverage about our Company and this Offer, that may include financial projections, valuations and other forward-looking information, as well as statements that are inconsistent or conflict with the information contained in this RHP. We do not accept any responsibility for the accuracy or completeness of such press articles, and we make no representation or warranty as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations, forward looking information, or of any assumptions underlying such projections, valuations, forward-looking information or any statements are inconsistent or conflict with the information contained in this RHP, included in or referred to by the media.

56. ***We may face certain funding risks. If we are unable to borrow at favourable market conditions, it could have a material impact on our operations.***

Our ability to borrow from banks or raise funds from the capital markets to meet our future financial requirements and fund our working capital is dependent, inter alia, on favourable market conditions and may be affected by our rating. In the absence of cash proceeds from the disposal of selected assets and favourable market conditions, to meet our financial needs we will rely on available free cash flow. For further information on our cash-flow positions see the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 381.

If sufficient sources of debt financing are not available in the future for these or other reasons, we may be unable to meet our financing/refinancing requirements, which could materially and adversely affect our operations, results of operations and financial condition and impact on our ability to fund our working capital and to refinance existing indebtedness at maturity. Our approach toward funding risk is aimed at securing competitive financing and ensuring a balance between average maturity of funding, flexibility and diversification of sources, however, these measures may not be sufficient to fully protect us from such risk.

In addition, we may be subject to the restrictive covenants and interest rate risk arising on our existing and future financial indebtedness, which may vary depending on whether such indebtedness is secured or unsecured or at a fixed or at a floating rate.

57. ***We have in the past entered into related party transactions and may continue to do so in the future.***

We have entered into related party transactions. See the section entitled "*Related Party Transactions*" and see note 32 of Annexure VI of our Financial Information on page 197 and 270. Further, we may in the future enter into additional related party transactions including by making loans to related parties. To the extent that any loans made to related parties are not repaid, our profitability would be adversely affected.

While we comply with Indian accounting and regulatory standards in entering into related party transactions, such standards may not be comparable with standards of other countries. For example, Indian regulatory standards currently do not require independent valuations or approvals from disinterested shareholders with respect to significant connected party transactions.

The Restated Summary Statement of Related party transactions are as follows:

Our Company is controlled by the President of India having ownership interest of 100%:

(a) Key management personnel compensation

(₹ in million)

Particulars	**31 March, 2018**	**31 March, 2017**	**31 March, 2016**	**31 March, 2015 (Proforma)**
Short-term employee benefits	11.09	12.95	13.42	13.41
Post-employment benefits	1.86	1.57	-	2.18
Long-term employee benefits	-	0.43	0.39	-
Total compensation	**12.95**	**14.96**	**13.81**	**15.59**

No amount has been written back/written off during the year in respect of dues to related party.

(b) Transactions with related parties

(₹ in million)

Particulars	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015 (Proforma)
Sales of goods and services - Sale of goods to Govt. Parties (owned by Govt. of India)	12,995.53	8,718.86	18,008.01	22,761.12
- Sale of services to Govt. Parties (owned by Govt. of India)	131.52	200.37	249.01	215.75
Other transactions				
- Dividend paid to shareholder	540.76	532.21	247.68	123.84

(c) Outstanding balances arising from sales/purchases of goods and services

(*₹ in million*)

Particulars	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015 (Proforma)
Trade receivables (sale of goods and services)	1899.38	1,861.02	1,400.11	1,530.01
- Govt. of India Parties (owned by Govt. of India)				

For further details, see the section titled "*Financial Statements*" on page 271.

58. *The proceeds from this Offer will not be available to us.*

As this Offer is an offer for sale of Equity Shares by the Selling Shareholder i.e. the President of India, acting through the Ministry of Defence, Government of India, the proceeds from this Offer will be remitted to the Selling Shareholder and we will not benefit from such proceeds.

59. *Restrictions on the export of our products and other regulations could adversely affect our business, results of operations and financial condition.*

We design and manufacture many defence products considered to be of national strategic interest. The export of such products outside the Indian domestic market is subject to licensing, export controls, various regulations which are all subject to the clearance of the GoI. For further details in relation to the specific regulations applicable in India in relation to the defence sector and export of products by the defence sector see the section entitled "*Regulations and Policies*" on page 159. To the extent exports include technologies obtained from other countries, we may also be adversely affected by export control regulations from those countries. Limitation or withdrawal, if any (in the case, for example, of embargoes or geopolitical conflicts), of the authorisation to export the products might have a significant negative impact on our operations and financial situation.

Failure to comply with these regulations and requirements could result in contract modifications or termination and the imposition of penalties, fines and withdrawal of authorisations, which could negatively affect our business, results of operations and financial condition.

Authorisations can be revoked and general export controls may change in response to international conflicts or other political or geopolitical factors. Reduced access to military export markets could have a material adverse effect on our business, results of operations and financial condition.

60. *Our Restated Financial Statements for the Financial Years 2014 and 2013 may not be comparable with our Restated Financial Statements for the Financial Years 2015, 2016, 2017 and 2018.*

Our Restated Financial Statements included in this RHP for the Financial Years 2014 and 2013 have each been prepared in accordance with Indian GAAP, SEBI ICDR Regulations and reporting guidelines prescribed by Indian regulatory authorities applicable as of the relevant applicable dates. Our Restated Financial Statements included in this RHP for the Financial Years 2015, 2016, 2017 and 2018 have each been prepared in accordance with Ind-AS, SEBI ICDR Regulations and reporting guidelines prescribed by Indian regulatory authorities applicable as of the relevant applicable dates. As a result, our Restated Financial Statements for the Financial Years 2014 and 2013 may not be comparable with our Restated Financial Statements for the Financial Years 2015, 2016, 2017 and 2018.

61. *We may not always be able to release dividends or undertake buybacks in future.*

In Fiscal 2018, our Board has recommended final dividend at the rate of 44.34% on our Company's paid-up equity share capital amounting to ₹507.97 million. However, there is no assurance that such payouts of dividend shall continue in future and our Company may not be able to release dividends at this or at similar rates or at all to our shareholders in the future.

Our ability to pay dividends or undertake buyback of the Equity Shares in the future will depend on number of factors, including our profit after tax for the Financial Year, our utilisation of profit after tax towards reserves, our future expansion plans and capital requirements, our financial condition, our cash flows and applicable taxes, including dividend distribution tax payable by our Company. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends in the future. In accordance with the CPSE Capital Restructuring Guidelines, our Company is required to pay a minimal annual dividend of 30% of our profit after tax or 5% of our net worth, whichever is higher, unless an exemption is provided in accordance with this guideline. For further details, see the section entitled "*Dividend Policy*" on page 198.

Further, in accordance with the CPSE Capital Restructuring Guidelines, our Company is required to undertake buyback of the Equity Shares in the event that our Company has a net worth of at least ₹20,000 million and cash and bank balance of over ₹10,000 million. Recently, we have bought back 9,288,000 fully paid equity shares of face value ₹10 each for an aggregate amount of ₹776.27 million at the rate of ₹83.58 per equity share, equivalent to 7.5% of the paid-up equity share capital and free reserve of our Company, from the President of India who holds the entire equity shares of our Company. For further details, see the section entitled "*Capital Structure"* on pages 86 and 89. Further, our future expansion plans, reserves and surplus, our financial condition and our cash flows would be adversely affected if we need to undertake buyback as per the CPSE Capital Restructuring Guidelines.

62. *Negative publicity against us, our suppliers, our customers or any of our or their affiliates could cause us reputational harm and could have a material adverse effect on our business, financial condition, results of operations and prospects.*

From time to time, we, our suppliers, our customers or any of our or their affiliates may be subject to negative publicity in relation to our or their business or staff, including publicity covering issues such as anti-corruption, safety and environmental protection. Such negative publicity, however, even if later proven to be false or misleading, and even where the entities or individuals implicated are members or employees of our joint venture partners, suppliers, customers or our or their affiliates and not of us, could lead to a temporary or prolonged negative perception against us by virtue of our affiliation with such joint venture partners, suppliers, customers or affiliates. Our reputation in the marketplace is important to our ability to generate and retain business. In particular, damage to our reputation could be difficult and time-consuming to repair, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

63. *Our entire business operations are based out of a shipyard at Kolkata. The loss of, or shutdown of, our operations at our shipyard in Kolkata will have a material adverse effect on our business, financial condition and results of operations.*

Our shipbuilding and other facilities are based out of premises in our shipyards in Kolkata. Accordingly, we rely exclusively on our facilities at our shipyards in Kolkata to earn revenues, pay our operating expenses and service our debt. Any significant interruption to, or loss or shutdown of, operations at our shipyards in Kolkata would adversely affect our business. Our shipbuilding, ship repair, and other business activities, may be subject to unexpected interruptions, including from natural and man-made disasters. Our facilities and operations could be adversely affected by, among other factors, breakdown or failure of equipment, difficulties or delays in obtaining spare parts and equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, raw material shortages, fire, explosion and other unexpected industrial accidents and the need to comply with the directives of relevant government authorities. Furthermore, any significant interruption to our operations directly or indirectly as a result of industrial accidents, severe weather or other natural disasters could materially and adversely affect our business, financial condition and results of operations. Similar adverse consequences could follow if war, or war-like situation were to prevail, terrorist attacks were to affect our related infrastructure, or if the Government of India were to temporarily take over the facility during a time of national emergency. In addition, any disruption in basic infrastructure, such as in the supply of electricity from the CESC Ltd. or in our water supply could substantially increase our manufacturing costs. We do not maintain business interruption insurance and will not be covered for any claims or damages arising out of such disruptions. Any disruption of our existing supply of basic infrastructure services such as power or water, our failure to obtain such additional supplies as required by us or an increase in the cost of such supplies may result in additional costs to us. In such situations, our production capacity may be materially and adversely impacted. In the event our facilities are forced to shut down for a significant period of time, our earnings, financial condition and results of operation would be materially and adversely affected.

64. *We have experienced negative cash flows in past. Any negative cash flows in the future could adversely affect the results of operations and financial condition.*

We had negative cash flow from our operating and financing activities and net cash and cash equivalent as set out below:

(₹ in million)

	For the Financial Year ended March 31, 2018	For the Financial Year ended March 31, 2017	For the Financial Year ended March 2016	For the Financial Year ended March 2015	For the Financial Year ended March 2014
Net cash generated from operating activities	(740.15)	(1,912.17)	4,230.24	1,074.49	132.68
Net cash from investing activities	2,673.71	2,268.17	(4,832.47)	100.65	349.50
Net cash from financing activities	(1,933.15)	(499.99)	(295.80)	(184.37)	(469.56)
Net cash increase/ (decrease)	0.42	(143.99)	(898.03)	990.95	12.63

For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 211 and 381, respectively. We cannot assure you that our net cash flow will be positive in the future.

EXTERNAL RISK FACTORS

65. *Public companies in India, including us, are required to compute Income Tax under the Income Computation and Disclosure Standards (the "ICDS"). The transition to ICDS in India is very recent and we may be negatively affected by such transition.*

The Ministry of Finance, Government of India has issued a notification dated March 31, 2015 notifying ICDS which creates a new framework for the computation of taxable income. Subsequently, the Ministry of Finance, Government of India through a press release dated July 6, 2016, deferred the applicability of ICDS from April 1, 2015 to April 1, 2016 and is applicable from Fiscal 2017 onwards and has impact on computation of taxable income for Fiscal 2017 onwards. ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind-AS. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

66. *The GoI has implemented a new national tax regime by imposing GST. We are unable to quantify the impact of this development at this stage due to limited information available in the public domain. If we are taxed at a higher rate than the current tax rates, our financial condition and results of operations may be adversely affected.*

The GoI implemented a comprehensive national goods and services tax ("GST") regime with effect from July 1, 2017 that combines multiple taxes and levies by the Central and State Governments into a unified tax structure. While the Government of India and certain state governments have announced that all committed incentives will be protected following the implementation of the GST, given that the various rules and regulations regarding the new regime are being evaluated in terms of various implications concerning the GST, we cannot provide you with any assurance as to this or any other aspect of the tax regime following implementation of the GST including antiprofiteering regulations of the new tax regime and availability of input tax credit ("ITC"). Further, there can be no assurance that the rates of GST would not be increased in the future**.** If the tax costs associated with certain transactions are greater than anticipated as a result of a particular tax risk materializing, it could have a material adverse effect on our business, results of operations and financial condition.

67. *Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP, Ind-AS and IFRS, which may be material to investors' assessments of our financial condition.*

Our Company is required to prepare annual and interim financial statements under Ind-AS from March 31, 2017 as required under Section 133 of the Companies Act 2013 read with Circular SEBI/HO/CFD/DIL/CIZ/P/2016/47 dated March 31, 2016. Our financial statements for Fiscals 2014 and 2013 included in this Red Herring Prospectus are prepared and presented in conformity with Indian GAAP, while our financial statements for the Fiscals 2018, 2017, 2016 and 2015 included in this Red Herring Prospectus are prepared and presented in conformity with Ind-AS, in each case restated in accordance with the requirements of Section 26 of the Companies Act, 2013 read with rule 4 of Companies (Prospectus and Allotment of Securities) Rules 2014, as amended, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2016)" issued by the ICAI. We have not attempted to quantify the impact of US GAAP, Ind-AS or IFRS on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP, Ind-AS or IFRS. US GAAP, Ind-AS and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements, which are restated as per SEBI ICDR Regulations included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

68. *The exit by the UK from the European Union has and could further impact global financial markets which could in turn adversely affect the trading prices of our Equity Shares.*

The exit by the UK from the European Union ("EU") may impact the trading prices of our Equity Shares after listing. As a result of the referendum held in the UK on June 23, 2016, which resulted in a vote in favour of the exit from the EU, the global financial markets have experienced significant volatility and may continue to experience volatility. In addition, the UK and member countries in the EU may face increased economic and financial volatility. There can be no assurance that such volatility will decrease. Such economic and financial volatility may further impact global financial markets, which may adversely affect the trading prices of our Equity Shares.

69. *Our business activities may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.*

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the CCI to separate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Central Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. There can be no assurance that we will not in the future become a party to such proceeding. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, results of operations and prospects.

70. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business, results of operations and cash flows.*

Our business, results of operations and cash flows could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to our business and operations.

There can be no assurance that the GoI may not implement new regulations and policies which will require us to obtain approvals and licenses from the GoI or other regulatory bodies or impose onerous requirements and conditions on our business and operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have an adverse effect on our business, results of operations and cash flows. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also affect our results of operations and cash flows. See *"Regulations and Policies"* on page 157 for details of the laws, rules and regulations currently applicable to us.

The regulatory and policy changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

Further, the GAAR became effective on April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefits among other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

71. *Our business is substantially affected by prevailing economic, political and other conditions in India.*

Our Company is incorporated in India, and almost all our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in India's principal export markets;
- any downgrading of India's debt rating by a domestic or international rating agency;
- financial instability in financial markets;
- other significant regulatory or economic developments in or affecting India or its natural gas sector; and
- any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

72. *Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian*

law and thereby suffer future dilution of their ownership position.

Under Section 62 of the Companies Act, 2013 a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the laws of the jurisdiction that you are in do not permit the exercise of such pre-emptive rights without our filing an offering document or a registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights. If we elect not to file an offering document or a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights available in respect of the equity shares, your proportional interests in our Company may be reduced by the new equity shares that are issued by our Company.

73. ***Natural disasters, acts of war, political unrest, epidemics, terrorist attacks or other events which are beyond our control, may cause damage, loss or disruption to our business and have an adverse impact on our business, financial condition, results of operations and growth prospects.***

We generally bear the risk of loss of raw materials or equipment and components in transit after our suppliers ship the supplies to us. We may face the risk of loss or damage to our properties, machinery and inventories due to natural disasters, such as snow storms, typhoons and flooding. Acts of war, political unrest, epidemics and terrorist attacks may also cause damage or disruption to us, our employees, our facilities and our markets, any of which could materially and adversely affect our sales, costs, overall operating results and financial condition. The potential for war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot predict. In addition, certain Asian countries, including Hong Kong, China, Singapore and Thailand, have encountered epidemics such as severe acute respiratory syndrome, or SARS and incidents of avian influenza, or H5N1 bird flu. Past occurrences of epidemics have caused different degrees of damage to the national and local economies in India. A recurrence of an outbreak of SARS, avian influenza or any other similar epidemic could cause a slowdown in the levels of economic activity generally, which may adversely affect our business, financial condition and results of operations. In the event any loss exceeds our insurance coverage or is not covered by our insurance policies, we will bear the shortfall. In such an event, our business, financial condition and results of operations could be materially and adversely affected.

74. ***Any future issuance of our Equity Shares may dilute your shareholdings and sales of our Equity Shares may adversely affect the trading price of our Equity Shares.***

Any future equity issuances by us may lead to the dilution of investors' shareholdings in our Company. In addition, any sales of substantial amounts of our Equity Shares in the public market after the completion of this Offer, or the perception that such sales could occur, could adversely affect the market price of our Equity Shares and could impair the future ability of our Company to raise capital through offerings of our Equity Shares. We also cannot predict the effect, if any, that the sale of our Equity Shares or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares.

75. ***Foreign investors are subject to foreign investment restrictions under Indian law, which may adversely affect the market price of our Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of equity shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with inter alia, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of equity shares is not in compliance with such pricing guidelines or reporting requirements, or falls under any of the prescribed exceptions, prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of equity shares in India into foreign currency and repatriate any such foreign currency from India will require a no-objection/tax clearance certificate from the Indian income tax authorities. There can be no assurance that any required approval from the RBI or any other government agency can be obtained in a timely manner or on any particular terms or at all. Owing to possible delays in obtaining requisite approvals, investors in our Equity Shares may be prevented from realising gains during periods of price increase or limiting their losses during periods of price decline.

76. ***You will not be able to immediately sell any of our Equity Shares you purchase in this Offer on an Indian Stock Exchange.***

Our Equity Shares will be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investor' book entry, or demat accounts, with depository participants in India are expected to be credited within two (2) Working Days of the date on which Allotment is approved by the designated stock exchange. Thereafter, upon receipt of final listing and trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within six (6) Working Days from the date of Offer closure.

We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

77. ***You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.***

Under the current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Currently, any gain realised on the sale of listed equity shares on a stock exchange held for more than twelve (12) months will not be subject to capital gains tax in India if STT has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which the equity shares are sold. As such, any gain realised on the sale of equity shares held for more than twelve (12) months by an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of equity shares held for a period of twelve (12) months or less will be subject to capital gains tax in India. Further, any gain realised on the sale of shares on a stock exchange held for a period of twelve (12) months or less will be subject to short term capital gains tax. Further, any gain realised on the sale of listed equity shares held for a period of twelve (12) months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India. The recent Finance Act amendments provided that where the equity shares have been acquired on or after October 1, 2004 on which STT has not been paid at the time of acquisition, then the exemption of long-term capital gains under Section 10(38) of the Income Tax Act would not be available. This amendment further provides that the GoI will notify certain modes of acquisition to which the recent amendment made by the Finance Act would not be applicable and the shares acquired by such modes of acquisition would continue to get the benefit under Section 10(38) of the Income Tax Act. The Ministry of Finance has in the union budget for 2018-19 proposed that any gain in excess of ₹100,000 realised on the sale of listed equity shares on a stock exchange held for more than twelve (12) months will be subject to long term capital gains tax of 10% without allowing any benefit of indexation. However, all gains up to January 31, 2018 will be grandfathered. Capital gains arising from the sale of equity shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of equity shares.

78. ***Investors may not be able to enforce a judgment of a foreign court against our Company.***

Our Company is incorporated under the laws of India. Our Company's Directors and Key Management Personnel are residents of India and our assets are located in India. As a result, it may not be possible for investors to affect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained from courts outside India. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which include the United Kingdom, Singapore and Hong Kong. The United States has not been declared as a reciprocating territory for the purposes of the Code of Civil Procedure, 1908 ("**Civil Code**") and thus a judgment of a court outside India may be enforced in India only by a suit and not by proceedings in execution. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties and does not include arbitration awards. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a fresh suit in a competent court in India, based on a final judgment that has been obtained in a non-reciprocating territory, within three (3) years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis, or to the same extent, as was awarded in a final judgment rendered by a court in another jurisdiction, if the Indian court believes that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI, to repatriate any amount recovered pursuant to the execution of the judgment.

79. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.*

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

80. *GoI will continue to control us post listing of our Equity Shares.*

Upon the completion of this Offer, the GoI will hold 85,341,240 Equity Shares, or 74.50% of our post-Offer paid-up equity share capital. Consequently, the President of India, acting through the Ministry of Defence, Government of India, will continue to control us and will have the power to elect and remove our directors and determine the outcome of most proposals for corporate action requiring approval of our Board or shareholders, such as proposed five (5) year plans, revenue budgets, capital expenditure, dividend policy, transactions with other GoI controlled companies. Under the Companies Act, this will continue to be a public sector undertaking which is owned and controlled by the President of India. This may affect the decision-making process in certain business and strategic decisions taken by our Company going forward.

81. *The interests of the GoI as our controlling shareholder may conflict with your interests as shareholders.*

Under our Articles of Association, the President of India, by virtue of holding a majority of our Equity Share capital may issue directives with respect to the conduct of our business or our affairs for as long as we remain a government company, as defined under the Companies Act. The interests of the President of India may be different from our interests or the interests of other shareholders. As a result, the President of India may take actions with respect to our business and the businesses of our peers and competitors that may not be in our or our other shareholders' best interests. The President of India could, by exercising its powers of control, delay or defer or initiate a change of control of our Company or a change in our capital structure, delay or defer a merger, consolidation, or discourage a merger with another public-sector undertaking.

82. *Our Equity Shares have never been publicly traded, and after this Offer, our Equity Shares may experience price and volume fluctuations and an active trading market for our Equity Shares may not develop. Further, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Offer Price, or at all.*

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Moreover, the Offer Price is intended to be determined through a book building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares after the Offer may be subject to significant fluctuations in response to, among other factors, general economic, political and social factors, developments in India's fiscal regime, variations in our operating results, market conditions specific to the industry that we operate in, developments relating to India (as well as other jurisdictions in which we operate) and volatility in the Indian and global securities market, developments in the defence sector and the perception in the market about investments in the power industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures or capital commitments. The trading price of the Equity Shares might also decline in reaction to events that affect the entire market and/or other companies in our industry even if these events do not directly affect us and/or are unrelated to our business, financial condition or operating results.

83. *Our ability to raise foreign capital may be constrained by Indian law.*

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our projects and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.

Prominent Notes:

- Initial Public Offer of 29,210,760 Equity Shares of our Company, for cash at a price of ₹[●] per Equity Share, aggregating up to ₹[●] million, of our Company through an Offer for Sale by the Selling Shareholder. This Offer comprises a Net Offer and an Employee Reservation Portion. The Offer will comprise of a Net Offer of 28,638,000 Equity Shares and the Employee Reservation Portion of up to 572,760 Equity Shares. The Offer shall constitute 25.50% of the post-Offer paid-up Equity Share capital of our Company. The Selling Shareholder and our Company in consultation with the BRLMs may offer a discount of ₹5 per Equity Share to the Retail Individual Investors and the Eligible Employees.

- The Offer is being made through the Book Building Process, wherein upto 50% of the Net Offer shall be available for allocation, on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above this Offer Price. Not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above this Offer Price.

- As of March 31, 2018, our Company's net worth was ₹10,159.37 million as per our Company's Restated Financial Statements. For further details, see "*Financial Statements*" on page 288.

- As of March 31, 2018, our NAV per Equity Share was ₹88.69, as per our Restated Financial Statements. For further details, see "*Financial Statements*" on page 288.

- The average cost of acquisition of Equity Shares by our Promoter is ₹4.00 per Equity Share. See "*Capital Structure*" on page 86. We have been unable to ascertain the acquisition price and the nature of consideration for an initial transfer of 70,000 equity shares to our Company due to non-availability of the share transfer deeds and thus we have not considered the price for initial acquisition while computing average cost of acquisition of equity shares by the promoter of the Company. Please refer "*Risk Factors - We do not have access to records and data pertaining to certain historical legal and secretarial information in relation to certain disclosures*" on page 28.

- For details of related party transactions entered into by our Company, see the section entitled "*Related Party Transactions*" on pages 197 and 270.

- There has been no change in our Company's name in the last three (3) years.

- There has been no financing arrangement whereby the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six (6) months immediately preceding the date of filing of this RHP.

- Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI for any complaints, information or clarification pertaining to this Offer. For details regarding grievances in relation to this Offer, see the section entitled "*General Information*" on page 77.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

*Unless noted otherwise, the information in this section has been obtained or derived from the "Industry Report on Shipbuilding" of March 9, 2018, by ICRA (the "**ICRA Report**"). All information contained in the ICRA Report has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken by ICRA to ensure that the information in the ICRA Report is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information and estimates contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents. Neither our Company, nor the BRLMs or any other person connected with this* Offer *has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information. The information contained in this section should be read in conjunction with the sections "Industry Overview", "Our Business" and "Risk Factors" beginning on pages 108, 136 and 22 respectively.*

Assessment of Shipbuilding and Ship Repair Industry

Global Defence Shipbuilding

The global naval shipbuilding market has witnessed a slowdown in the past few years due to the cutback on military spending by major western countries dealing with the aftereffects of the global economic crisis. However, the global shipbuilding market is expected to turn around given the need to replace older vessels in the naval fleet in major economies and the increase in the level of sophistication in combat technology. The global naval shipbuilding market would peak in 2021 driven by demand for both surface combatants and submarines. Globally, the average age of warships is as high as twenty-five (25) years and around 180 procurement programs are under execution in various countries.

Table 1: Global Fleet Strength, 2017

Country	Aircraft Carriers	Destroyers	Frigates	Corvettes	Submarines	Others*	Total Fleet
United States	19	63	8	0	70	255	415
Russia	1	15	6	81	63	186	352
China	1	35	51	35	68	524	714
India	2	11	14	23	15	230	295**
Japan	4	42	0	6	17	62	131
South Korea	1	12	13	16	15	109	166
UK	2	6	13	0	11	44	76
France	4	4	11	0	10	89	118
Germany	0	0	10	5	6	60	81

Source: globalfirepower.com; ICRA research
**Others include Fleet Support Ships, Landing Platform Docks, Landing Craft Utilities, Offshore Support Vessels, etc.*
***includes both Indian Navy and Indian Coast Guard*

Indian Defence Shipbuilding

Defence shipbuilding in India is emerging as an area of focus for public and private sector shipyards alike. While the public sector shipyards such as Garden Reach Shipbuilders & Engineers Limited (GRSE), Mazagon Dock Shipbuilders Limited (MDL), Goa Shipyard Limited (GSL) and Cochin Shipyard Limited (CSL) are the frontrunners in the defence shipbuilding space, an increasing number of private shipyards are undertaking specific measures to enhance competence and modify their existing shipbuilding repair facilities to suit the needs of the Indian Navy and the Indian Coast Guard. Among the private shipyards, Reliance Naval and Engineering Limited (RNEL), L&T Shipbuilding, and ABG Shipyard Limited, which entered the shipbuilding market as commercial shipbuilders, have been repositioning themselves as companies with defence shipbuilding capabilities.

The Indian Navy fleet includes mainly three categories of vessels/combat platforms:

i. Surface ships
ii. Naval aviation
iii. Sub-surface vessels/submarines

Table 2: Indian Navy Fleet (currently active)

Name	Date of Commission	Description
Aircraft Carriers		
INS Vikramaditya	November 2013	It is the newest and largest ship in the Indian Navy fleet. It is an aircraft carrier with long-range multi-role fighters capable of reaching a speed of over 30 knots. The ship has the ability to carry over 30 aircraft.
Destroyers		
Delhi Class	Delhi: November 1997 Mysore: June 1999 Mumbai: January 2001	These are the largest warships to be indigenously designed and built. The guided-missile destroyers were built by MDL.
Rajput Class	Rajput: September 1980 Rana: February 1982 Ranjit: November 1983 Ranvir: October 1986 Ranvijay: January 1988	Also known as Kashin-II class destroyers, these ships were built in the former Soviet Union. These were the first ships to be equipped with BrahMos supersonic cruise missile systems.
Kolkata Class	Kolkata: August 2014 Kochi: September 2015 Chennai: November 2016	These ships have been conceived and designed by Indian Navy's Directorate of Naval Design and were the follow-on of the 'Delhi' class destroyers. All of these ships have been recently commissioned.
Frigates		
Shivalik Class	Shivalik: April 2010 Satpura: August 2011 Sahyadri: July 2012	These multi-role frigates are warships with stealth features built by MDL.
Talwar Class	Talwar: June 2003 Trishul: June 2003 Tabar: April 2004 Teg: April 2012 Tarkash: November 2012 Trikand: June 2013	These frigates have been built in Russia as a part of an Indo-Russian agreement. These are modified Krivak III class frigates from Russia. These vessels have a displacement of 4,000 tonnes and are capable of achieving speed of 30 knots.
Kamorta Class	Kamorta: August 2014 Kadmatt: January 2016 Kiltan: October 2017 Kavaratti: still to be commissioned	These are anti-submarine warfare corvettes (ASWCs) designed by the Indian Navy's Directorate of Naval Design and are built by Garden Reach Shipbuilders & Engineers. The warships, with an indigenous component of 90%, have a displacement of 3,500 tonnes and are capable of achieving speeds of up to 25 knots. The ships have anti-submarine rockets and torpedoes and also fitted with indigenously built surveillance radar 'Revathi'. The fourth Kamorta class vessel, INS Kavaratti, is expected to be completed by 2017-end.
Godavari Class	Godavari: December 1983 (decommissioned in December 2015) Gomati: April 1988 Ganga: December 1985	These were the first notable indigenous design and construction by the Indian Navy. The ships, with an indigenous content of 72%, were built by MDL.
Brahmaputra Class	Brahmaputra: April 2000 Betwa: July 2004 Beas: July 2005	These are guided-missile frigates designed and built indigenously. The warships with a displacement of 3,850 tonnes, are an enhancement of the Godavari class frigates. These frigates were built by Garden Reach Shipbuilders & Engineers Ltd.
Corvettes		

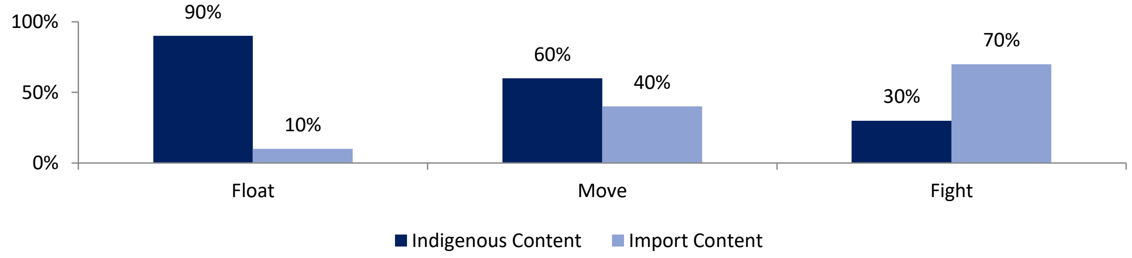
Kora Class	Kora: August 1998 Kirch: January 2001 Kulish: August 2001 Karmuk: February 2004	These are guided-missile corvettes with 1,350 tonnes displacement. All the 4 vessels were built by Garden Reach Shipbuilders & Engineers Ltd. and were outfitted at MDL.
Khukri Class	Kirpan: January 1991 Kuthar: June 1990 Khanjar: October 1991 Khukri: August 1989	These corvettes are fitted with diesel engines and have been assembled in India under a license by the Kirloskar Group. These ships have an indigenous component of about 65% and were built by Garden Reach Shipbuilders & Engineers Limited.
Veer Class	Veer: March 1987 Nirbhik: December 1987 Nipat: December 1988 Nishank: September 1989 Nirghat: December 1989 Vibhuti: June 1991 Vipul: March 1992 Vinash: November 1993 Vidyut: January 1995 Nashak: December 1996 Pralaya: December 2002 Prabal: April 2002	Three of these corvettes were built by MDL and 5 were built by Goa Shipyard Limited.
Abhay Class	Abhay: March 1989 Ajay: January 1990 Akshay: December 1990	These corvettes are mainly used for coastal patrol and anti-submarine warfare.
Submarines		
Sindhughosh Class	Sindhugosh: April 1986 Sindhudhvaj: June 1987 Sindhuraj: October 1987 Sindhuvir: August 1988 Sindhuratna: December 1988 Sindhukesari: February 1989 Sindhukirti: January 1990 Sindhuvijay: March 1991 Sindhushashtra: July 2000	These are diesel-electric submarines, built under a contract between Rosvooruzhenie (a state-owned Russian company) and the MoD. These have a displacement of 3,000 tonnes and can dive up to a maximum depth of 300 meters.
Shishumar Class	Shishumar: September 1986 Shankush: November 1986 Shalki: February 1992 Shankul: May 1994	These diesel-electric submarines were developed by the German yard, Howaldtswerke-Deutsche Werft (HDW). The first 2 vessels were built by HDW at Kiel, while the remaining two were built at MDL. These submarines have a displacement of 1,660 tonnes.

Source: Indian Navy; ICRA research

The Indian Navy fleet also includes landing platform docks such as the Austin Class (Jalashwa) and landing ship tanks such as the Shardul Class (built by GRSE) and Magar Class (built by Hindustan Shipyard Ltd.), fleet tankers, torpedo recovery vessels, ocean going tugs, offshore patrol vessels, etc.

The Indian Navy categorises all warship equipment into three (3) key categories, float (all systems and equipment related to the hull structures and fittings); move (the propulsion systems such as engines, alternators, etc.) and fight (all kinds of ship-borne weapons and sensor systems).

Exhibit 1: Level of Indigenisation in Different Categories of Warship Equipment



Source: Indian Navy Indigenisation Plan; ICRA research

Defence Orders Potential up to 2027

Currently, the Indian Navy fleet includes 135-140 ships and submarines while the Indian Coast Guard fleet includes another 120 vessels. The Indian navy and Indian Coastal Guard fleet are each expected to grow to about 200 vessels by 2027. The two defence units have jointly approved a shipbuilding programme spanning over fifteen (15) years, under which they would place orders for 165 warships and 400 aerial resources by 2022.

The Indian Coast Guard (ICG), with an existing fleet of 130 ships and 62 aircraft, plans to take its fleet strength to 200 ships and 100 aircraft by 2022. Currently, 70 ships for the ICG are under construction in 6 shipyards, while the bidding process for 30 more ships is in process. For the ICG, the government has approved a ₹320,000 million action plan. The ICG recently acquired 34 interceptor boats out of the 36 being built by L&T Shipbuilding. These contracts for these boats are worth ₹300 million each.

According to industry sources, Indian Navy's estimated capital budget for up to 2027 amounts to ₹4,500,000 million approx. The planned expenditure includes a separate estimate for various vessel categories including submarines (₹2,200,000 million approx.), destroyers/frigates (₹900,000 million – ₹1,000,000 million), aircraft carriers (₹450,000 million – ₹500,000 million), corvettes, landing platform docks, etc.

Order inflows

Recently, there has been a noticeable increase in defence orders for shipbuilding and ship repairs. The MoD is looking at modernisation of existing fleet and addition of new-age warships and submarines in the fleet. The Indian Coast Guard is working out a plan to expand their existing fleet of 127 ships to around 200 ships by 2027. The Indian Coast Guard has an approved plan of ₹320,000 million for fleet expansion up to 2022. Moreover, with the government's measures to encourage private sector participation in executing these orders, defence orders are touted to be the key growth driver of the domestic shipbuilding and ship repair industry. Below is a list of a few notable defence orders.

- In May 2017, the MoD announced that it would invite fresh commercial bids for the four (4) landing platform dock (LPD) vessels from the two-shortlisted private sector shipbuilding companies–RNEL and L&T Shipbuilding. These two private sector companies have cleared the financial and technical compliance required to bid for the required vessels. While RNEL has tied up with France-based DCNS, L&T Shipbuilding has entered into a partnership with Navantia of Spain to execute the contract if and when one of the companies wins it. The selected shipyard would be required to deliver the first LPD vessel in eight (8) years and subsequently other vessels within two (2) years thereafter.

- In FY2017, the US Navy qualified RNEL as an approved contractor to undertake complex repair services for the US Navy's Seventh Fleet vessels operating in the region. RNEL also signed the Master Ship Repair Agreement (MSRA) with the US Navy becoming the first shipyard in India to receive such a certification.

- In 2017, RNEL also won a contract worth ₹9,160 million for the design and construction of 14 fast patrol vessels from the Indian Coast Guard. RNEL became one of the first private sector companies to win a contract for such ships from the Indian Coast Guard.

Deliveries

Partial or full execution of defence orders from the Indian Navy and Indian Coast Guard would account for the delivery of a combined capacity of 14,000-17,000 DWT by both public and private Indian shipyards by FY2021. Below are a few notable defence deliveries in the current fiscal and over the coming two (2)-three (3) fiscals.

- MDL entered into a contract with the Naval Group for the construction and technology transfer for six (6) such submarines in 2005. After being built, a submarine is first launched, after which it undergoes sea trials and is finally commissioned, i.e. officially made a part of the Indian Naval fleet.

- In June 2017, L&T Shipbuilding completed the construction of India's first indigenously designed and built floating dock. The floating dock, capable of docking all types of vessels including submarines of up to 8,000 tonnes displacement, is 185m long and 40m wide. The dock would have to undergo a series of trials before being delivered to the Indian Navy. L&T received the order worth ₹4,680 million for the floating dock in May 2015. The private shipyard is also executing other defence orders including 54 high-speed Interceptor Boats and seven Offshore Patrol Vessels (OPVs) for the Indian Coast Guard.

- In July 2017, RNEL launched 2 naval offshore patrol vessels (NOPVs) named “Shachi” and “Shruti”, the first warships to be launched by a private shipyard in India. The 2 warships are a part of the 5 ships under the P-21 project, which is being executed by RNEL for the Indian Navy.

- In 2017, GRSE built and delivered warships after completing trials for weapon and sensors, which were until now, undertaken at various Indian Navy facilities. In October 2017, INS Kiltan, the indigenously built warship was commissioned. With this warship, GRSE became the first Indian shipyard to integrate carbon composite superstructure into a steel hull, resulting in increase in stability of the ship and reduction in weight, in turn leading to reduction in maintenance costs. The planned delivery schedule of our Company includes five (5) ships to be delivered to the Indian Navy in FY 2017-18 and six (6) ships to be delivered in FY 2018-19, of which four (4) are to be delivered to the Indian Navy and two (2) to the Indian Coast Guard.

  In September 2017, GRSE became the L1 bidder with the lowest bid of ₹25,000 million (₹5,200 million per vessel) in a competitive round of bidding for 4 survey vessels for hydrographic branch of the Indian Navy. While the vessels would be designed in-house, the engines of the vessels are expected to be imported. The shipyard will deliver the first vessel in three (3) years after the deal is signed and the remaining vessels would be delivered subsequently every one (1) year thereafter.

- Cochin Shipyard Limited is executing contracts worth ₹30,000 million, including four (4) passenger-cum-cargo vessels for the Andaman and Nicobar Administration and the remaining work on the second phase of the aircraft carrier for the Indian Navy. The aircraft carrier, IAC INS Vikrant, would be the first domestically built aircraft carrier to be delivered to the Indian Navy. The carrier has three phases of construction and CSL is currently in the second phase.

To boost its defence capabilities, the Government of India approved the construction of seven (7) stealth frigates under Project 17-A, which is estimated to cost over ₹500,000 million. The Cabinet Committee on Security (CCS) gave the order for the frigates to address the “critical necessity” for India to enhance its “deterrence capability” in the Indian Ocean Region, especially in the area from Persian Gulf to Malacca Strait. Of these seven (7) stealth frigates, four (4) would be constructed by MDLand three (3) would be built by GRSE. These new frigates would be more advanced, complex and marginally bigger in size than the earlier P-17 stealth frigates (INS Shivalik, INS Satpura, and INS Sahyadri) that were inducted in 2010-2012. These frigates would be equipped with 290km Brahmos supersonic cruise missiles (a short-range two-stage missile with a propellant booster engine that brings it to a supersonic speed), Barak-NG 70km surface-to-air missile systems, 2 multi-role helicopters, multi-functional radars, guns, torpedoes, etc. Each of these frigates would be 149 meters in length with a 6,400 tonnes displacement.

The first ship of P-17A class at MDL is expected to be ready by 2022, after an upgrade at both the shipyards (MDLand GRSE) to enable the use of modular construction techniques that are expected to make the construction faster. This will enable the shipyards to reduce the build period thereby meeting the stiff timelines of these ships. The construction for the three (3) stealth frigates at GRSE (order worth ~₹200,000 million) would begin in the first half of 2018 and the first ship is expected to be ready by 2023. The remaining will be ready at one (1) year intervals. The company would be working closely with the Indian Navy and MDL. MDL and GRSE have tied up with Fincantieri, an Italian shipbuilding company, for technical advice and guidance for this project.

To construct the largest and the most technologically advanced frigates in the world, both shipyards have undertaken capacity expansion and modernisation projects. Furthermore, the modular construction techniques would allow the shipyard to lift blocks (built at separate locations) that have already been outfitted/welded through a 250-tonnes crane to handle heavier loads.

In 2017, India started the negotiations for the 2 Russian Krivak-class stealth frigates that are to be constructed by Goa Shipyard Limited. The 2 frigates are a part of the US$4.48 billion deal (expected to be closed by the end of 2017) between India and Russia to acquire four (4) frigates for the Indian Navy (known as Project 11356). The other two (2) frigates are to be built by United Shipbuilding Corporation at the Yantar shipyard in Kaliningrad, Russia. These frigates would also be equipped with the BrahMos supersonic cruise missiles.

Table 3: Key milestones and capabilities of Indian Defense Ship Building Sector

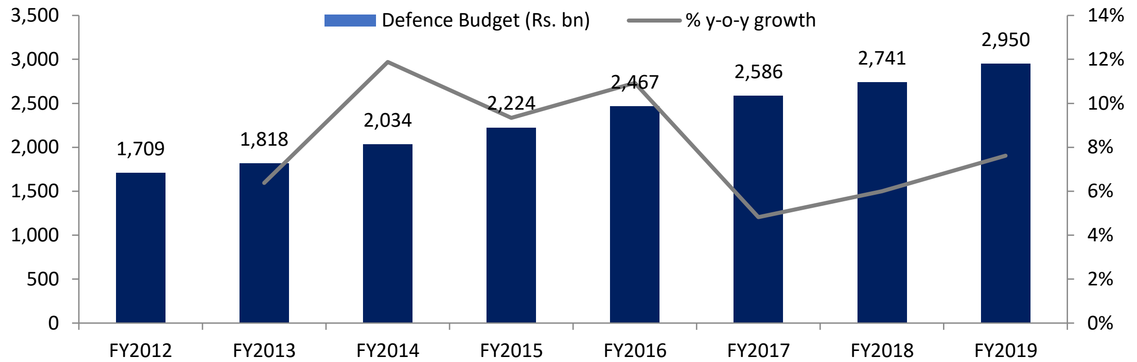
Company	Key Milestones	Capabilities
Public Sector Entities		
Garden Reach Ship Builders and Engineers Limited	Delivered first Indigenous warship warship – INS Ajay in 1961. First Indian Shipyard to integrate carbon composite superstructure for anti-submarine Corvette. First Indian shipyard to deliver a fleet tanker for Indian Navy and Hovercraft for Indian Coast Guard. First and only shipyard to deliver to Indian Navy a landing ship tank. Developed first Indian Marine Sewage Treatment plant for treatment of biological sewage without additional chemicals. Pioneered manufacture of portable steel bridges in India. First Indian shipyard to receive export order for warship from Government of Mauritius, which was delivered in 2014. Our Company's engineering division is the first to manufacture a telescopic helicopter hangar for housing helicopters on-board naval vessels, the first of which was installed on INS Investigator (a hydrographic survey ship in the Indian Navy under the Western Naval Command). Through its engineering division, our Company has undertaken the process to indigenize around 40% of engine parts over the next four (4)-five (5) years under the Make in India program.	Have capability for building warships and vessels of various sizes and types including – frigates, anti-submarine warfare corvette, missile corvette, landing ship tank, landing craft utility, survey vessels, fleet replenishment tanker, fast petrol vessel, offshore petrol vessel, inshore petrol vessel, WJ-FAC, hover craft and interceptor boat. GRSE delivered 71 Indian Navy ships, 25 Indian Coast Guard vessels, and 88 high-speed FRP interceptor boats to the MHA. GRSE is currently working on new hull forms of warships (65 meters – 115 meters) that are capable of achieving speeds of up to 25-30 knots. Installed capacity comprise of 5 docks (including dry docks and inclined berths) and 2 wet basins shipyard has an engineering division which manufactures portable steel bridges, marine pumps, deck machinery items, helo traversing systems, etc. GRSE has a DEP which undertakes assembly, overhauling and testing of marine diesel engines in collaboration with MTU for the Indian Navy and Indian Coast Guard. GRSE has designed and built a new landing craft utility vessel with low draft (1.7 metres), high payload, and a speed of up to 15 knots.
MDL	First shipyard in India to build submarine – 'INS Shalki' in 1992 and is currently a major submarine manufacturing yard in India. Developed and delivered Godavari class Frigates with high indigenous content in 1980s. Manufactured first Indian destroyer (of a total of four guided missile destroyers) with stealth features, which is to be commissioned into the Indian Navy by July 2018. Have supplied significant number of vessels for export customers for countries like Singapore, Iran, Gulf and Mozambique.	Has capability to build range of defence vessels including corvettes, frigates, destroyers, petrol vessels etc. and commercial vessels like dredgers, general cargo vessel, offshore supply vessels and Tugs etc. Has a separate submarine division. Has 4 drydock facilities.
Goa Shipyard Limited	Built one of its kind damage control simulator in India. Designed and built 4 offshore patrol vessels for the Indian Navy similar vessels are under construction for the Sri Lanka Navy. Built high speed FRP, interceptor boats capable of achieving speeds up to 35 knots and 40 knots. Have delivered the first FPV to the Government	Have long track record of building petrol vessels, landing vessels and corvettes. The Naval Offshore Patrol Vessels are powered by twin diesel engines and are capable of achieving a speed of up to 25 knots. 2 dry docks and 250 m long jetty. Have shiplift and transfer system with lifting

Company	Key Milestones	Capabilities
Public Sector Entities		
	of Mauritius and launched the construction of the second vessel. Goa Shipyard Limited is presently constructing 5 OPV for Indian Coast Guard.	capacity of 6,000 tonnes.
Cochin Shipyard Limited	Currently building first Indigenous Aircraft Carrier. Only shipyard to undertake repairs for aircraft carriers.	Have long track record of building defense and commercial vessels of various sizes. Have capacity for servicing vessels of 125,000 DWT and building vessels of upto 110,000 DWT.
Private Sector Entities		
Reliance Naval and Engineering Limited	First Indian private shipyard to obtain the license and contract to build warships. The company also became the first shipyard in India to receive the Master Ship Repair Agreement (MSRA) certification from the US Navy to undertake repair jobs for the US Navy fleet.	Have capabilities for design and construction of OPVs, LPDs and others.
L&T Shipbuilding Limited		Executing orders for design and construction of interceptor boats, patrol vessels and floating docks. Developed and supplied equipment like marine systems, control systems, electrical systems.

Review of Indian Defence Spending

The Government of India announces the annual Union Budget, which includes the Defence Budget, i.e. the planned government spending allocated to the defence sector. The defence budget has grown at a CAGR of ~8% between FY2012 and FY2019. The defence budget announced for FY2019 equaled ₹2,950 billion, up 8% over FY2018.

Exhibit 2: Annual Trend in Budgetary Allocation for Defence Sector



Source: Ministry of Defence; ICRA research

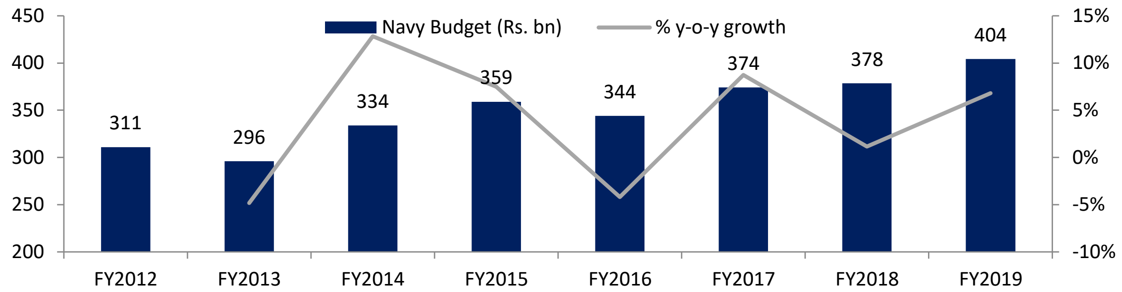
Table 4: Defence Spending by Country in 2016, US$ billion

Country	Military Spending	World Share (%)	% Share of GDP
United States	611	36%	3.3%
China	215	13%	1.9%
Russia	69	4%	5.3%
United Kingdom	48	3%	1.9%
Japan	46	3%	1.0%
France	56	3%	2.3%
Germany	41	2%	1.2%
Saudi Arabia	64	4%	10.4%
India	60	4%	2.5%
Brazil	24	1%	1.3%
World	1,680	100%	2.5

Source: Stockholm International Peace Research Institute; ICRA research

The defence budget for FY 2018 has been lowered to 1.56% of the GDP from 1.65% of the GDP in FY 2017. The MoD allocates the annual budget largely within the Indian Army, the Indian Navy, the Indian Air Force, and the DRDO. In FY2018, the MoD allocated 14% of the total defence budget to the Indian Navy, while the Indian Army and the Indian Air Force were allocated 57% and 22%, respectively. In FY 2019 too, the Indian Navy was allocated 14% of the total budget.

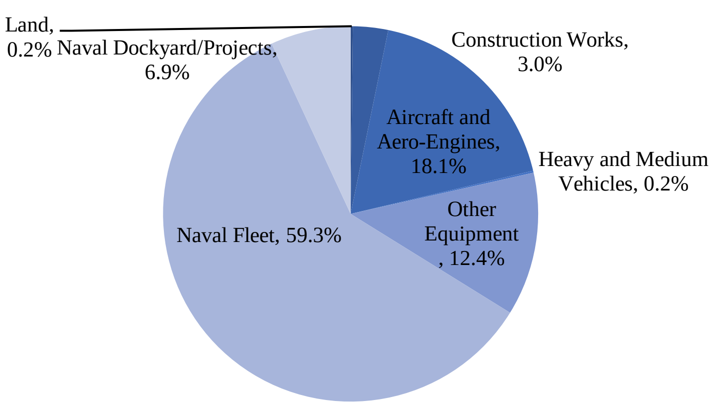
Exhibit 3: Annual Trend in Budgetary Allocation for Indian Navy



Source: Ministry of Defence; ICRA research

Within the total navy budget, budget allocation to the naval dockyard (primarily for repair projects) has been reduced from ₹24.6 billon in FY2016-17 to ₹12.9 billion in FY 2017-18. Allocation of ₹110.2 billion to the naval fleet, accounting for 59% of the total allocation to Indian Navy's capital budget, primarily includes the modernization of the naval fleet.

Exhibit 4: Split of Navy Capital Budget, FY2018



Source: Ministry of Defence; ICRA research

SUMMARY OF BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 20 for a discussion of the risks and uncertainties related to those statements and also the section "Risk Factors" beginning on page 22 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

As a result of national security related concerns, certain material information in relation to our business and operations has been classified as 'confidential' by the Ministry of Defence, Government of India and us. As a result, we have not (i) disclosed such information in this RHP; or (ii) provided such information to the BRLMs, the Legal Counsels and other intermediaries involved in this Offer. We cannot assure you that this RHP contains all such material information necessary for investors to make an informed investment decision. For further information, see "Risk Factors" on page 22.

Overview

We are a shipbuilding company in India under the administrative control of the MoD and primarily adhere to the shipbuilding requirements of the Indian Navy and the Indian Coast Guard. In addition to our ship and warship building capabilities, we are engaged in engineering and engine production activities. As a part of our engineering division, we manufacture deck machinery items, pre-fabricated portable steel bridges and marine pumps. Our shipbuilding division contributes a significant majority of our revenue from operations. We have derived 94.14%, 90.13%, 92.19% and 94.76% of our gross revenue from operations in Fiscals 2018, 2017, 2016 and 2015 respectively from our shipbuilding division.

Our Company was incorporated in 1934 under the Indian Companies Act, 1913, and was later acquired by the Government of India from Macneill & Barry Limited on May 19, 1960. Shortly after becoming a CPSE in 1960, we built India's first indigenous warship–the *INS Ajay*, in the year 1961. For further details of our history, please see "*History and Certain Corporate Matters*" on page 164.

Over the years, our Company has established capabilities for in-house design and shipbuilding and has made considerable contributions to the indigenous warship construction program of our country. Our shipbuilding product line spans from technologically sophisticated Frigates and Corvettes to Fast Patrol Vessels. In last five (5) decades, we have built and delivered ships ranging from small to large and advanced vessels including frigates, anti-submarine warfare corvettes, missile corvettes, landing ship tanks, landing craft utilities, survey vessels, fleet replenishment tankers, fast patrol vessels, offshore patrol vessels, inshore patrol vessels, WJ-FAC, hover crafts and fast interceptor boats to the Indian Navy, Indian Coast Guard, MHA and Governments of other countries. We have built and supplied more than seven hundred fifty (750) vessels to carry men and materials as well as for the surveillance of the coast line. Over the years, we have responded to the varied shipbuilding requirements of the Indian Defence Services and have evolved from building simpler vessels to building bigger and technically advanced warships.

Presently, we have three (3) separate facilities for shipbuilding, all of which are located in close vicinity of each other at Kolkata, India. We build our ships at the Main Works Unit and the Rajabagan Dockyard. Our third facility, the FOJ Unit is primarily used for fitting out and repair of ships. We acquired the Rajabagan Dockyard from Central Inland Water Transport Corporation Limited in the year 2006. Our DEP Unit is engaged in the testing and overhauling of marine propulsion engines and assembly of semi-knocked down units of diesel engines. Our Engineering segment is engaged in the manufacturing and fabrication of portable steel bridges, deck machineries of ships and marine pumps.

Over the years, our Company has been credited with many firsts in the Indian shipbuilding industry. For instance, we are the first Indian shipyard to integrate carbon composite superstructure with steel hull for the construction of our third ASW Corvette for the Indian Navy, which resulted in a reduction in weight and increase in stability of the ships. In 2000, we became the first and the only Indian shipyard to build and subsequently deliver a fleet tanker to the Indian Navy and to build and subsequently deliver a hovercraft to the Indian Coast Guard among others. These are in addition to pioneering works in supplying the first ever indigenous warship for Indian Navy (*INS Ajay*). *(Source: ICRA Report)*

On September 5, 2006, we were conferred with the status of Schedule B & Mini Ratna-Category I Company by the Department of Public Enterprises under the Ministry of Heavy Industries and Public Enterprises, Government of India. Our Company has also been conferred with several awards including the Defence Minister's Trophy "Best Performing Shipyard Award" for four (4) consecutive years (Fiscal 2010-2011, 2011-2012, 2012-2013 & 2013-2014), from the Hon'ble Raksha Mantri; the Defence Minister's Trophy "Best Inhouse Design Effort" on May 30, 2017 for Mauritius CGS Barracuda among others. For further details of awards that we have received, please see "*History and Certain Corporate Matters- Awards and Recognition*" on page 167.

We have in the past and continue to associate with several technology firms in our industry like MTU and other international/ domestic entities for our different business segments such as diesel engines and deck machinery, which we believe has added to our credibility in the international market.

In Fiscal 2018, 2017 and 2016, our revenue from operations (gross) were ₹13,465.16 million, ₹9,293.22 million and ₹16,645.86 million. Our profit after tax for Fiscals 2018, 2017 and 2016 were ₹868.06 million, ₹114.65 million and ₹1,644.45 million respectively. As of July 31, 2018, our order book for all our product categories was ₹203,136.10 million, of which our shipbuilding order book consisted orders of thirteen (13) vessels with an aggregate outstanding revenue value of ₹200,294.20 million. Our order book only represents business that is considered firm. In addition to our firm order book, as of the date of this RHP, we have also been adjudged the lowest bidder for four (4) Survey Vessels (Large) and eight (8) Anti Submarine Warfare Shallow Water Craft (ASW SWC) from MoD and one (1) Ocean Going Passenger and Cargo Ferry Vessel, which presently does not form a part of our order book as letters of award have not been issued to us.

Competitive Strengths

We believe we benefit from the strengths listed below that together differentiate us from our competitors.

Modern Manufacturing Platform and Integrated Shipbuilding Facilities to deliver quality products

We believe that our modern infrastructure facilities available at our shipyard coupled with our vast expertise give us a significant edge over other domestic defence shipyard. Our Company has been taking steps to ensure simplification in the process and procedures, adopt modern practice and technology, enhance capacity and modernize infrastructure and improve on governance.

Our Company has undertaken major modernization of its infrastructure. In the year 2013, we developed a new integrated shipbuilding facility at the Main Works Unit that allows us to use modular construction when building warships, which enable us to reduce the shipbuilding period, improve quality through the implementation of integrated construction technology, and to construct ships in line with the global practices in the shipbuilding industry. Our facilities allow us to produce eight (8) large ships and twelve (12) medium/ small ships concurrently. In addition, we have constructed new hull Shop, module shop for mega block integration, dry dock and building berth. We believe our advanced modular construction technique enables us to simultaneously build a greater number of large warships in a more truncated time period at Main Works Unit. Our Main Works Unit is supported by our FOJ Unit, which is dedicated to fitting out and repair of ships. Fitting out follows the float-out of a vessel and precedes sea trials. Our Company's in-house facilities are also augmented by hiring larger dry docks of the Kolkata Port Trust on as and when required basis. Our Company has also recently inaugurated modern pump test bed facility at Taratala unit on June 11, 2018 for testing the pumps we manufacture.

While we have been enhancing our infrastructure, in parallel, improvements and upgradation of design capabilities, new technology, methods and adoption of quality initiatives have also been undertaken and are underway. To further increase our construction capacity, we use Rajabagan Dockyard exclusively for the construction and fitting out of small and medium ships. The Rajabagan Dockyard facilities are further being upgraded for construction of more small and medium ships.

Further, we completed the moderisation of our DEP unit in Ranchi in 2016. The modernisation was intended to create a new, state-of-the-art diesel engine assembly shop that would enable carrying out overhaul and assembly of engines in a dust-and-moisture-proof environment. With commissioning of our "Modernised Diesel Engine Assembly Shop", we believe our DEP unit is poised to take up work on next generation of marine diesel engines and also move ahead on to produce marine diesel engines under 'Make in India' initiatives.

We provide End-to-End Solutions

Our Company has a dedicated Central Design Office ("**CDO**") undertaking design and research and development, which comprises of highly skilled workforce of one hundred (100) members as on date of the Red Herring Prospectus, majority of whom are engineers qualified from IIT and other premier institutes. Our CDO team uses various software ranging from Aveva Marine, NAPA for Naval Architectural design AutoCAD for drafting work and other softwares for structural analysis. With our dedicated CDO team, we have achieved innovative measures in carrying out complex warship designs work, some of which are landing craft utility mark IV, which is an in-house design product with 15 knots speed, which we believe to be unique for a vessel of this size and type. Additionally, our Company has also recently inaugurated Data Centre of CDO on June 1, 2018 and inaugurated a virtual reality lab of CDO on July 7, 2018 at 61 Park Unit.

We believe our ability to provide end-to-end solutions to our customers, ranging from product conceptualization, design, system integration and project management increases our capability to meet customer demands. When a customer has a project proposal, we utilize our resources to fulfill the entire project from the design stage to delivery of the finished product. This provides us an increased level of understanding with respect to meeting our customers' needs. Also, we believe that designing the ship we deliver will allow us to gain a greater understanding of the ship we are expected to build and control over the manufacturing process. Because we manage the entirety of the project, as we have dedicated production lines for independently managing construction of small/ medium and large ships. We believe we gain efficiencies relative to some of our competitors who participate in the construction of ships, but do not participate in other stages of the project. Further, we believe we avoid a significant amount of reliance on third-parties to fulfill an order relative to our competitors.

Strong and Established Relationships with Indian Navy and Indian Coast Guard

We have long-standing relationships with the Indian Navy and Indian Coast Guard. Our relationship and experience with the Indian Navy is over five (5) decades, beginning when we delivered the *INS Ajay*, the first indigenous warship, to the Indian Navy in 1961. These relationships allow us to secure shipbuilding projects. We have delivered ninety six (96) ships to the Indian Navy and Indian Coast Guard on an aggregate basis. Both our historical operations and ongoing operations exhibit the level of satisfaction and depth of relationships we possess with respect to the Indian Navy and Indian Coast Guard.

We have historically delivered ships to the Indian Navy and Indian Coast Guard that no other indigenous shipbuilding companies have delivered to them. For instance, in 2000, we became the first and only Indian shipyard to build and subsequently deliver a fleet tanker to the Indian Navy and to build and subsequently deliver a hover craft to the Indian Coast Guard. Further, in 2009, we became the first and only Indian shipyard to build and subsequently deliver to the Indian Navy a landing ship. In 2017, we built and delivered to the Indian Navy, for the first time in our Company's history, warships that have weapon and sensors trials completed which until then were undertaken at various Indian Navy facilities post delivery of warships. **(***Source: ICRA***)** Additionally, we built and delivered the INS Kiltan, an anti-submarine warfare stealth corvette and the first Indian warship with a superstructure made entirely of composite material, in 2017. We also have several ongoing projects with the Indian Navy and Indian Coast Guard. In the Fiscals 2018, 2017 and 2016, we have built and delivered a total of nine (9) ships to the Indian Navy.

Strong Order Book

Our aggregate order book as on July 31, 2018 was ₹203,136.10 million, comprising gross order value in the shipbuilding segment, engineering segment and the engine segment of ₹200,294.20 million, ₹851.70 million and ₹1,990.20 million, respectively. The aggregate value of our order book represents the total nominal value of the contracts that have not been completed, excluding the portion of revenue in respect of those orders that we have recognized as of such date.

We believe our current order book provides us with a deep pool of revenue-generating projects and that the revenue generated from our order book shall allow us to invest in our design capabilities and facilities in order to become more efficient and technologically sophisticated. We currently have contracts to deliver twenty (20) ships to the Indian Navy and Indian Coast Guard, out of which seven (7) ships have been delivered. A number of those ships are large, advanced vessels that deliver significant profit margins of the ships we construct. The shipbuilding contracts we enter into with our customers stipulate the agreed specifications of the vessel and classification of classification society with which the vessel is intended to be certified. Typically, we are permitted to subcontract any portion of the construction work of the vessel to subcontractors, other than few major sub-contract tasks such as the main hull structure and superstructures for which we require the prior approval of the client.

However, our order book information is only indicative of future revenues and you should not place undue reliance on such information in making an investment decision. For further details on the risks involved with our order book, please refer to the risk titled "*Our growth rate, the number of orders we have received in the past and our current order book may not be indicative of our future growth rate or the number of orders we will receive in the future"* on page 31.

Make in India Initiative

We have an advantage over global shipyards in securing contracts to build vessels for the Indian Navy and Coast Guard because we qualify for the Make in India initiative under the DPP. The Make in India initiative grants indigenous manufacturers a competitive advantage when supplying to the domestic market. The MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("**IDDM**") products for capital procurement. Our valued customers, the Indian Navy and Indian Coast Guard, constitute part of the domestic market and are therefore, required to give us preference over global shipyards in certain circumstances. As part of the Make in India initiative, internally we have put in considerable efforts in increasing the percentage of indigenization over the last few years. We have made significant progress in indigenization of our products in terms of value of production during the last year.

Business Diversification

Shipbuilding is our key product offering. In addition to our core manufacturing activities for shipbuilding, we offer diversified products and services to our customers including portable bridges, deck machinery items, pumps and engines. We produce bridges at our 61 Park Unit and Taratala Unit which enable us to counterbalance the cyclical nature of the shipbuilding income stream. We believe our product diversification allows us to rely on different product areas to generate revenue when the market conditions dictate a decrease in demand for shipbuilding.

Further, we are not aware of any other shipyard in India that has a dedicated deck machinery equipment facility or an engine assembling and testing facility, both of which, we believe, are important for the shipbuilding and testing process. In the absence of such facilities, our competitors approach third-parties to complete such tasks related to deck machinery and engine assembly and testing. We believe this vertical integration enables us to produce ships in a more time efficient manner because of our non-reliance on third-parties.

Experienced Workforce

We believe that our qualified and experienced senior management team and technically skilled employee base have contributed to the growth of our operations and the development of in-house processes and competencies. Our human resource policies are aimed towards enhancement of institutional knowledge and skills. Our human resource department has active initiatives to further develop the skills and knowledge of our employees.

Our senior management team consists of technically qualified and experienced professionals who bring with them extensive experience in shipbuilding, design and engineering, order management, operations, human resources, finance and after-sales services. We believe in high standards of ethical integrity and we ensure that all our business functions are carried out in a transparent manner. We believe our talented and motivated employees have been key to our success so far and will further enable us to capitalize on future growth opportunities. For further information on our key and senior managerial personnel who have contributed to our growth, see the sub-section titled "*Our Management – Key managerial Personnel*" on page 190.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Financial Statements as of and for the years ended March 31, 2018, 2017, 2016, 2015, 2014 and 2013. The financial statements referred to below are presented under "Financial Statements" beginning on page 199. The summary financial information presented below should be read in conjunction with these financial statements, the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 354.

The restated summary statement of assets and liabilities, restated summary statement of profit and loss (including comprehensive income) and the restatated summary statement of cash flows of the Company, as at March 31, 2018, 2017, 2016 and 2015 are under Ind-AS and as at March 31, 2014 and March 31, 2013 are under Indian GAAP.

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
(a) Property, plant and equipment	3,829.61	3,529.51	3,406.92	3,600.61
(b) Capital work-in-progress	160.28	231.84	222.76	112.07
(c) Intangible assets	62.06	53.90	30.12	56.78
(d) Financial assets		-	-	-
(i) Investments	0.04	0.04	0.04	0.04
(ii) Trade and other receivables	3.80	12.03	20.29	66.92
(iii) Loans	-	-	-	-
(iv) Other financial assets	12,584.89	7,812.29	6,734.06	2,579.26
(e) Non-current tax assets	855.73	949.74	238.56	512.20
(f) Other non-current assets	83.95	193.68	149.84	237.76
Total non-current assets	**17580.36**	**12,783.03**	**10,802.59**	**7,165.64**
(a) Inventories	5086.58	4,858.89	6,545.57	8,412.56
(b) Financial assets				
(i) Trade and other receivables	2,033.68	1,988.58	1,538.31	1,585.07
(ii) Cash and cash equivalents	118.93	118.51	262.48	140.51
(iii) Bank balances other than (ii) above	10,102.58	16,084.10	18,262.50	17,200.00
(iv) Other financial assets	4,722.42	7,024.88	5,722.52	3,666.77
(c) Other current assets	2,954.13	2,804.59	1,401.16	1,835.63
(d) Assets classified as held for sale	3.65	3.77	3.78	3.57
Total current assets	**25021.97**	**32,883.32**	**33,736.32**	**32,844.11**
TOTAL ASSETS	**42,602.33**	**45,666.35**	**44,538.91**	**40,009.75**
(a) Equity share capital	1,145.52	1,238.40	1,238.40	1,238.40
(b) Other equity	9,013.85	9,593.04	10,128.15	8,829.84
Total equity	**10,159.37**	**10,831.44**	**11,366.55**	**10,068.24**
Trade payables	78.02	79.59	83.95	79.57
(b) Provisions	94.01	117.07	81.24	80.72
(c) Deferred tax liabilities (net)	171.29	174.66	164.72	230.94
Total non-current liabilities	**343.32**	**371.32**	**329.91**	**391.23**
(i) Borrowings		250.00	-	-
(ii) Trade payables	6,888.25	3,679.56	5,285.36	5,079.14
(iii) Other financial liabilities	215.48	355.67	449.38	1,490.56
(b) Other current liabilities	23,636.45	28,688.25	26,367.28	22,317.30
(c) Provisions	1,359.46	1,490.11	740.43	663.28
Total current liabilities	**32,099.64**	**34,463.59**	**32,842.45**	**29,550.28**
TOTAL EQUITY AND LIABILITIES	**42,602.33**	**45,666.35**	**44,538.91**	**40,009.75**

RESTATED STATEMENT OF PROFIT AND LOSS

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015 (Proforma)
Revenue from operations	13,465.16	9,293.22	16,645.86	15,684.88
Other income	1,792.34	2,169.90	1,914.70	609.55
Total income	**15,257.50**	**11,463.12**	**18,560.56**	**16,294.43**
Cost of materials consumed	5,815.08	3,398.50	8,269.79	7,650.00
Purchase of products for resale (B & D spares)	1,415.67	1,146.05	1,864.40	1,518.16
Changes in inventories of work-in-progress and scrap	(13.35)	80.30	(5.62)	16.87
Sub-contracting charges	1,370.51	1,072.48	1,241.94	1,215.73
Excise duty	19.00	75.48	65.04	57.38
Employee benefits expense	2,985.98	2,857.84	2,917.35	2,913.45
Finance costs	76.92	91.19	43.98	57.68
Depreciation and amortisation expense	289.56	266.52	277.98	271.06
Other expenses - project related	726.61	505.82	508.34	441.01
Other expenses	1,293.99	1,767.76	861.92	1,251.44
Total expenses	**13,979.97**	**11,261.94**	**16,045.12**	**15,392.78**
Profit before tax	**1,277.53**	**201.18**	**2,515.44**	**901.65**
Tax expense				
- Current tax	453.40	87.80	908.84	318.31
- Deferred tax	(43.93)	(1.27)	(37.85)	66.07
Total tax expense	**409.47**	**86.53**	**870.99**	**384.38**
Profit for the year	**868.06**	**114.65**	**1,644.45**	**517.27**
Re-measurements of post-employment benefit obligations	116.06	3.45	(73.46)	(90.57)
Income tax relating to above items	(40.56)	(1.20)	25.42	31.34
Other comprehensive income/(loss) for the year, net of tax	75.50	2.25	(48.04)	(59.23)
Total comprehensive income for the year	**943.56**	**116.90**	**1,596.41**	**458.04**
Earnings per equity share:				
(Nominal value per share ₹10 (31 March 2017- ₹100; 31 March 2016- ₹100; 31 March 2015 (Proforma)- ₹100)				
Basic and diluted earnings per share	**7.14**	**0.93**	**13.33**	**4.25**

RESTATED SUMMARY STATEMENT OF CASH FLOWS

(₹ in million)

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2018	Year Ended 31 March 2017	Year Ended 31 March 2017	Year Ended 31 March 2016	Year Ended 31 March 2016	Year Ended 31 March 2015 (Proforma)	Year Ended 31 March 2015 (Proforma)
A. Cash flow from operating activities:								
Profit before taxation		1,277.53		201.18		2,491.46		901.66
Adjustments for -								
Interest income		(1,700.52)		(2020.58)		(1,686.84)		(331.69)
Depreciation & amortisation expense		289.56		266.52		277.98		271.06
Retirement of Assets - (Profit) / Loss		(2.36)		(1.37)		1.12		0.01
Finance cost		76.92		91.19		10.24		17.02
Unrealized loss/ (gain) on foreign exchange fluctuation		19.58		(18.45)		(7.79)		(103.79)
Reversal of written down value of inventories		(2.81)		(9.22)		(6.22)		(22.62)
Allowance for doubtful debts		3.31		33.46		0.11		-
Liabilities no longer required written back		(74.90)		(90.68)		(164.06)		-
Operating profit before working capital changes		**(113.67)**		**(1542.52)**		**916.00**		**731.65**
Adjustments for changes in working capital :								
(Increase)/ Decrease in Trade and Other receivables	(40.19)		(475.47)		93.28		(12,467.12)	
(Increase)/ Decrease in Other financial assets	(2,470.14)		(742.47)		(1,921.27)		(701.52)	
(Increase)/ Decrease in Other non-current assets	109.73		(11.46)		5.95		(157.85)	
(Increase)/ Decrease in Other current assets	(149.54)		(1403.45)		434.50		(1822.10)	
(Increase)/ Decrease in Inventories	(227.68)		1590.23		1,873.20		6803.32	
Increase/ (Decrease) in Trade payables	3,273.79		(1527.50)		375.78		6909.77	
Increase/ (Decrease) in Provisions	(157.07)		641.05		86.19		419.07	
Increase/ (Decrease) in Other financial liabilities	140.19		21.78		(1,041.17)		1531.22	
Increase/ (Decrease) in Other current liabilities	(1,474.49)	(995.42)	2,327.94	420.66	4,045.93	3,952.39	469.16	983.95
Cash generated from/ (used in) operations		(1,109.11)		(1,121.85)		4,868.39		1,715.60
Taxes paid (net of refunds)		368.96		(790.32)		(638.15)		(641.11)
Net cash from/ (used in) operating activities		**(740.15)**		**(1,912.17)**		**4,230.24**		**1,074.49**
B. Cash flow from investing activities								
Purchase of fixed assets (including intangibles and capital work in progress		(501.78)		(422.14)		(169.83)		(234.63)
(Increase)/ Decrease of Investments in Bank Deposits, FD		1,512.82		1,132.40		(5,927.80)		-
Interest received		1,662.67		1,557.91		1,265.16		335.28
Net cash from/ (used in) investing activities		**2,673.71**		2,268.17		(4,832.47)		100.65

C. Cash flow from financing activities:

Proceeds from Short term Borrowings		(250.00)		250.00		0.00		-
Proceed/ (Repayment) of Long term Borrowings				(18.26)		4.50		(25.28)
Interest and other borrowing cost paid		(76.92)		(91.18)		(2.20)		(14.02)
Buy Back of shares (including Tax)		(955.37)						
Dividend paid		(540.76)		(532.21)		(247.68)		(123.84)
Dividend tax paid		(110.09)		(108.34)		(50.42)		(21.05)
Net cash from/ (used in) financing activities		(1,933.15)		(499.99)		(295.80)		(184.37)
Net Increase/ (Decrease) in cash and cash equivalents		0.42		(143.99)		(898.03)		990.95
Opening cash and cash equivalents		118.49		262.48		1,160.51		169.55
Closing cash and cash equivalents (Refer note 10(a))		118.90		118.49		262.48		1,160.51

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(₹ in million)

Particulars	As at 31st March 2014	As at 31st March 2013
I. **EQUITY AND LIABILITIES**		
(1) Shareholders' Funds		
(a) Share capital	1,238.40	1,238.40
(b) Reserves and surplus	8,310.80	7,434.90
(2) Non-Current Liabilities		
(a) Deferred tax liabilities (Net)	163.84	84.37
(b) Trade payables	240.29	219.99
(c) Long term provisions	33.30	39.85
(3) Current Liabilities		
(a) Trade payables	3,702.69	2,462.49
(b) Other current liabilities	49,393.11	47,010.51
(c) Short-term provisions	1,241.18	977.51
Total	**64,323.61**	**59,468.02**
II. Assets		
(1) Non-current assets		
(a) Fixed Assets		
(i) Tangible assets	3,550.04	2,707.46
(ii) Intangible assets	78.78	71.06
(iii) Capital work-in-progress	177.09	767.62
	3,805.91	3,546.14
(b) Non-current investments	0.04	0.04
(c) Long term loans and advances	327.68	297.79
(d) Other non-current assets	345.88	405.45
(2) Current assets		
(a) Inventories	52,409.94	40,969.63
(b) Trade receivables	465.55	918.28
(c) Cash and bank balances	4,479.55	10,585.56
(d) Short-term loans and advances	2,226.81	2,464.71
(e) Other current assets	262.25	280.42
Total	**64,323.61**	**59,468.02**

RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(₹ in million)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
I. Revenue from Operations (Gross)	16,158.83	15,292.78
Less : Excise duty	47.06	42.93
	16,111.77	15,249.85
II. Other Income	820.53	747.44
III. Total Revenue (I +II)	16,932.30	15997.29
IV. Expenditure :		
Cost of materials consumed	8,919.75	8,757.05
Purchase of Products for resale	1,074.32	889.44
Changes in inventories of work in progress	(92.39)	(107.43)
Sub-contracting charges	779.00	756.89
Other Expenses - project related	424.54	106.72
Employee benefits expense	3,198.39	2,873.27
Finance costs	6.27	9.76
Depreciation and amortization expense	227.32	141.50
Other expenses	582.06	626.03
Total Expenses	15,119.26	14,053.23
V. Profit before tax	1,813.04	1,944.06
VI. Tax expense:		
(1) Current tax	567.89	571.48
(2) Deferred tax	79.47	54.78
	647.36	626.26
VII. Profit for the year	**1,165.68**	**1,317.80**
VIII. Earning per equity share (Nominal value per share ₹10/-): Basic and Diluted [Refer Note No. 28(18)]	9.59	10.84

RESTATED SUMMARY STATEMENT OF CASH FLOWS

(₹ in million)

Particulars		For the year ended 31st March 2014		For the year ended 31st March 2013
A. Cash flow from operating activities:				
Profit before exceptional items and taxation		1,813.03		1,944.05
Adjustments for -				
Profit on sale of fixed assets		-		(0.05)
Interest income		(784.77)		(699.69)
Depreciation & amortisation expense		227.32		141.49
Retirement of Assets - (Profit) / Loss		1.03		0.02
Finance cost		6.28		9.77
Unrealized loss/ (gain) on foreign exchange fluctuation		46.49		(2.82)
Liability no longer required written back		(18.77)		(11.39)
Operating profit before working capital changes		1,290.61		1,381.38
Adjustments for changes in working capital:				
(Increase)/Decrease in Trade Receivables	459.95		198.49	
(Increase)/Decrease in Loans and Advances	246.85		1,351.76	
(Increase)/Decrease in Current and Non-Current Assets	6,186.80		(3,786.24)	
(Increase)/Decrease in Inventories	(11,440.29)		(7,798.99)	
Increase/(Decrease) in Trade & Other Payables and Provisions	3,995.53		10,127.07	
		(551.17)		92.09
Cash generated from/ (used in) operations		739.44		1,473.47
Taxes paid (net of refunds))		(606.76)		(552.85)
Net cash from operating activities		132.68		920.62
B. Cash flow from investing activities				
Purchase of fixed assets (including intangibles)		(488.75)		(1,347.53)
Proceeds from Sale of fixed assets		-		0.06
Proceeds from Sale of retired fixed assets		-		0.00
Interest received		838.25		691.82
Net cash from/(used) in investing activities		349.50		(655.65)
C. Cash flow from financing activities:				
Repayment of Long term Borrowings		(10.92)		(9.56)
Interest and other borrowing cost paid		(5.95)		(5.25)
Dividend paid		(386.93)		(247.68)
Dividend tax paid		(65.76)		(40.18)
		-		-
Net cash used in financing activities		(469.56)		(302.68)
Net Increase/(Decrease) in Cash & cash equivalents		12.63		(37.71)
Opening Cash & cash equivalents		156.92		194.63
Closing Cash & cash equivalents (Refer note 16)		169.55		156.92

THE OFFER

The following table summarises the Offer details:

Offer[(1)(4)]	**29,210,760 Equity Shares aggregating to ₹[●] million**[(4)]
consisting of:	
Offer for Sale	29,210,760 Equity Shares
Of which:	
Employee Reservation Portion [(2)]	Up to 572,760 Equity Shares
Net Offer to public	
consisting of:	
A. QIB Portion [(2)]	14,319,000 Equity Shares
Of which:	
Mutual Fund Portion	715,950 Equity Shares
Balance for all QIBs including Mutual Funds	13,603,050 Equity Shares
B. Non-Institutional Portion	Not less than 4,295,700 Equity Shares
C. Retail Portion [(2)(3)]	Not less than 10,023,300 Equity Shares
Pre- and post-Offer Equity Shares	
Equity Shares outstanding prior to this Offer	114,552,000 Equity Shares
Equity Shares outstanding after this Offer[(5)]	114,552,000 Equity Shares
Use of proceeds of this Offer	As this Offer is an offer for sale of the Offered Shares, our Company will not receive any proceeds from this Offer. See "*Objects of the Offer*" on page 100.

(1) The Offer has been authorised by resolutions of our Board pursuant to a resolution passed at its meeting held on February 28, 2018, and the Selling Shareholder through its consent letter dated March 12, 2018 and September 6, 2018 conveyed the approval granted by the GoI for this Offer and its consent for inclusion of 29,210,760 Offered Shares of our Company held by the President of India, acting through the MoD.

The Selling Shareholder confirms that the Offered Shares have been held by it for a period of at least one (1) year prior to the date of filing of this Red Herring Prospectus, in accordance with Regulation 26(6) of the SEBI ICDR Regulations and are eligible for being offered for sale in this Offer as required by the SEBI ICDR Regulations.

(2) Eligible Employees bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹200,000), shall be added to the Net Offer. Subject to valid Bids being received at or above this Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Selling Shareholder and our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Bid Price. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "Offer Structure" on page 432.

5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received at or above this Offer Price. If the aggregate demand from Mutual Funds is less than 715,950 Offered Shares, the balance Offered Shares available for allotment in the Mutual Fund portion will be added to the QIB Portion and allocated proportionately to QIB Bidders in proportion to their Bids.

(3) The Selling Shareholder and our Company, in consultation with the BRLMs, may offer a discount of ₹5 on this Offer Price to the Retail Individual Bidders and the Eligible Employees bidding under the Employee Reservation Portion, respectively. The amount of Retail Discount and Employee Discount, as applicable, will be advertised in all newspapers wherein the Pre-Offer Advertisement will be published. For further details, see "Offer Procedure" on page 436 and 448.

(4) The Offer includes a reservation of up to 572,760 Equity Shares aggregating to ₹[●] million for subscription by Eligible

Employees. The Offer less Employee Reservation Portion is referred to as the Net Offer. The Offer and the Net Offer will constitute 25.50% and 25.00% respectively, of the post Offer paid-up Equity Share capital of our Company.

(5) *This is an offer for sale and no additional Equity Shares are being issued in this Offer.*

Allocation to Bidders in all categories (including Employee Reservation Portion), except the Retail Portion, shall be made on a proportionate basis subject to valid Bids being received at or above the Offer Price. For further details, see "*Offer Procedure – Allotment Procedure and Basis of Allotment*" on page 474.

GENERAL INFORMATION

Prior to our Company being initially incorporated as a limited company, we were engaged in the business of operating shipbuilding and repair workshops since 1884 as an unincorporated entity. We were incorporated as "Garden Reach Workshops Limited" on February 26, 1934 under the Companies Act, 1913 with the Registrar of Companies, Calcutta. Our Company changed its name to "Garden Reach Workshops Private Limited" on November 5, 1957. In the year 1960, our Company was acquired by the GoI and since then the share capital of our Company is wholly owned by the President of India along with its nominees from time to time. Thereafter, our Company changed its name to "Garden Reach Workshops Limited" on November 30, 1961 pursuant to the acquisition of our Company by the GoI. The name of our Company was again changed from "Garden Reach Workshops Limited" to "Garden Reach Shipbuilders & Engineers Limited" on December 31, 1976 pursuant to the certificate of incorporation issued by the Registrar of Companies, West Bengal. Our Company became a public company pursuant to a special resolution of the shareholders at an Annual General Meeting held on August 25, 2017. For further details, including details of change in Registered Office of our Company, see "*History and Certain Corporate Matters*" on page 164 of this Red Herring Prospectus.

Registered and Corporate Office

Garden Reach Shipbuilders & Engineers Limited
43/46, Garden Reach Road
Kolkata – 700 024
West Bengal, India
Tel: +91-33- 24698100-8113
Fax: +91-33-24698150
Email Id: co.sec@grse.co.in
Website: www.grse.in
Corporate Identity Number: U35111WB1934GOI007891
Registration Number: 007891

For details of changes in the name and Registered Office of our Company, see "*History and Certain Corporate Matters – Changes in the Registered Office*" on page 164.

Address of the Registrar of Companies

Our Company is registered with the RoC, West Bengal situated at Nizam Palace, 2nd MSO Building, 2nd floor, 234/4, A.J.C.B. Road, Kolkata – 700 020, West Bengal, India.

Board of Directors

The following table sets out the composition of our Board as on the date of this Red Herring Prospectus:

Name and Designation	DIN	Address
RAdm Vipin Kumar Saxena, IN (Retired) *Chairman & Managing Director*	07696782	11, New Road, Alipore, Kolkata - 700 027, West Bengal, India
Sarvjit Singh Dogra *Director (Finance) & CFO* *(Whole Time Director)*	07052300	27, Chetla Central Road, Flat 2B, 2nd Floor, Kolkata - 700 027, West Bengal, India
Asit Kumar Nanda *Director (Personnel)* *(Whole Time Director)*	07506042	Shantikunj, P-374, Nalini Ranjan Road, New Alipore, Kolkata - 700 053, West Bengal, India
Cmde Sanjeev Nayyar, IN (Retired) *Director (Shipbuilding)* *(Whole Time Director)*	07973950	Flat No. 18D, Tower D (Cedar), South City Residence, 375, Prince Anwar Shah Road, Kolkata – 700 068 West Bengal, India
Ashwani Kumar Mahajan *Government Nominee Director*	07483427	D-09, Hudco Place Extension, Andrews Ganj, New Delhi – 110 049, India
Bharat Bhushan *Part-Time Non-Official (Independent) Director*	00262278	C-11, Ahinsa Vihar, Sector 9, Rohini, Delhi - 110 085, India
Kanwaljit Deol *Part-Time Non-Official (Independent) Director*	03192289	A-78, NSG Society, P6, Gautama Buddhnagar, Greater Noida - 201 310, Uttar Pradesh, India
Dr. Ajai Bhandari *Part-Time Non-Official (Independent) Director*	00322233	Suraj Kunj Building, Sector-5, Shimla -171009, Himachal Pradesh, India

Name and Designation	DIN	Address
RAdm Inder Paul Singh Bali, IN (Retired) *Part-Time Non-Official (Independent) Director*	07912223	C-1/11, Bapanagar, Zakir Hussain Marg, New Delhi – 110001, India
Dr. Biswapriya Roychoudhury *Part-Time Non-Official (Independent) Director*	08200896	Fulbari, Manaskamana Road, English Bazar, Malda, West Bengal-732101

For further details of our Board of Directors, see "*Our Management*" on page 173.

Selling Shareholder

The Selling Shareholder is our Promoter being the President of India acting through the Ministry of Defence, Government of India.

Chief Financial Officer

Sarvjit Singh Dogra, Director (Finance) (Whole Time Director) is also the Chief Financial Officer of our Company. His contact details are as follows:

Garden Reach Shipbuilders & Engineers Limited
43/46 Garden Reach Road
Kolkata – 700 024
West Bengal, India
Tel: +91-33-2469 8134
Fax: +91-33-2469 1213
Email Id: df@grse.co.in

Company Secretary and Compliance Officer

Sandeep Mahapatra is the Company Secretary and the Compliance Officer of our Company. His contact details are as follows:

Garden Reach Shipbuilders & Engineers Limited
43/46 Garden Reach Road
Kolkata – 700 024
West Bengal, India
Tel: +91-33-2469 8545
Fax: +91-33-2469 8150
Email: co.sec@grse.co.in

Investors Grievances

Bidders can contact our Company Secretary and Compliance Officer, the BRLMs, the Registrar to this Offer, in case of any pre-Offer or post-Offer related problems, such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account or refund orders, and non-receipt of funds by electronic mode.

All grievances may be addressed to the Registrar to this Offer with a copy to the relevant Designated Intermediary to whom the ASBA Form was submitted. The Bidder should give full details such as name of the Sole or First Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the submission of ASBA Form, address of the Bidder, number of the Offered Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the Bidder.

All grievances relating to Bids submitted with Registered Brokers may be addressed to them with copy to the Stock Exchanges and to the Registrar to this Offer.

Further, the Bidder shall also enclose the Acknowledgement Slip duly received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three (3) months of the date of listing of the Equity

Shares. SCSBs are required to resolve these complaints within fifteen (15) days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of fifteen (15) days.

Book Running Lead Managers

IDBI CAPITAL MARKETS & SECURITIES LIMITED
(Formerly known as IDBI Capital Market Services Limited)

Registered Office:
3rd Floor, Mafatlal Centre, Nariman Point
Mumbai – 400 021
Maharashtra, India
Tel.: +91 22 4322 1212
Fax: +91 22 2285 0785
Email: ipo.grse@idbicapital.com
Investor grievance E-mail: redressal@idbicapital.com
Website: www.idbicapital.com
Contact Person: Sumit Singh/ Priyankar Shetty
SEBI Registration No.: INM000010866

YES SECURITIES (INDIA) LIMITED

Registered Office:
Unit No. 602A, 6th Floor
Tower 1 & 2, Indiabulls Finance Centre
Senapati Bapat Marg, Elphinstone (West)
Mumbai – 400 013
Maharashtra, India
Tel.: +91 22 30126919
Fax: +91 22 24214508
E-mail: grse.ipo@yessecuritiesltd.in
Investor grievance E-mail: igc@yessecuritiesltd.in
Website: www.yesinvest.in
Contact Person: Mukesh Garg/ Pratik Pednekar
SEBI Registration No.: INM000012227

***Inter se* allocation of responsibilities**

The following table sets forth the inter se allocation of responsibilities for various activities among the BRLMs:

Sr. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, positioning strategy and due diligence of our Company including its operations/management/business plans/legal. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus including a memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and filing with the RoC.	BRLMs	IDBI Capital
2.	Drafting and approval of all statutory advertisement and application forms. Responsibility for underwriting agreements, as applicable.	BRLMs	IDBI Capital
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. Co-ordination for the filing of media compliance report with SEBI.	BRLMs	YES Securities
4.	Appointment of Intermediaries - Registrar to this Offer, Advertising Agency, Printers, Banker(s) to this Offer and	BRLMs	YES Securities

Sr. No.	Activity	Responsibility	Coordinator
	monitoring agency (including coordinating all agreements to be entered with such parties).		
5.	Domestic Institutional marketing of this Offer, which will cover, inter alia: • Institutional marketing strategy; • Finalizing the list and division of domestic investors for one-to-one meetings; and • Finalizing domestic road shows and investor meeting schedule.	BRLMs	IDBI Capital
6.	Co-ordination of auditor deliverables.	BRLMs	IDBI Capital
7.	International Institutional marketing of this Offer, which will cover, inter alia: • Finalizing the list and division of international investors for one-to- one meetings; and • Finalizing international road shows and investors meeting schedule	BRLMs	YES Securities
8.	Non-institutional and Retail marketing of this Offer which will cover, inter alia, • Finalising media, marketing and public relations strategy; • Finalising centres for holding conferences for brokers, etc.; • Follow-up on distribution of publicity and Offer material including form, the Prospectus and deciding on the quantum of this Offer material; and • Finalising Syndicate ASBA collection centres.	BRLMs	YES Securities
9.	Coordination with Stock-Exchanges for book building software, anchor investor portion, bidding terminals, mock trading and payment of 1% security deposit.	BRLMs	IDBI Capital
10.	Managing the book and finalization of Offer Price in consultation with the Selling Shareholder and our Company.	BRLMs	IDBI Capital
11.	Post-Offer activities, which shall involve: • essential follow-up steps, advising the Company about the closure of this Offer based on the Bid file, finalisation of the Basis of Allotment or weeding out of multiple applications, listing of Equity Shares, demat credit etc., including co-ordination with various agencies connected with the intermediaries such as registrars to this Offer; and • coordinating with Stock Exchanges and SEBI for release of 1% security deposit post-closure of this Offer.	BRLMs	YES Securities
12.	Preparation of the roadshow presentation, roadshow script, and FAQs.	BRLMs	YES Securities
13.	Payment of applicable STT on the sale of unlisted Equity Shares by the Selling Shareholder under this Offer for Sale included in this Offer to the Government and filing of the STT return by the prescribed due date as per Chapter VII of the Finance (no. 2) Act, 2004.	BRLMs	YES Securities

Even if any of these activities are being handled by other intermediaries, the BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with our Company.

Registrar to this Offer

ALANKIT ASSIGNMENTS LIMITED

Alankit House, 205-208, Anarkali Complex
Jhandewalan Extension
New Delhi -110 055, India
Tel: +91-11-4254 1234 / 1951 / 1952
Fax: +91-11-42541201
E-mail: grse_ipo@alankit.com
Investor grievance e-mail: grse_igr@alankit.com
Contact Person: Sachin Gupta/ S. Arunraj
Website: www.alankit.com
SEBI Registration No.: INR000002532

Indian Legal Counsel to our Company and the Selling Shareholder

SNG & PARTNERS
Advocates & Solicitors
One Bazar Lane, Bengali Market
New Delhi - 110 001, India
T: +91-11-43582000
F: +91-11-43582033
E-mail: projectajay@sngpartners.in

International Legal Counsel to our Company and the Selling Shareholder

PERKINS COIE LLP
500 N Akard Street, Suite 3300
Dallas, TX USA 75201
T: +1 214 965 7700
F: +1 214 965 7785
E-mail: ajay@perkinscoie.com

Indian Legal Counsel to the Book Running Lead Managers

LINK LEGAL INDIA LAW SERVICES
Thapar House, Central Wing
First Floor, 124 Janpath
New Delhi - 110 001, India
T: +91 11 4651 1000
F: +91 11 4651 1099
E-mail: project.ajay@linklegal.in

Statutory Auditors of our Company

M/S. G. P. AGRAWAL & CO.
Chartered Accountants
Level 2, Jitendra Chambers
7A, Kiran Shankar Ray Road
Kolkata - 700 001
West Bengal, India
T: +91-33-2248-3941/8338/7972
Firm Registration No.: 302082E
Email: mail@gpaco.net
Peer Review No.: 008448

Syndicate Members

The Book Running Lead Managers are the Syndicate Members.

Banker(s) to the Offer/ Public Offer Account/ Refund Bank

State Bank of India
Capital Market Branch
Mumbai Main Branch Building,
3rd Floor, Mumbai Samachar Marg,
Fort, Mumbai – 400023
Maharashtra
Tel.: +91 22-22719102
Fax: +91 22-22719126
E-mail: nib.11777@sbi.co.in/ dw.11777@sbi.co.in
Contact Person: Shri Indra Kant Chaurasia
Website: sbi.co.in
SEBI Registration No.: INBI00000038

HDFC Bank Limited
FIG-OPS Department- Lodha,
I Think Techno Campus,
0-3 Level, Next to Kanjurmarg,
Railway Station, Kanjurmarg (East)
Mumbai- 400042
Tel.: +91 22-30752927/28/2914
Fax: +91 22-25799801
E-mail: Vincent.dsouza@hdfcbank.com,
siddharth.jadhav@hdfcbank.com, prasanna.uchil@hdfcbank.com
Contact Person: Vincent Dsouza, Siddharth Jadhav and Prasanna Uchil
Website: www.hdfcbank.com
SEBI Registration No.: INBI00000063

Designated Intermediaries

Self-Certified Syndicate Banks

In relation to Bids submitted to a member of the Syndicate, the list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. For list of branches of the SCSBs named by the respective SCSBs to collect the ASBA Forms please refer to the above-mentioned link.

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com/downloads/ipo/List%20of%20SCSBs_MGL_170620161034.pdf and https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm respectively, as updated from time to time.

RTAs

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and email address, is provided on the websites of Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm respectively, as updated from time to time.

Bankers to our Company

Axis Bank 7, Shakespeare Sarani Kolkata - 700 071 Tel: 9748717477 Fax: 033-22822149 E mail: ankit.jain@axisbank.com Website: www.axisbank.com Contact Person: Ankit Jain	**HDFC Bank** Stephen House Branch, Kolkata - 700 001 Tel: 3330578201 Fax: 033-22814333 E mail: Vipul.banthia@hdfcbank.com Website: www.hdfcbank.com Contact Person: Vipul Banthia
ICICI Bank 20, R.N. Mukherjee Road, Kolkata -700 001 Tel: 8420117372 Fax: 033- 44075581 E mail: anupam.roy1@icicibank.com Website: www.icicibank.com Contact Person: Anupam Ray	**IDBI Bank** 44, Shakespeare Sarani, Kolkata - 700 017 Tel: 9546679977 Fax: 033- 66557815 E mail: Rajeev.kr@idbi.co.in Website: www.idbibank.com Contact Person: Rajeev Kumar
State Bank of India Commercial Branch, 24, Park Street, Kolkata - 700 016 Tel: 9674712071 Fax: 033-22293555 Email: sbi.07502@sbi.co.in Website: www.sbi.co.in Contact Person: Sourav Sharma	

IPO grading

No credit rating agency registered with SEBI has been appointed in respect of obtaining grading for this Offer.

Credit Rating

As this is an Offer of Equity Shares, the requirement of credit rating is not applicable.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors, namely, M/s G. P. Agrawal & Co., who hold a valid peer review certificate, for inclusion of the report on the restated audited financial statements in the form and context in which it will appear in this Red Herring Prospectus and the statement of tax benefits included on pages 203 and 105 respectively and to include its name as required under Section 26(1)(a)(v) of the Companies Act in this Red Herring Prospectus and as an "Auditor" or "Statutory Auditor" and "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the examination report dated August 21, 2018 of the Statutory Auditors on the restated audited financial statements of our Company as of and for Fiscal Years ended March 31, 2018, 2017, 2016, 2015, 2014 and 2013 and the statement of tax benefits dated August 21, 2018, included in this Red Herring Prospectus and such consents have not been withdrawn at the time of delivery of this Red Herring Prospectus to SEBI.

Trustees

As this is an Offer of Equity Shares, the requirement of appointment of trustees is not applicable.

Appraising Agencies

As this Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from this Offer. Accordingly, no appraising agency is appointed for this Offer.

Monitoring Agency

As this Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from this Offer. Accordingly, no monitoring agency is appointed for this Offer.

Book Building Process

Book building, in the context of this Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the ASBA Forms within the Price Band. The Price Band, minimum Bid lot size, rupee amount of the Retail Discount and the Employee Discount, as applicable will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and which shall be notified in all editions of English national daily newspaper Financial Express, all editions of Hindi national daily newspaper Jansatta and Kolkata edition of Bengali daily newspaper Dainik Statesman, Bengali being the regional language of West Bengal, where our registered office is located, each with wide circulation at least five (5) Working Days prior to the Bid/ Offer Opening Date. The Offer Price shall be determined by our Company and the Selling Shareholder, in consultation with the BRLMs after the Bid / Offer Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholder;
- the BRLMs;
- the Syndicate Member;
- the SCSBs;
- the Registered Brokers;
- the Registrar to this Offer;
- the RTAs; and
- the Collecting Depository Participants.

All potential Bidders can participate in this Offer only through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs.

In accordance with the SEBI ICDR Regulations, QIBs Bidding in the QIB Portion and Non-Institutional Investors Bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date.

Our Company confirms that it will comply with the SEBI ICDR Regulations and any other directions issued by SEBI for this Offer. The Selling Shareholder confirms that such Selling Shareholder will comply with the SEBI ICDR Regulations and any other directions issued by SEBI, as applicable, to the respective portion of their respective Equity Shares offered in this Offer for Sale.

The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in this Offer.

For further details, see *"Offer Structure" and "Offer Procedure"* on pages 432 and 436, respectively. For an illustration of the Book Building Process and the price discovery process, see *"Offer Procedure – Part B – Basis of Allocation"* on page 472.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

Steps to be taken by the Bidders for Bidding:

- Check eligibility for making a Bid. For further details, see "*Offer Procedure*" on page 452.
- Ensure that you have an active demat account and the demat account details are correctly mentioned in the ASBA Form;
- Ensure that the ASBA Form is duly completed as per the instructions stated in the Draft Red Herring

Prospectus, this Red Herring Prospectus and in the respective form;

- Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the State of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, are exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders (including without limitation, multilateral/ bilateral institutions) which are exempted, or may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the ASBA Form. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see "*Offer Procedure*" on page 43). The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims;
- Ensure the correctness of your PAN, DP ID, and Client ID and beneficiary account number given in the ASBA Form. Based on these parameters, the Registrar to this Offer will obtain details of the Bidders from the Depositories including the Bidder's name, bank account number etc., and the Stock Exchanges will validate the electronic Bid details with the Depositories records for PAN, DP ID and Client ID;
- Ensure correctness of your demographic details such as the address, the bank account details, occupation given in the ASBA Form, with the details recorded with your Depository Participant;
- Bids by Bidders will have to be submitted to the Designated Intermediaries in physical form. It may also be submitted in electronic form to the Designated Branches of the SCSBs only. Bidders should ensure that the ASBA Accounts have an adequate credit balance at the time of submission of the ASBA Forms to the Designated Intermediaries to ensure that the ASBA Form submitted by the Bidders is not rejected;
- Bids by all Bidders shall be submitted only through the ASBA process.

For further details, see the "*Offer Procedure*" on page 436.

Illustration of Book Building Process and the Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure – Part B – Basis of Allocation*" on page 472.

Withdrawal of the Offer

For details in relation to refund on withdrawal of this Offer, see "*Terms of the Offer – Withdrawal of the Offer*" on page 429.

Underwriting Agreement

After the determination of this Offer Price and allocation of the Offered Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholder shall enter into an Underwriting Agreement with the Underwriters for the Offered Shares proposed to be offered through this Offer. It is proposed that pursuant to the terms of such Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein. The Underwriting Agreement is dated [●] and has been approved by our Board of Directors / committee thereof and the Selling Shareholder.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(₹ in million)

Name, address, telephone, fax, and email of the Underwriters	Indicated number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

The above mentioned is indicative underwriting and will be finalised after pricing and actual allocation and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board of Directors and the Selling Shareholder (based on a certificate given by the Underwriters), the resources of the abovementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The Board of Directors or a committee thereof, at its meeting, held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall only be responsible for ensuring payment with respect to the Offered Shares allocated to the Bidders procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Offered Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The underwriting arrangements mentioned above shall not apply to the applications by the ASBA Bidders in the Issue, except for ASBA Bids procured by any member of the Syndicate.

CAPITAL STRUCTURE

The equity share capital of our Company as on the date of this Red Herring Prospectus is set forth below:

(in ₹, except share data)

		Aggregate nominal value	Aggregate value at Offer Price
A.	**AUTHORISED SHARE CAPITAL***		
	125,000,000 Equity Shares of the face value ₹10 each	1,250,000,000	-
B.	**ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL BEFORE THIS OFFER**		
	114,552,000 Equity Shares of the face value ₹10 each	1,145,520,000	-
C.	**PRESENT OFFER IN TERMS OF THIS RED HERRING PROSPECTUS WHICH CONSISTS OF:**		
	Offer for Sale of 29,210,760 Equity Shares by the Selling Shareholder of the face value ₹10 each of which:	292,107,600	[●]
	Employee Reservation Portion up to 572,760 Equity Shares of the face value ₹10 each	5,727,600	[●]
D.	**NET OFFER TO THE PUBLIC**		
	28,638,000 Equity Shares of the face value ₹10 each consisting of:	286,380,000	
	QIB Portion of not more than 14,319,000 Equity Shares of which	143,190,000	[●]
	Mutual Fund Portion of 715,950 Equity Shares	7,159,500	
	Non-Institutional Portion of not less than 4,295,700 Equity Shares	42,957,000	[●]
	Retail Portion of not less than 10,023,300 Equity Shares	100,233,000	[●]
E.	**ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL AFTER THIS OFFER**		
	114,552,000 Equity Shares of the face value ₹10 each	1,145,520,000	
F.	**SECURITIES PREMIUM ACCOUNT**		
	Before this Offer	Nil	
	After this Offer	Nil	

**For details on changes in authorized share capital of our Company, see "History and Certain Corporate Matters" on page 165.*

Our Board of Directors has approved this Offer pursuant to a resolution passed at their meeting held on February 28, 2018. The Selling Shareholder through its consent letter dated March 12, 2018 and September 6, 2018 conveyed the approval granted by the GoI for this Offer and its consent for inclusion of 29,210,760 Offered Shares of our Company held by the President of India, acting through the MoD.The Equity Shares under this Offer have been held by the Selling Shareholder for a period of at least one (1) year prior to the filing of this Red Herring Prospectus with SEBI in accordance with Regulation 26(6) of the SEBI ICDR Regulations and are eligible for being offered for sale in this Offer as required by the SEBI ICDR Regulation.

The Offer includes a reservation of up to 572,760 Equity Shares aggregating to ₹[●] million for subscription by Eligible Employees. The Offer less Employee Reservation Portion is referred to as the Net Offer. The Offer and the Net Offer will constitute 25.50% and 25.00% respectively, of the post Offer paid-up Equity Share capital of our Company. In the event the Equity shares offered to our Employees under the Employee Reservation, are not fully subscribed, the remaining unsubscribed portion of the Equity shares shall be offered to the public. The Selling Shareholder and our Company, in consultation with the BRLMs, may offer a discount of ₹5 on this Offer Price to the Retail Individual Bidders and the Eligible Employees bidding under the Employee Reservation Portion, respectively. The amount of Retail Discount and Employee Discount, as applicable, will be advertised in all newspapers wherein the Pre-Offer Advertisement will be published. For further details, see "Offer Procedure" on page 436 and 450.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Selling Shareholder and our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being *received at or above the Bid Price. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "Offer Structure" on page 432.*

Our Company was incorporated in 1934, under the Indian Companies Act, 1913 and was acquired by the GoI on May 19, 1960. The Capital Structure set out below reflects the Capital Structure built up from the date since our Company has become CPSE. The RoC filings pertaining to Equity Share allotments made by our Company from 1934 to 1994 are not traceable. Please refer to the section on "*Risk Factors - We do not have access to records and data pertaining to certain historical legal and secretarial information in relation to certain disclosures*" on page 28.

Since this Offer is in the nature of a pure offer for sale, there will not be any change in the paid-up capital and subscribed capital after this Offer.

Notes to the Capital Structure:

1. Equity Share capital history of our Company:

Date of Allotment/ Buy Back Closure	Number of Equity Shares	Face Value (in ₹)	Issue Price/Buy Back per Equity Share (in ₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (in ₹)
May 19, 1960	70,000	100	-(1)	-(1)	Transfer to our Promoter and its Nominees	70,000	7,000,000
February 23, 1962	10,000	100	100	Cash	Allotment to our Promoter	80,000	8,000,000
July 3, 1964	10,000	100	100	Cash	Allotment to our Promoter	90,000	9,000,000
May 14, 1965	10,000	100	100	Cash	Allotment to our Promoter	100,000	10,000,000
July 15, 1966	10,000	100	100	Cash	Allotment to our Promoter	110,000	11,000,000
November 25, 1966	10,000	100	100	Cash	Allotment to our Promoter	120,000	12,000,000
January 15, 1968	30,000	100	100	Cash	Allotment to our Promoter	150,000	15,000,000
September 12, 1968	100,000	100	100	Cash	Allotment to our Promoter	250,000	25,000,000
December 31, 1969	50,000	100	100	Cash	Allotment to our Promoter	300,000	30,000,000
July 6, 1971	50,000	100	100	Cash	Allotment to our Promoter	350,000	35,000,000
July 28, 1972	100,000	100	100	Cash	Allotment to our Promoter	450,000	45,000,000
May 25, 1973	50,000	100	100	Cash	Allotment to our Promoter	500,000	50,000,000
January 11, 1974	50,000	100	100	Cash	Allotment to our Promoter	550,000	55,000,000
May 22, 1974	150,000	100	100	Cash	Allotment to our Promoter	700,000	70,000,000
June 19, 1975	110,000	100	100	Cash	Allotment to our Promoter	810,000	81,000,000

Date of Allotment/ Buy Back Closure	Number of Equity Shares	Face Value (in ₹)	Issue Price/Buy Back per Equity Share (in ₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (in ₹)
November 13, 1975	100,000	100	100	Cash	Allotment to our Promoter	910,000	91,000,000
February 6, 1976	90,000	100	100	Cash	Allotment to our Promoter	1,000,000	100,000,000
September 25, 1976	200,000	100	100	Cash	Allotment to our Promoter	1,200,000	120,000,000
December 18, 1976	200,000	100	100	Cash	Allotment to our Promoter	1,400,000	140,000,000
August 11, 1977	300,000	100	100	Cash	Allotment to our Promoter	1,700,000	170,000,000
January 24, 1978[(2)]	200,000	100	100	Cash	Allotment to our Promoter	1,900,000	190,000,000
August 16, 1978	100,000	100	100	Cash	Allotment to our Promoter	2,000,000	200,000,000
December 16, 1978	150,000	100	100	Cash	Allotment to our Promoter	2,150,000	215,000,000
November 15, 1979	150,000	100	100	Cash	Allotment to our Promoter	2,300,000	230,000,000
September 4, 1980	190,000	100	100	Cash	Allotment to our Promoter	2,490,000	249,000,000
August 4, 1981	50,000	100	100	Cash	Allotment to our Promoter	2,540,000	254,000,000
March 12, 1982	200,000	100	100	Cash	Allotment to our Promoter	2,740,000	274,000,000
August 11, 1982	50,000	100	100	Cash	Allotment to our Promoter	2,790,000	279,000,000
November 18, 1983	200,000	100	100	Cash	Allotment to our Promoter	2,990,000	299,000,000
November 18, 1983	175,000	100	100	Cash	Allotment to our Promoter	3,165,000	316,500,000
February 17, 1984	150,000	100	100	Cash	Allotment to our Promoter	3,315,000	331,500,000
May 18, 1984	75,000	100	100	Cash	Allotment to our Promoter	3,390,000	339,000,000
August 3, 1984	150,000	100	100	Cash	Allotment to our Promoter	3,540,000	354,000,000
April 29, 1985	250,000	100	100	Cash	Allotment to our Promoter	3,790,000	379,000,000
January 2, 1986	300,000	100	100	Cash	Allotment to our Promoter	4,090,000	409,000,000
August 23,1986	300,000	100	100	Cash	Allotment to our Promoter	4,390,000	439,000,000
March 7, 1987	100,000	100	100	Cash	Allotment to our Promoter	4,490,000	449,000,000

Date of Allotment/ Buy Back Closure	Number of Equity Shares	Face Value (in ₹)	Issue Price/Buy Back per Equity Share (in ₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (in ₹)
March 3, 1988	300,000	100	100	Cash	Allotment to our Promoter	4,790,000	479,000,000
March 3, 1988(2)	4,079,000	100	100	Cash	Allotment to our Promoter	8,869,000	886,900,000
May 6, 1988	200,000	100	100	Cash	Allotment to our Promoter	9,069,000	906,900,000
August 20, 1988	300,000	100	100	Cash	Allotment to our Promoter	9,369,000	936,900,000
March 3, 1989	200,000	100	100	Cash	Allotment to our Promoter	9,569,000	956,900,000
June 26, 1989	250,000	100	100	Cash	Allotment to our Promoter	9,819,000	981,900,000
December 8, 1989	181,000	100	100	Cash	Allotment to our Promoter	10,000,000	1,000,000,000
March 24, 1990	519,000	100	100	Cash	Allotment to our Promoter	10,519,000	1,051,900,000
August 13, 1990	600,000	100	100	Cash	Allotment to our Promoter	11,119,000	1,111,900,000
March 17, 1992	665,000	100	100	Cash	Allotment to our Promoter	11,784,000	1,178,400,000
March 19, 1993	400,000	100	100	Cash	Allotment to our Promoter	12,184,000	1,218,400,000
November 22, 1994	200,000	100	100	Cash	Allotment to our Promoter	12,384,000	1,238,400,000
With effect from August 25, 2017, 12,384,000 Equity Shares of face value of ₹100 each were split into 123,840,000 Equity Shares of the face value of ₹10 each.							
August 25, 2017	123,840,000	10	-	Sub-division of Equity Shares	-	123,840,000	1,238,400,000
January 2, 2018	(9,288,000)	10	83.58	Buyback of Equity Shares(3)	Buyback by our Company of Equity Shares from the shareholders	114,552,000	1,145,520,000

(1) *We have been unable to ascertain the acquisition price and the nature of consideration for the transfer due to non-availability of the share transfer deeds. Please refer "Risk Factors - We do not have access to records and data pertaining to certain historical legal and secretarial information in relation to certain disclosures" on page 28. These shares were acquired by our Company from MacNeill & Barry in the year 1960.*

(2) *For further details on Equity Shares issued on conversion of working capital loans into Equity Shares, please refer to the table below.*

(3) *Buyback of 7.5% of the paid-up Equity Share capital comprising of 9,288,000 Equity Shares by our Company at a price of ₹83.58 per Equity Share from the Promoter of our Company as authorized by our Board of Directors through a resolution dated December 6, 2017.*

Details of conversion of working capital loans into Equity Shares:

Date of allotment/ date when fully paid-up	No. of Equity Shares	Face Value (₹)	Persons to whom the Equity Shares were issued	Reason for allotment/Benefits to our Company
January 24, 1978	200,000	100	Allotment to our Promoter	Shares allotted against conversion of working capital loans
March 3, 1988	4,079,000	100	Allotment to our Promoter	Shares allotted against conversion of working capital loans

2. Our Company has not issued any preference shares since our incorporation and hence, there are no

outstanding preference shares as on the date of this RHP.

3. Our Company has not allotted any shares in terms of any scheme approved under Section 391 and 394 of the Companies Act, 1956 and Section 230-232 of the Companies Act, 2013.

4. Our Company has not issued any Equity Shares out of its revaluation reserves.

5. Our Company has not made any issue of specified securities at a price that may be lower than the Offer Price during the preceding one (1) year from the date of this Red Herring Prospectus.

6. Our Company presently does not have any intention or proposal to alter the capital structure for a period of six (6) months from the date of opening of this Offer, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for the Equity Shares) whether by way of preferential issue or bonus or right issue or further public issue of Equity Shares or qualified institutions placement or otherwise.

7. Build-up of Promoter's shareholding and Lock-in:

As on date of this Red Herring Prospectus, our Promoter along with its nominees holds 114,552,000 Equity Shares, equivalent to 100% of the issued, subscribed and paid-up Equity Share capital of our Company.

(a) Details of the build-up of our Promoter's shareholding in our Company:

Date of Allotment / Date on which fully Paid-up/ Date of Buy Back Closure	Number of Equity Shares	Face Value in (₹)	Issue Price per Equity Share (in ₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative number of Equity Shares	Percentage of total pre-Offer paid-up capital	Percentage of total post-Offer paid-up capital
May 19, 1960	70,000	100	-[(1)]	-[(1)]	Transfer to our Promoter and its Nominees	70,000	0.61%	0.61%
February 23, 1962	10,000	100	100	Cash	Allotment to our Promoter	80,000	0.08%	0.08%
July 3, 1964	10,000	100	100	Cash	Allotment to our Promoter	90,000	0.08%	0.08%
May 14, 1965	10,000	100	100	Cash	Allotment to our Promoter	100,000	0.08%	0.08%
July 15, 1966	10,000	100	100	Cash	Allotment to our Promoter	110,000	0.08%	0.08%
November 25, 1966	10,000	100	100	Cash	Allotment to our Promoter	120,000	0.08%	0.08%
January 15, 1968	30,000	100	100	Cash	Allotment to our Promoter	150,000	0.26%	0.26%
September 12, 1968	100,000	100	100	Cash	Allotment to our Promoter	250,000	0.87%	0.87%
December 31, 1969	50,000	100	100	Cash	Allotment to our Promoter	300,000	0.43%	0.43%
July 6, 1971	50,000	100	100	Cash	Allotment to our Promoter	350,000	0.43%	0.43%
July 28, 1972	100,000	100	100	Cash	Allotment	450,000	0.87%	0.87%

Date of Allotment / Date on which fully Paid-up/ Date of Buy Back Closure	Number of Equity Shares	Face Value in (₹)	Issue Price per Equity Share (in ₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative number of Equity Shares	Percentage of total pre-Offer paid-up capital	Percentage of total post-Offer paid-up capital
					to our Promoter			
May 25, 1973	50,000	100	100	Cash	Allotment to our Promoter	500,000	0.43%	0.43%
January 11, 1974	50,000	100	100	Cash	Allotment to our Promoter	550,000	0.43%	0.43%
May 22, 1974	150,000	100	100	Cash	Allotment to our Promoter	700,000	1.31%	1.31%
June 19, 1975	110,000	100	100	Cash	Allotment to our Promoter	810,000	0.96%	0.96%
November 13, 1975	100,000	100	100	Cash	Allotment to our Promoter	910,000	0.87%	0.87%
February 6, 1976	90,000	100	100	Cash	Allotment to our Promoter	1,000,000	0.78%	0.78%
September 25, 1976	200,000	100	100	Cash	Allotment to our Promoter	1,200,000	1.74%	1.74%
December 18, 1976	200,000	100	100	Cash	Allotment to our Promoter	1,400,000	1.74%	1.74%
August 11, 1977	300,000	100	100	Cash	Allotment to our Promoter	1,700,000	2.61%	2.61%
January 24, 1978(2)	200,000	100	100	Cash	Allotment to our Promoter	1,900,000	1.74%	1.74%
August 16, 1978	100,000	100	100	Cash	Allotment to our Promoter	2,000,000	0.87%	0.87%
December 16, 1978	150,000	100	100	Cash	Allotment to our Promoter	2,150,000	1.31%	1.31%
November 15, 1979	150,000	100	100	Cash	Allotment to our Promoter	2,300,000	1.31%	1.31%
September 4, 1980	190,000	100	100	Cash	Allotment to our Promoter	2,490,000	1.65%	1.65%
August 4, 1981	50,000	100	100	Cash	Allotment to our Promoter	2,540,000	0.44%	0.44%
March 12, 1982	200,000	100	100	Cash	Allotment to our Promoter	2,740,000	1.74%	1.74%
August 11, 1982	50,000	100	100	Cash	Allotment to our Promoter	2,790,000	0.44%	0.44%
November 18, 1983	200,000	100	100	Cash	Allotment to our Promoter	2,990,000	1.74%	1.74%
November 18, 1983	175,000	100	100	Cash	Allotment to our Promoter	3,165,000	1.52%	1.52%

Date of Allotment / Date on which fully Paid-up/ Date of Buy Back Closure	Number of Equity Shares	Face Value in (₹)	Issue Price per Equity Share (in ₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative number of Equity Shares	Percentage of total pre-Offer paid-up capital	Percentage of total post-Offer paid-up capital
February 17, 1984	150,000	100	100	Cash	Allotment to our Promoter	3,315,000	1.31%	1.31%
May 18, 1984	75,000	100	100	Cash	Allotment to our Promoter	3,390,000	0.65%	0.65%
August 3, 1984	150,000	100	100	Cash	Allotment to our Promoter	3,540,000	1.31%	1.31%
April 29, 1985	250,000	100	100	Cash	Allotment to our Promoter	3,790,000	2.18%	2.18%
January 2, 1986	300,000	100	100	Cash	Allotment to our Promoter	4,090,000	2.62%	2.62%
August 23, 1986	300,000	100	100	Cash	Allotment to our Promoter	4,390,000	2.62%	2.62%
March 7, 1987	100,000	100	100	Cash	Allotment to our Promoter	4,490,000	0.87%	0.87%
March 3, 1988	300,000	100	100	Cash	Allotment to our Promoter	4,790,000	2.62%	2.62%
March 3, 1988(2)	4,079,000	100	100	Cash	Allotment to our Promoter	8,869,000	35.61%	35.61%
May 6, 1988	200,000	100	100	Cash	Allotment to our Promoter	9,069,000	1.75%	1.75%
August 20, 1988	300,000	100	100	Cash	Allotment to our Promoter	9,369,000	2.62%	2.62%
March 3, 1989	200,000	100	100	Cash	Allotment to our Promoter	9,569,000	1.75%	1.75%
June 26, 1989	250,000	100	100	Cash	Allotment to our Promoter	9,819,000	2.18%	2.18%
December 8, 1989	181,000	100	100	Cash	Allotment to our Promoter	10,000,000	1.58%	1.58%
March 24, 1990	519,000	100	100	Cash	Allotment to our Promoter	10,519,000	4.53%	4.53%
August 13, 1990	600,000	100	100	Cash	Allotment to our Promoter	11,119,000	5.23%	5.23%
March 17, 1992	665,000	100	100	Cash	Allotment to our Promoter	11,784,000	5.81%	5.81%
March 19, 1993	400,000	100	100	Cash	Allotment to our Promoter	12,184,000	3.49%	3.49%
November 22, 1994	200,000	100	100	Cash	Allotment to our Promoter	12,384,000	1.75%	1.75%
With effect from August 25, 2017, 12,384,000 number of Equity Shares of face value of ₹100 each held by our Promoter along with its Nominees were split into 123,840,000 number of Equity Shares of the face value of ₹10 each.								

Date of Allotment / Date on which fully Paid-up/ Date of Buy Back Closure	Number of Equity Shares	Face Value in (₹)	Issue Price per Equity Share (in ₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative number of Equity Shares	Percentage of total pre-Offer paid-up capital	Percentage of total post-Offer paid-up capital
August 25, 2017	12,384,000	10	-	Sub-division of Equity Shares	-	123,840,000	-	-
January 2, 2018	(9,288,000)	10	83.58	Buyback of Equity Shares[3]	Buyback by our Company of Equity Shares from the shareholders	114,552,000	(8.11%)	(8.11%)

(1) *We have been unable to ascertain the acquisition price and the nature of consideration for the transfer due to non-availability of the share transfer deeds. Please refer "Risk Factors - We do not have access to records and data pertaining to certain historical legal and secretarial information in relation to certain disclosures" on page 28.*

(2) *Please refer to the table above for details of conversion of loan into Equity Shares by our Promoter.*

(3) *Buyback of 7.5% of the paid-up Equity Share capital comprising of 9,288,000 Equity Shares by our Company at a price of ₹83.58 per Equity Share from the Promoter of our Company as authorized by our Board of Directors through a resolution dated December 6, 2017.*

(b) Pledge of Equity Shares

As on the date of filing of the RHP, none of the Equity Shares of our Company have been pledged.

(c) Details of Promoter's contribution locked in for three (3) years:

As per Regulation 32(1)(a) and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the post-Offer equity share capital of our Company held by our Promoter shall be considered as promoter's contribution and locked in for a period of three (3) years from the date of Allotment ("**Promoter's Contribution**") and our Promoters' holding in excess of 20% shall be locked in for a period of one (1) year.

The MoD, pursuant to its letter dated March 12, 2018 granted consent to include 20% of the paid-up Equity Share capital of our Company held by them as Promoter's Contribution and have agreed not to sell or transfer, charge or pledge or otherwise encumber in any manner, the Promoter's Contribution from the date of filing of this Red Herring Prospectus until the commencement of the lock- in period specified above.

The MoD has confirmed to our Company and the BRLMs that the acquisition of Equity Shares (constituting the 20% of the fully diluted post-Offer equity share capital of our Company) has been financed from the consolidated fund of India and no loans or financial assistance from any bank or financial institution has been availed for such purpose.

Details of Promoter's shareholding that is eligible for Promoter's contribution is as provided below:

Date of allotment/ transfer or when the Equity Shares were made fully paid-up	No. of Equity Shares locked – in	Face value (₹)*	Offer/ Acquisition price per Equity Share (₹)	% of post-Offer Capital**	Consideration	Nature of Transaction
June 19, 1975	5,040	100	100	0.04	Cash	Allotment to our Promoter
November 13, 1975	100,000	100	100	0.87	Cash	Allotment to our Promoter
February 6, 1976	90,000	100	100	0.79	Cash	Allotment to our Promoter
September 25, 1976	200,000	100	100	1.75	Cash	Allotment to our Promoter
December 18, 1976	200,000	100	100	1.75	Cash	Allotment to our

Date of allotment/ transfer or when the Equity Shares were made fully paid-up	No. of Equity Shares locked – in	Face value (₹)*	Offer/ Acquisition price per Equity Share (₹)	% of post-Offer Capital**	Consideration	Nature of Transaction
						Promoter
August 11, 1977	300,000	100	100	2.62	Cash	Allotment to our Promoter
January 24, 1978	200,000	100	100	1.75	Cash	Allotment to our Promoter
August 16, 1978	100,000	100	100	0.87	Cash	Allotment to our Promoter
December 16, 1978	150,000	100	100	1.31	Cash	Allotment to our Promoter
November 15, 1979	150,000	100	100	1.31	Cash	Allotment to our Promoter
September 4, 1980	190,000	100	100	1.66	Cash	Allotment to our Promoter
August 4, 1981	50,000	100	100	0.44	Cash	Allotment to our Promoter
March 12, 1982	200,000	100	100	1.75	Cash	Allotment to our Promoter
August 11, 1982	50,000	100	100	0.44	Cash	Allotment to our Promoter
November 18, 1983	200,000	100	100	1.75	Cash	Allotment to our Promoter
November 18, 1983	106,000	100	100	0.93	Cash	Allotment to our Promoter
Total	**2,291,040**			**20.00%**		

** With effect from August 25, 2017, 12,384,000 number of Equity Shares of face value of ₹100 each held by our Promoter along with its Nominees were split into 123,840,000 number of Equity Shares of the face value of ₹10 each.*
*** The percentage of post offer capital based on face value of ₹10 per Equity Share.*

For further discussion, please refer "*Risk Factors - We do not have access to records and data pertaining to certain historical, legal, and secretarial information in relation to certain disclosures*" on page 28.

All Equity Shares, which are considered for the purposes of the Promoter's Contribution, are eligible as per the SEBI ICDR Regulations.

The minimum Promoter's contribution has been brought in to the extent of not less than the specified minimum lot and from the 'Promoter' as required under the SEBI ICDR Regulations. All Equity Shares offered as minimum Promoters' contribution were fully paid-up at the time of their issue.

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's Contribution under regulation 33 of the SEBI ICDR Regulations. In this connection, we confirm the following:

(i) The Equity Shares offered for Promoter's Contribution are not acquired in the last three (3) years from the date of this Red Herring Prospectus: (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's Contribution;

(ii) The Equity Shares offered for Promoter's Contribution does not include any Equity Shares acquired during the preceding one (1) year at a price lower than the price at which equity shares are being offered to the public in this Offer;

(iii) The Equity Shares offered for Promoter's Contribution have not been formed by the conversion of partnership firm into a company;

(iv) The Equity Shares offered for Promoter's Contribution are not subject to any pledge; and

(v) The Equity Shares offered for Promoter’s Contribution does not consist of Equity Shares for which specific written consent has not been obtained from our Promoter for inclusion of its subscription in the minimum Promoter’s Contribution subject to lock-in.

The Company has dematerialised its Equity Shares held by the Promoter (other than the Equity Shares held by the nominees of the GoI). Sixty (60) Equity Shares which are held by six (6) nominees of the GoI would continue to be held by them in physical form till the Offer is concluded. These sixty (60) Equity Shares would be transferred to the Promoter and dematerialized post listing of Equity Shares.

(d) Details of other equity share capital locked-in for one (1) year:

In terms of Regulation 37 of SEBI ICDR Regulations and in addition to the above Equity Shares (forming part of the Promoter’s Contribution) that are locked-in for three (3) years, the entire pre-Offer share capital of our Company excluding the Equity Shares sold in this Offer for Sale, will be locked-in for a period of one (1) year from the date of Allotment in this Offer, excluding the Equity Shares that are Allotted pursuant to this Offer.

(e) Other requirements in respect of lock-in:

In terms of Regulation 39 of SEBI ICDR Regulations, Equity Shares held by our Promoter which are locked in for a period of one (1) year may be pledged only with scheduled commercial banks or PFIs as collateral security for loans granted by such banks or financial institutions, provided that the (i) pledge of the Equity Shares is one of the terms of the sanction of the loan; and (ii) if the Equity Shares are locked-in as Promoter’s contribution for three (3) years under Regulation 36(a) of the SEBI ICDR Regulations, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted by the scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of this Offer.

The Equity Shares held by our Promoter may be transferred to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations.

8. Shareholding Pattern of our Company as on the date of this Red Herring Prospectus:
Pursuant to Regulation 31 of the SEBI Listing Regulations, the holding of specified securities is divided into the following three (3) categories:

(a) Promoter and Promoter Group;

(b) Public; and

(c) Non-Promoter – Non-Public

Summary statement showing shareholding of Equity Shares as on date of this Red Herring Prospectus

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of Partly paid- up Equity Shares held (V)	No. of shares underlying Depository Receipts (VI)	Total no. of shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)		No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)	Number of Shares pledged or otherwise encumbered (XIII)	Number of Equity Shares held in dematerialised form** (XIV)
								No of Voting Rights Class – Equity Shares	Total as a % of (A+B+C)			No. (a) As a % of total Shares held (b)	No. (a) As a % of total Shares held (b)	
(A)	**Promoter and Promoter Group***	7	114,552,000	-	-	114,552,000	100.00%	114,552,000	100.00%	-	100.00%	-	-	114,551,940
(B)	**Public**	-	-	-	-	-	-	-		-	-	-	-	-
(C)	**Non-Promoter-Non-Public**	-	-	-	-	-	-	-		-	-	-	-	-
(C1)	**Shares underlying DRs**	-	-	-	-	-	-	-		-	-	-	-	-
(C2)	**Shares held by Employee Trusts**	-	-	-	-	-	-	-		-	-	-	-	-
(C3)	**Shares underlying ESOP's**	-	-	-	-	-	-	-		-	-	-	-	-
	Total	**7**	**114,552,000**	**-**	**-**	**114,552,000**	**100.00%**	**114,552,000**	**100.00%**	**-**	**100.00%**	-	-	114,551,940

**The President of India holds 100% of the Equity Shares of our Company out of which 114,551,940 number of Equity Shares are held by the President of India and Ashok Kumar Gupta, Ashwani Kumar Mahajan, Barun Mitra, Vijayendra, RAdm Vipin Kumar Saxena (Retired) and Sadhna Khanna holds ten (10) number of Equity Shares each as nominees of the President of India.*
*** All of our Equity Shares except the shares held by the nominees of the President of India have been dematerialised.*

Statement showing shareholding pattern of the Promoter and Promoter group

Our Promoter is the President of India acting through the MoD. Our Promoter, along with its nominees, currently holds 100% of the pre-Offer paid-up equity share capital of our Company. Assuming the sale of all Offered Shares, pursuant to this Offer, our Promoter shall hold 74.50% of the post-Offer paid-up equity share capital of our Company. As our Promoter is the President of India, acting through the MoD, disclosures on the Promoter Group (defined in Regulation 2(zb) of the SEBI ICDR Regulations) as specified in Schedule VIII of the SEBI ICDR Regulations have not been provided.

9. The Offer includes a reservation of up to 572,760 Equity Shares aggregating to ₹[●] million for subscription by Eligible Employees. The Offer less Employee Reservation Portion is referred to as the Net Offer. The Offer and the Net Offer will constitute 25.50% and 25.00% respectively, of the post Offer paid-up Equity Share capital of our Company. Employee Reservation Portion has been reserved for allocation to Eligible Employees on a proportionate basis, subject to valid Bids being received at this Offer Price and subject to the maximum Bid Amount by each Eligible Employee not exceeding ₹500,000 on a net basis. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (which will be less Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount). Only Eligible Employees are eligible to apply in this Offer under the Employee Reservation Portion. Bids by Eligible Employees bidding under the Employee Reservation Portion may also be made in the Net Offer and such Bids will not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 572,760 Equity Shares at this Offer Price, allocation will be made on a proportionate basis.

10. Any unsubscribed portion in employee reservation category shall be added to the Net Offer. Under subscription, if any, in Non-Institutional Bidders and Retail Individual Investors, would be met with spill over from any other categories or combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. Any inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines. In the event of under-subscription in the Net Offer (except the QIB Portion), spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to the Net Offer.

11. The list of top ten (10) shareholders of our Company and the number of Equity Shares held by them is as under:

(a) *Top ten (10) shareholders as on the date of this Red Herring Prospectus:*

Name of the Shareholders	Number of Equity Shares	% of pre-Offer Share Capital
The President of India	114,551,940	100%
Ajay Kumar*	10	Negligible
Ashwani Kumar Mahajan*	10	Negligible
Barun Mitra*	10	Negligible
Vijayendra*	10	Negligible
RAdm (Retired) Vipin Kumar Saxena*	10	Negligible
Sadhana Khanna*	10	Negligible

**As a nominee of our Promoter*

(b) *Top ten (10) shareholders as on ten (10) days before this Red Herring Prospectus:*

Name of the Shareholders	Number of Equity Shares	% of pre-Offer Share Capital
The President of India	114,551,940	100%
Ajay Kumar*	10	Negligible
Ashwani Kumar Mahajan*	10	Negligible
Barun Mitra*	10	Negligible
Vijayendra*	10	Negligible
RAdm (Retired) Vipin Kumar Saxena*	10	Negligible
Sadhana Khanna*	10	Negligible

*As a nominee of our Promoter

(c) *Top ten (10) shareholders as on two (2) years before the date of filing of this Red Herring Prospectus*

Name of the Shareholders	Number of Equity Shares	% of pre-Offer Share Capital
The President of India	12,383,995	100%
Ashok Kumar Gupta*	01	Negligible
P K Kataria*	01	Negligible
Bharat Khera*	01	Negligible
Sabyasachi Sen*	01	Negligible
RAdm A K Verma*	01	Negligible

*As a nominee of our Promoter

12. Neither our Promoter nor our Directors and their immediate relatives have purchased or sold any Equity Shares during the period of six (6) months immediately preceding the date of filing of this Red Herring Prospectus.

13. The list of Directors and the KMPs who hold shares of our Company:

Name of the Shareholders	Designation	Number of Equity Shares
RAdm Vipin Kumar Saxena IN (Retired) as a Nominee of the President of India	Chairman & Managing Director	10
Ashwani Kumar Mahajan as a Nominee of the President of India	Government Nominee Director	10

14. None of our Directors hold Equity Shares of our Company in their individual capacities. None of our KMPs hold Equity Shares in our Company in their individual capacities.

15. The total number of holders of the Equity Shares as on the date of this Red Herring Prospectus is seven (7) consisting of the President of India and its nominees.

16. Our Promoter, our Company, our Directors and the BRLMs have not entered into any buyback or standby arrangements or any other similar arrangement for purchase of Equity Shares from any person, being offered in this Offer.

17. As on the date of this Red Herring Prospectus, the BRLMs and/or their associates do not hold any Equity Shares.

18. There will be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

19. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchanges.

20. There has been no financing arrangement by which the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six (6) months immediately preceding the date of filing of this Red Herring Prospectus with the SEBI.

21. None of our Equity Shares are subject to any pledge.

22. The Equity Shares, including the Equity Shares being offered in this Offer for Sale, are fully paid-up and there are no partly paid-up Equity Shares.

23. Our Company does not currently have any employee stock option scheme / employee stock purchase scheme for our employees.

24. The Offer is being made pursuant to Rule 19(2)(b) of SCRR read with Regulation 41(1) of the SEBI ICDR Regulations. Our Company is eligible for this Offer in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Offer is being made through the Book Building Process where in upto 50% of the Net Offer shall be available for allocation to QIBs on a proportionate basis. 5% of the QIB Portion shall be available on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation to all QIBs including Mutual Funds, subject to valid Bids being received at or above this Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors, subject to valid Bids being received at or above this Offer Price. The allotment of Equity Shares to each Retail Individual Investor shall not be less than minimum Bid Lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on proportionate basis.

25. Our Company has not made any public issue of its Equity Shares or rights issue of any kind or class of securities since its incorporation.

26. No person connected with this Offer, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, the Selling Shareholder, our Directors and our KMPs, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

27. There are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares after this Offer.

28. An oversubscription to the extent of 10% of the Net Offer can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.

29. Our Company shall ensure that transactions in the Equity Shares by our Promoter between the date of registering the Red Herring Prospectus with the RoC and the Bid/ Offer Closing Date, if any, shall be reported to the Stock Exchanges within twenty-four (24) hours of such transaction.

30. Except to the extent of tendering Equity Shares in this Offer as the Selling Shareholder, our Promoter will not participate in this Offer.

31. No payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by us or our Promoter to the persons who are Allotted Equity Shares.

OBJECTS OF THE OFFER

The objects of this Offer are: (i) to carry out the disinvestment of 29,210,760 Equity Shares by the Selling Shareholder; and (ii) to achieve the benefits of listing the Equity Shares on the Stock Exchanges. Our Company will not receive any proceeds from this Offer and all proceeds shall go to the Selling Shareholder.

Offer related expenses

The total expenses of this Offer are estimated to be approximate ₹[●] million. The expenses of this Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal expenses, statutory advertisement expenses, registrar and depository fees and listing fees.

All Offer related expenses shall be borne by the Selling Shareholder through the DIPAM. However, expenses in relation to: (i) the filing fees to SEBI; (ii) NSE/ BSE charges for use of software for the book building; (iii) payments required to be made to Depository or the Depository Participants for transfer of shares to the beneficiaries account; and (iv) payments required to be made to Stock Exchange for initial processing, filling and listing of Equity Shares but on a reimbursable basis from our Company/ DIPAM; and printing and stationery expenses, shall be borne by the BRLMs. Payments, if any, made by our Company in relation to this Offer shall be on behalf of the Selling Shareholder and such payments will be reimbursed to our Company.

The estimated Offer expenses are as under:

S. No.	Activity	Estimated amount* (₹ in million)	As a % of total estimated Offer expenses*	As a % of Offer size*
1.	Payment to BRLMs (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
2.	Commission and processing fees for SCSBs(1) brokerage, bidding charges and selling commission for Syndicate Members, Registered Brokers, RTAs and CDPs (2)(3)	[●]	[●]	[●]
3.	**Others:** i. Other regulatory expenses ii. Advertising and marketing for this Offer iii. Fees payable to Legal Counsels iv. Miscellaneous	[●]	[●]	[●]
	Total estimated Offer expenses	[●]	[●]	[●]

**To be incorporated in the Prospectus after finalisation of the Offer Price.*

Selling commission on the Retail Portion, Non-Institutional Portion and the Employee Reservation Portion which are procured by Members of the Syndicate (including their Sub-Syndicate Members) would be as follows:

Retail Portion	*0.35% of the amount Allotted* (plus applicable GST)*
Non-Institutional Portion	*0.15% of the amount Allotted* (plus applicable GST)*
Employee Reservation Portion	*0.25% of the amount Allotted* (plus applicable GST)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

SCSBs

Selling commission payable to the SCSBs on the Retail Portion, Non-Institutional Portion and Employee Reservation Portion which are directly procured by them would be as follows:

Retail Portion	*0.35% of the amount Allotted* (plus applicable GST)*
Non-Institutional Portion	*0.15% of the amount Allotted* (plus applicable GST)*
Employee Reservation Portion	*0.25% of the amount Allotted* (plus applicable GST)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

No additional bidding charges shall be payable by the Company and the Selling Shareholder to the SCSBs on the applications directly procured by them.

Registered Brokers

Selling commission payable to the Registered Brokers on the Retail Portion, Non-Institutional Portion and Employee Reservation Portion, which are directly procured by the Registered Brokers and submitted to SCSBs for processing, would be as follows:

Retail Portion	*₹10 per valid application* (plus applicable GST)*
Non-Institutional Portion	*₹10 per valid application* (plus applicable GST)*
Employee Reservation Portion	*₹10 per valid application* (plus applicable GST)*

**Based on valid applications*

The total selling commission payable to Registered Brokers will be subject to a maximum cap of ₹0.10 million (plus applicable GST). In case the total selling commission payable to Registered Brokers exceeds ₹0.10 million, then the amount payable to Registered Brokers would be proportionately distributed based on the number of valid applications such that the total selling commission payable does not exceed ₹0.10 million.

RTAs and CDPs

Selling commission payable to the RTAs and CDPs on the Retail Portion, Non-Institutional Portion and Employee Reservation Portion which are directly procured by the RTAs or CDPs and submitted to SCSBs for processing, would be as follows:

Retail Portion	*0.35% of the amount Allotted* (plus applicable GST)*
Non-Institutional Portion	*0.15% of the amount Allotted* (plus applicable GST)*
Employee Reservation Portion	*0.25% of the amount Allotted* (plus applicable GST)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

ASBA processing fees to SCSBs

Processing fees payable to the SCSBs on the Retail Portion, Non-Institutional Portion and Employee Reservation Portion which are procured by the Members of the Syndicate/ Sub-Syndicate Members / Registered Brokers/ RTAs/ CDPs and submitted to SCSBs for blocking, would be as follows:

Retail Portion	*₹10.00 per valid ASBA Form* (plus applicable GST)*
Non-Institutional Portion	*₹10.00 per valid ASBA Form* (plus applicable GST)*
Employee Reservation Portion	*₹10.00 per valid ASBA Form* (plus applicable GST)*

**For each valid application.*

SCSBs will be entitled to a processing fee of ₹10 (plus applicable GST), per valid ASBA Form, subject to total ASBA processing fees being maximum of ₹1.0 million (plus applicable GST), for processing ASBA Forms procured by Members of the Syndicate, Sub-Syndicate Members, Registered Brokers, RTAs or CDPs from Retail Individual Bidders and Non-Institutional Bidders and submitted to the SCSBs. In case the total ASBA processing charges payable to SCSBs exceeds ₹1.0 million, the amount payable to SCSBs would be proportionately distributed based on the number of valid applications such that the total ASBA processing charges payable does not exceed ₹1.0 million.

Important Note:

(a) The brokerage / selling commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the ASBA Form number / series, provided that the application has been bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, has been bid by an SCSB, the brokerage / selling commission will be payable to the SCSB and not to the Syndicate / Sub-Syndicate Member.

(b) The brokerage / selling commission payable to the SCSBs, RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the Bid book of BSE or NSE.

(c) No additional bidding charges shall be payable by the Company and the Selling Shareholder to the Syndicate / Sub-Syndicate Members, Registered Brokers, RTAs, CDPs or SCSBs on the applications directly procured by them.

(d) Payment of brokerage / selling commission payable to the sub-brokers / agents of the Sub-Syndicate Members shall be handled directly by the Sub-Syndicate Members, and the necessary records for the same shall be maintained by the respective Sub-Syndicate Member.

Monitoring of Utilization of Funds

As the Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer. Accordingly, the requirement of appointment of a monitoring agency is not applicable.

BASIS FOR OFFER PRICE

The Offer Price will be determined by the Selling Shareholder and our Company in consultation with the BRLMs, on the basis of assessment of market demand for the Offered Shares through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in the section "*Risk Factors*" and you may lose all or part of your investment. The face value of the Equity Shares is ₹10 each and this Offer Price is 11.50 times the face value at the lower end of the Price Band and 11.80 times the face value at the higher end of the Price Band.

Qualitative Factors

Competitive Strengths

Some of the qualitative factors which form the basis for this Offer Price are:

- One of India's leading public sector shipyards catering to the defence sector with a multitude of offerings for a broad range of vessels across life cycles.
- Modern facilities and infrastructure and integrated capabilities to deliver quality products.
- Ability to provide end-to-end solutions to our customers, ranging from product conceptualization, design, system integration and project management.
- Strong and established relationships with Indian Navy and Indian Coast Guard.
- Significant progress made in indigenization of our products in terms of value of production under the Make in India initiative.
- Ability to rely on diversification of products and services for revenue generation.
- Strong order book with government agencies.
- Competitive cost structure and efficient operations.
- Led by a dedicated board, long serving and experienced senior management backed by a strong pool of experienced professionals.
- Continuous profits leading to strong financial performance.

For further details see, "*Our Business*", "*Risk Factors*" and "*Financial Statements*" on pages 136, 22 and 199, respectively.

Quantitative Factors

The information presented below relating to our Company is based on the Restated Financial Statements prepared in accordance with Companies Act and SEBI ICDR Regulations. Our Company has only one set of Restated Financial Statements since it has no associates, subsidiaries, joint ventures to consolidate.

For further details see, "*Our Business*", "*Risk Factors*" and "*Financial Statements*" on pages 136, 22 and 199, , respectively.

Some of the quantitative factors which may form the basis for computing this Offer Price are as follows:

1. **Basic and Diluted Earnings Per Share ("EPS"), as adjusted for change in capital:**

As per our Restated Financial Statements:

Year/ Period ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
2016	13.33	13.33	1
2017	0.93	0.93	2
2018	7.14	7.14	3
Weighted Average	6.10		

Note:

(i) Basic EPS: Net Profit after tax as restated divided by weighted average number of Equity Shares outstanding at the end of the year.

(ii) Diluted EPS: Net Profit after tax as restated divided by weighted average number of Equity Shares outstanding at the end of the year for diluted EPS.

(iii) Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.

(iv) The above statement should be read with significant accounting policies and notes on Restated Financial Statements as appearing in the Financial Statements.

(v) The EPS has been calculated in accordance with Indian Accounting Standard 33 – "Earnings per Share" prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Companies Act.

2. Price/ Earning (P/E) ratio in relation to the Price Band of ₹115 to ₹118 per Equity Share:

As per our Restated Financial Statements:

a. P/E based on basic and diluted EPS at the lower end of the Price Band for Fiscal 2018 is 16.11; and
b. P/E based on basic and diluted EPS at the higher end of the Price Band for Fiscal 2018 is 16.53.

Industry P/E Ratio

There are no comparable listed companies in India engaged in the same line of business as our Company, hence comparison with industry peers are not applicable.

3. Return on Net Worth ("RoNW"):

As per our Restated Financial Statements:

Year ended	RoNW (%)	Weight
2016	14.29	1
2017	1.06	2
2018	8.54	3
Weighted Average	7.01	6

Note:

(i) Return on Net Worth has been computed as Net Profit after tax as divided by Net Worth at the end of the period/ year.
(ii) Net Worth for Equity Shareholders has been computed as sum of share capital and reserves and surplus (includes Securities Premium and Surplus / (Deficit) in Standalone Statement of Profit and Loss).

4. Minimum Return on Net Worth after this Offer needed for maintaining Pre-Offer EPS for the year ended March 31, 2018:

There will be no change in Net Worth post this Offer being Offer for Sale by the Selling Shareholder.

5. Net Asset Value ("NAV") per Share as per our Restated Financial Statements:

Year	NAV (₹/ share) (Face value ₹10)
2018	88.69
Prior to the Offer	88.69

There will be no change in NAV post this Offer as this Offer is by way of Offer for Sale by the Selling Shareholder.

Offer Price: ₹[●]* per Equity Share

Note:

Net Asset Value per Equity Share has been computed as Net Worth for Equity Shareholders divided by the total number of Equity Shares outstanding at the end of the period/ year.

[*] *Offer Price will be determined on the conclusion of the Book Building Process.*

6. Comparison of accounting ratios with Industry Peers

There are no comparable listed companies in India engaged in the same line of business as our Company, hence comparison with industry peers are not applicable.

7. The Offer price is [●] times of the face value of the Equity Shares.

The Offer Price of ₹[●] has been determined by our Company and Selling Shareholder, in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book-Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the abovementioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 22, 136, 354 and 199, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in *"Risk Factors"* on page 22 or any other factors that may arise in the future and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

To,

Garden Reach Shipbuilders & Engineers Limited
43/46, Garden Reach Road
Kolkata – 700 024

Respected Sirs,

Subject: Statement of possible special tax benefits ("the statement") available to Garden Reach Shipbuilders & Engineers Limited (the "Company") and its shareholders.

1. We, G. P. Agrawal & Co., Chartered Accountants having registration number 302082E hereby enclose herewith the statement showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Income Tax Act, 1961, as applicable to the assessment year 2018-19 relevant to the financial year 2017-18 for inclusion in the Red Herring Prospectus and Prospectus (collectively the "**Offer Documents**") in connection with the proposed Offer.

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Income Tax Act, 1961. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilment of such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

3. The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. Further, the preparation of the enclosed Statement and its contents was the responsibility of the Management of the Company. We were informed that, this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in this Offer. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

4. We do not express any opinion or provide any assurance as to whether:

   a) the Company or its shareholders will continue to obtain these benefits in future; or
   b) the conditions prescribed for availing the benefits have been/would be met with;
   c) the revenue authorities/courts will concur with the views expressed herein.

5. **Limitations**

   Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time by subsequent legislative, regulatory, administrative or judicial decisions. We do not assume responsibility to update the views consequent to such changes.

6. We hereby consent to the extracts of this certificate and annexure being used in the Red Herring Prospectus and Prospectus of the Company in connection with this Offer is solely for your information and submission of this certificate as may be necessary, to any regulatory authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

7. Terms capitalized and not defined herein shall have the same meaning as ascribed to them in the Red Herring Prospectus.

Sincerely,

For G. P. Agrawal & Co.
Chartered Accountants
Firm Registration No: 302082E

(CA Sunita Kedia)
Partner
Membership No. 60162

Place: 7A, Kiran Shankar Ray Road
Kolkata - 700001
Date: August 21, 2018

Encl: Statement of Tax Benefits

GARDEN REACH SHIPBUILDERS & ENGINNERS LIMITED

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

This statement is only intended to provide the Special tax benefits available to the Company and its Equity Shareholders under the Income Tax Act, 1961 in a general and summarized manner and does not purport to be exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult their own tax advisor with respect to specific tax implications arising out of their participation in the issue.

I. UNDER THE INCOME TAX ACT, 1961 (THE "ACT")

A. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the Company.

B. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

The shareholders of the Company are not entitled to any special tax benefits under the Act.

Notes:

a. The above statement of Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.

b. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

c. We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

d. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section has been obtained or derived from the "Industry Report on Shipbuilding" of March 9, 2018, by ICRA (the "**ICRA Report**"). All information contained in the ICRA Report has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken by ICRA to ensure that the information in the ICRA Report is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information and estimates contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents. Neither our Company, nor the BRLMs or any other person connected with this* Offer *has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information. The information contained in this section should be read in conjunction with the sections "Industry Overview", "Our Business" and "Risk Factors" beginning on pages* 108, 136 *and* 22 *respectively.*

Assessment of Shipbuilding and Ship Repair Industry

Global Defence Shipbuilding

The global naval shipbuilding market has witnessed a slowdown in the past few years due to the cutback on military spending by major western countries dealing with the aftereffects of the global economic crisis. However, the global shipbuilding market is expected to turn around given the need to replace older vessels in the naval fleet in major economies and the increase in the level of sophistication in combat technology. The global naval shipbuilding market would peak in 2021 driven by demand for both surface combatants and submarines. Globally, the average age of warships is as high as twenty-five (25) years and around 180 procurement programs are under execution in various countries.

Table 1: Global Fleet Strength, 2017

Country	Aircraft Carriers	Destroyers	Frigates	Corvettes	Submarines	Others*	Total Fleet
United States	19	63	8	0	70	255	415
Russia	1	15	6	81	63	186	352
China	1	35	51	35	68	524	714
India	2	11	14	23	15	230	295**
Japan	4	42	0	6	17	62	131
South Korea	1	12	13	16	15	109	166
UK	2	6	13	0	11	44	76
France	4	4	11	0	10	89	118
Germany	0	0	10	5	6	60	81

Source: globalfirepower.com; ICRA research
**Others include Fleet Support Ships, Landing Platform Docks, Landing Craft Utilities, Offshore Support Vessels, etc.*
***includes both Indian Navy and Indian Coast Guard*

Indian Defence Shipbuilding

Defence shipbuilding in India is emerging as an area of focus for public and private sector shipyards alike. While the public sector shipyards such as Garden Reach Shipbuilders & Engineers Limited (GRSE), Mazagon Dock Shipbuilders Limited (MDL), Goa Shipyard Limited (GSL) and Cochin Shipyard Limited (CSL) are the frontrunners in the defence shipbuilding space, an increasing number of private shipyards are undertaking specific measures to enhance competence and modify their existing shipbuilding repair facilities to suit the needs of the Indian Navy and the Indian Coast Guard. Among the private shipyards, Reliance Naval and Engineering Limited (RNEL), L&T Shipbuilding, and ABG Shipyard Limited, which entered the shipbuilding market as commercial shipbuilders, have been repositioning themselves as companies with defence shipbuilding capabilities.

The Indian Navy fleet includes mainly three categories of vessels/combat platforms:

j. Surface ships
iv. Naval aviation
v. Sub-surface vessels/submarines

Table 2: Indian Navy Fleet (currently active)

Name	Date of Commission	Description
Aircraft Carriers		
INS Vikramaditya	November 2013	It is the newest and largest ship in the Indian Navy fleet. It is an aircraft carrier with long-range multi-role fighters capable of reaching a speed of over 30 knots. The ship has the ability to carry over 30 aircraft.
Destroyers		
Delhi Class	Delhi: November 1997 Mysore: June 1999 Mumbai: January 2001	These are the largest warships to be indigenously designed and built. The guided-missile destroyers were built by MDL.
Rajput Class	Rajput: September 1980 Rana: February 1982 Ranjit: November 1983 Ranvir: October 1986 Ranvijay: January 1988	Also known as Kashin-II class destroyers, these ships were built in the former Soviet Union. These were the first ships to be equipped with BrahMos supersonic cruise missile systems.
Kolkata Class	Kolkata: August 2014 Kochi: September 2015 Chennai: November 2016	These ships have been conceived and designed by Indian Navy's Directorate of Naval Design and were the follow-on of the 'Delhi' class destroyers. All of these ships have been recently commissioned.
Frigates		
Shivalik Class	Shivalik: April 2010 Satpura: August 2011 Sahyadri: July 2012	These multi-role frigates are warships with stealth features built by MDL.
Talwar Class	Talwar: June 2003 Trishul: June 2003 Tabar: April 2004 Teg: April 2012 Tarkash: November 2012 Trikand: June 2013	These frigates have been built in Russia as a part of an Indo-Russian agreement. These are modified Krivak III class frigates from Russia. These vessels have a displacement of 4,000 tonnes and are capable of achieving speed of 30 knots.
Kamorta Class	Kamorta: August 2014 Kadmatt: January 2016 Kiltan: October 2017 Kavaratti: still to be commissioned	These are anti-submarine warfare corvettes (ASWCs) designed by the Indian Navy's Directorate of Naval Design and are built by Garden Reach Shipbuilders & Engineers. The warships, with an indigenous component of 90%, have a displacement of 3,500 tonnes and are capable of achieving speeds of up to 25 knots. The ships have anti-submarine rockets and torpedoes and also fitted with indigenously built surveillance radar 'Revathi'. The fourth Kamorta class vessel, INS Kavaratti, is expected to be completed by 2017-end.
Godavari Class	Godavari: December 1983 (decommissioned in December 2015) Gomati: April 1988 Ganga: December 1985	These were the first notable indigenous design and construction by the Indian Navy. The ships, with an indigenous content of 72%, were built by MDL.
Brahmaputra Class	Brahmaputra: April 2000 Betwa: July 2004 Beas: July 2005	These are guided-missile frigates designed and built indigenously. The warships with a displacement of 3,850 tonnes, are an enhancement of the Godavari class frigates. These frigates were built by Garden Reach Shipbuilders & Engineers Ltd.
Corvettes		

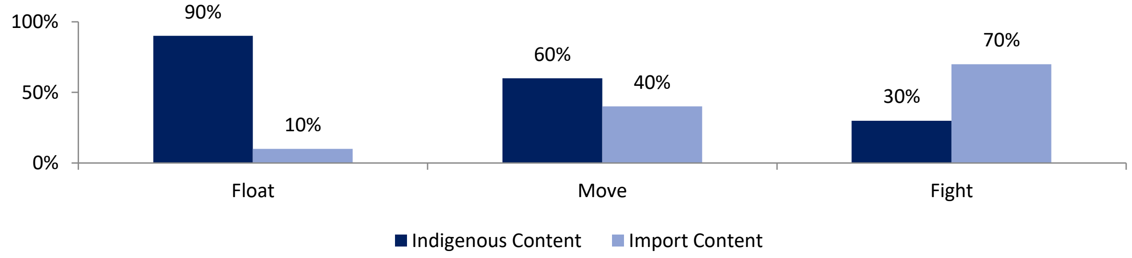
Kora Class	Kora: August 1998 Kirch: January 2001 Kulish: August 2001 Karmuk: February 2004	These are guided-missile corvettes with 1,350 tonnes displacement. All the 4 vessels were built by Garden Reach Shipbuilders & Engineers Ltd. and were outfitted at MDL.
Khukri Class	Kirpan: January 1991 Kuthar: June 1990 Khanjar: October 1991 Khukri: August 1989	These corvettes are fitted with diesel engines and have been assembled in India under a license by the Kirloskar Group. These ships have an indigenous component of about 65% and were built by Garden Reach Shipbuilders & Engineers Limited.
Veer Class	Veer: March 1987 Nirbhik: December 1987 Nipat: December 1988 Nishank: September 1989 Nirghat: December 1989 Vibhuti: June 1991 Vipul: March 1992 Vinash: November 1993 Vidyut: January 1995 Nashak: December 1996 Pralaya: December 2002 Prabal: April 2002	Three of these corvettes were built by MDL and 5 were built by Goa Shipyard Limited.
Abhay Class	Abhay: March 1989 Ajay: January 1990 Akshay: December 1990	These corvettes are mainly used for coastal patrol and anti-submarine warfare.
Submarines		
Sindhughosh Class	Sindhugosh: April 1986 Sindhudhvaj: June 1987 Sindhuraj: October 1987 Sindhuvir: August 1988 Sindhuratna: December 1988 Sindhukesari: February 1989 Sindhukirti: January 1990 Sindhuvijay: March 1991 Sindhushashtra: July 2000	These are diesel-electric submarines, built under a contract between Rosvooruzhenie (a state-owned Russian company) and the MoD. These have a displacement of 3,000 tonnes and can dive up to a maximum depth of 300 meters.
Shishumar Class	Shishumar: September 1986 Shankush: November 1986 Shalki: February 1992 Shankul: May 1994	These diesel-electric submarines were developed by the German yard, Howaldtswerke-Deutsche Werft (HDW). The first 2 vessels were built by HDW at Kiel, while the remaining two were built at MDL. These submarines have a displacement of 1,660 tonnes.

Source: Indian Navy; ICRA research

The Indian Navy fleet also includes landing platform docks such as the Austin Class (Jalashwa) and landing ship tanks such as the Shardul Class (built by GRSE) and Magar Class (built by Hindustan Shipyard Ltd.), fleet tankers, torpedo recovery vessels, ocean going tugs, offshore patrol vessels, etc.

The Indian Navy categorises all warship equipment into three (3) key categories, float (all systems and equipment related to the hull structures and fittings); move (the propulsion systems such as engines, alternators, etc.) and fight (all kinds of ship-borne weapons and sensor systems).

Exhibit 1: Level of Indigenisation in Different Categories of Warship Equipment



Source: Indian Navy Indigenisation Plan; ICRA research

Defence Orders Potential up to 2027

Currently, the Indian Navy fleet includes 135-140 ships and submarines while the Indian Coast Guard fleet includes another 120 vessels. The Indian Navy and Indian Coastal Guard fleet are each expected to grow to about 200 vessels by 2027. The two defence units have jointly approved a shipbuilding programme spanning over fifteen (15) years, under which they would place orders for 165 warships and 400 aerial resources by 2022.

The Indian Coast Guard (ICG), with an existing fleet of 130 ships and 62 aircraft, plans to take its fleet strength to 200 ships and 100 aircraft by 2022. Currently, 70 ships for the ICG are under construction in 6 shipyards, while the bidding process for 30 more ships is in process. For the ICG, the government has approved a ₹320,000 million action plan. The ICG recently acquired 34 interceptor boats out of the 36 being built by L&T Shipbuilding. These contracts for these boats are worth ₹300 million each.

According to industry sources, Indian Navy's estimated capital budget for up to 2027 amounts to ₹4,500,000 million approximately. The planned expenditure includes a separate estimate for various vessel categories including submarines (₹2,200,000 million approx.), destroyers/frigates (₹900,000 million – ₹1,000,000 million), aircraft carriers (₹450,000 million – ₹500,000 million), corvettes, landing platform docks, etc.

Order inflows

Recently, there has been a noticeable increase in defence orders for shipbuilding and ship repairs. The MoD is looking at modernisation of existing fleet and addition of new-age warships and submarines in the fleet. The Indian Coast Guard is working out a plan to expand their existing fleet of 127 ships to around 200 ships by 2027. The Indian Coast Guard has an approved plan of ₹320,000 million for fleet expansion up to 2022. Moreover, with the government's measures to encourage private sector participation in executing these orders, defence orders are touted to be the key growth driver of the domestic shipbuilding and ship repair industry. Below is a list of a few notable defence orders.

- In May 2017, the MoD announced that it would invite fresh commercial bids for the four (4) landing platform dock (LPD) vessels from the two-shortlisted private sector shipbuilding companies–RNEL and L&T Shipbuilding. These two private sector companies have cleared the financial and technical compliance required to bid for the required vessels. While RNEL has tied up with France-based DCNS, L&T Shipbuilding has entered into a partnership with Navantia of Spain to execute the contract if and when one of the companies wins it. The selected shipyard would be required to deliver the first LPD vessel in eight (8) years and subsequently other vessels within two (2) years thereafter.

- In FY2017, the US Navy qualified RNEL as an approved contractor to undertake complex repair services for the US Navy's Seventh Fleet vessels operating in the region. RNEL also signed the Master Ship Repair Agreement (MSRA) with the US Navy becoming the first shipyard in India to receive such a certification.

- In 2017, RNEL also won a contract worth ₹9,160 million for the design and construction of 14 fast patrol vessels from the Indian Coast Guard. RNEL became one of the first private sector companies to win a contract for such ships from the Indian Coast Guard.

Deliveries

Partial or full execution of defence orders from the Indian Navy and Indian Coast Guard would account for the delivery of a combined capacity of 14,000-17,000 DWT by both public and private Indian shipyards by FY2021. Below are a few notable defence deliveries in the current fiscal and over the coming two (2)-three (3) fiscals.

- MDL entered into a contract with the Naval Group for the construction and technology transfer for 6 such submarines in 2005. After being built, a submarine is first launched, after which it undergoes sea trials and is finally commissioned, i.e. officially made a part of the Indian Naval fleet.

- In June 2017, L&T Shipbuilding completed the construction of India's first indigenously designed and built floating dock. The floating dock, capable of docking all types of vessels including submarines of up to 8,000 tonnes displacement, is 185m long and 40m wide. The dock would have to undergo a series of trials before being delivered to the Indian Navy. L&T received the order worth ₹4,680 million for the floating dock in May 2015. The private shipyard is also executing other defence orders including 54 high-speed Interceptor Boats and seven Offshore Patrol Vessels (OPVs) for the Indian Coast Guard.

- In July 2017, RNEL launched 2 naval offshore patrol vessels (NOPVs) named "Shachi" and "Shruti", the first warships to be launched by a private shipyard in India. The 2 warships are a part of the 5 ships under the P-21 project, which is being executed by RNEL for the Indian Navy.
- In 2017, GRSE built and delivered warships after completing trials for weapon and sensors, which were until now, undertaken at various Indian Navy facilities. In October 2017, INS Kiltan, the indigenously built warship was commissioned. With this warship, GRSE became the first Indian shipyard to integrate carbon composite superstructure into a steel hull, resulting in increase in stability of the ship and reduction in weight, in turn leading to reduction in maintenance costs. The planned delivery schedule of our Company includes five (5) ships to be delivered to the Indian Navy in FY 2017-18 and six (6) ships to be delivered in FY 2018-19, of which four (4) are to be delivered to the Indian Navy and two (2) to the Indian Coast Guard.

  In September 2017, GRSE became the L1 bidder with the lowest bid of ₹25,000 million (₹5,200 million per vessel) in a competitive round of bidding for 4 survey vessels for hydrographic branch of the Indian Navy. While the vessels would be designed in-house, the engines of the vessels are expected to be imported. The shipyard will deliver the first vessel in three (3) years after signing of the contract and the remaining vessels would be delivered subsequently at six (6) months interval.

- Cochin Shipyard Limited is executing contracts worth ₹30,000 million, including 4 passenger-cum-cargo vessels for the Andaman and Nicobar Administration and the remaining work on the second phase of the aircraft carrier for the Indian Navy. The aircraft carrier, IAC INS Vikrant, would be the first domestically built aircraft carrier to be delivered to the Indian Navy. The carrier has three phases of construction and CSL is currently in the second phase.

To boost its defence capabilities, the Government of India approved the construction of seven (7) stealth frigates under Project 17-A, which is estimated to cost over ₹500,000 million. The Cabinet Committee on Security (CCS) gave the order for the frigates to address the "critical necessity" for India to enhance its "deterrence capability" in the Indian Ocean Region, especially in the area from Persian Gulf to Malacca Strait. Of these 7 stealth frigates, 4 would be constructed by MDL and 3 would be built by GRSE. These new frigates would be be more advanced, complex and marginally bigger in size than the earlier P-17 stealth frigates (INS Shivalik, INS Satpura and INS Sahyadri) that were inducted in 2010-2012. These frigates would be equipped with 290km Brahmos supersonic cruise missiles (a short-range two-stage missile with a propellant booster engine that brings it to a supersonic speed), Barak-NG 70km surface-to-air missile systems, 2 multi-role helicopters, multi-functional radars, guns, torpedoes, etc. Each of these frigates would be 149 meters in length with a 6,400 tonnes displacement.

The first ship of the P-17A class at MDL is expected to be ready by 2022, after an upgrade at both the shipyards (MDL and GRSE) to enable the use of modular construction techniques that are expected to make the construction faster. This will enable the shipyards to reduce the build period thereby meeting the stiff timelines of these ships. The construction for the three (3) stealth frigates at GRSE (order worth ~₹200,000 million) would begin in the first half of 2018 and the first ship is expected to be ready by 2023. The remaining will be ready at one (1) year intervals. The company would be working closely with the Indian Navy and MDL. MDL and GRSE have tied up with Fincantieri, an Italian shipbuilding company, for technical advice and guidance for this project.

To construct the largest and the most technologically advanced frigates in the world, both shipyards have undertaken capacity expansion and modernisation projects. Furthermore, the modular construction techniques would allow the shipyard to lift blocks (built at separate locations) that have already been outfitted/welded through a 250-tonnes crane to handle heavier loads.

In 2017, India started the negotiations for the 2 Russian Krivak-class stealth frigates that are to be constructed by Goa Shipyard Limited. The 2 frigates are a part of the US$4.48 billion deal (expected to be closed by the end of 2017) between India and Russia to acquire 4 frigates for the Indian Navy (known as Project 11356). The other 2 frigates are to be built by United Shipbuilding Corporation at the Yantar shipyard in Kaliningrad, Russia. These frigates would also be equipped with the BrahMos supersonic cruise missiles.

Table 3: Key milestones and capabilities of Indian Defense Ship Building Sector

Company	Key Milestones	Capabilities
Public Sector Entities		
Garden Reach Ship Builders and Engineers Limited	Delivered first Indigenous warship – INS Ajay in 1961.	Have capability for building warships and vessels of various sizes and types including – frigates, anti-submarine warfare corvette,

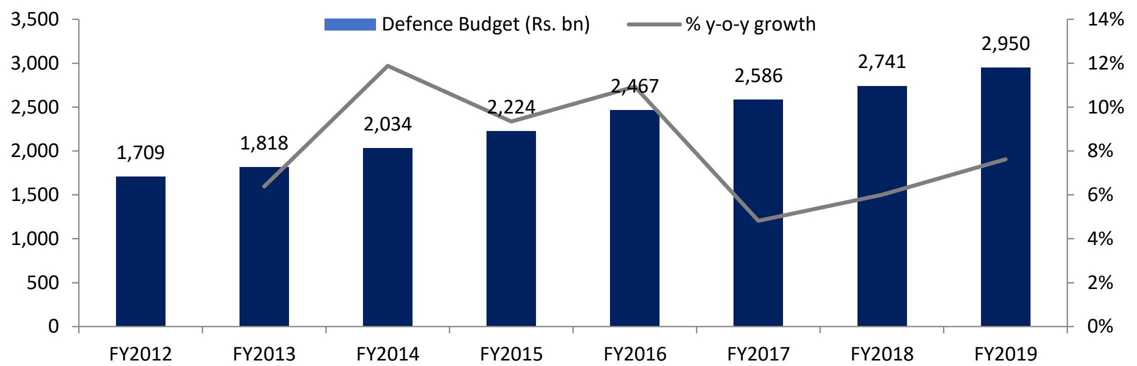
Company	Key Milestones	Capabilities
Public Sector Entities		
	First Indian Shipyard to integrate carbon composite superstructure for anti-submarine Corvette. First Indian shipyard to deliver a fleet tanker for Indian Navy and Hovercraft for Indian Coast Guard. First and only shipyard to deliver to Indian Navy a landing ship tank. Developed first Indian Marine Sewage Treatment plant for treatment of biological sewage without additional chemicals. Pioneered manufacture of portable steel bridges in India. First Indian shipyard to receive export order for warship from Government of Mauritius, which was delivered in 2014. Our Company's engineering division is the first to manufacture a telescopic helicopter hangar for housing helicopters on-board naval vessels, the first of which was installed on INS Investigator (a hydrographic survey ship in the Indian Navy under the Western Naval Command). Through its engineering division, our Company has undertaken the process to indigenize around 40% of engine parts over the next four (4)-five (5) years under the Make in India program.	missile corvette, landing ship tank, landing craft utility, survey vessels, fleet replenishment tanker, fast petrol vessel, offshore petrol vessel, inshore petrol vessel, WJ-FAC, hover craft and interceptor boat. GRSE delivered 71 Indian Navy ships, 25 Indian Coast Guard vessels, and 88 high-speed FRP interceptor boats to the MHA GRSE is currently working on new hull forms of warships (65 meters – 115 meters) that are capable of achieving speeds of up to 25-30 knots. Installed capacity comprise of 5 docks (including dry docks and inclined berths) and 2 wet basins shipyard has an engineering division which manufactures portable steel bridges, marine pumps, deck machinery items, helo traversing systems, etc. GRSE has a DEP which undertakes assembly, overhauling and testing of marine diesel engines in collaboration with MTU for the Indian Navy and Coast Guard. GRSE has designed and built a new landing craft utility vessel with low draft (1.7 metres), high payload, and a speed of up to 15 knots.
MDL	First shipyard in India to build submarine – 'INS Shalki' in 1992 and is currently a major submarine manufacturing yard in India. Developed and delivered Godavari class Frigates with high indigenous content in 1980s. Manufactured first Indian destroyer (of a total of four guided missile destroyers) with stealth features, which is to be commissioned into the Indian Navy by July 2018. Have supplied significant number of vessels for export customers for countries like Singapore, Iran, Gulf and Mozambique.	Has capability to build range of defence vessels including corvettes, frigates, destroyers, petrol vessels etc. and commercial vessels like dredgers, general cargo vessel, offshore supply vessels and Tugs etc. Has a separate submarine division. Has 4 drydock facilities.
Goa Shipyard Limited	Built one of its kind damage control simulator in India. Designed and built 4 offshore patrol vessels for the Indian Navy; similar vessels are under construction for the Sri Lanka Navy. Built high speed FRP, interceptor boats capable of achieving speeds up to 35 knots and 40 knots. Have delivered the first FPV to the Government of Mauritius and launched the construction of the second vessel. Goa Shipyard Limited is presently constructing 5 OPV for Indian Coast Guard.	Have long track record of building petrol vessels, landing vessels and corvettes. The Naval Offshore Patrol Vessels are powered by twin diesel engines and are capable of achieving a speed of up to 25 knots. 2 dry docks and 250 m long jetty. Have shiplift and transfer system with lifting capacity of 6,000 tonnes.

Company	Key Milestones	Capabilities
Public Sector Entities		
Cochin Shipyard Limited	Currently building first Indigenous Aircraft Carrier. Only shipyard to undertake repairs for aircraft carriers.	Have long track record of building defense and commercial vessels of various sizes. Have capacity for servicing vessels of 125,000 DWT and building vessels of upto 110,000 DWT.
Private Sector Entities		
Reliance Naval and Engineering Limited	First Indian private shipyard to obtain the license and contract to build warships. The company also became the first shipyard in India to receive the Master Ship Repair Agreement (MSRA) certification from the US Navy to undertake repair jobs for the US Navy fleet.	Have capabilities for design and construction of OPVs, LPDs and others.
L&T Shipbuilding Limited		Executing orders for design and construction of interceptor boats, patrol vessels and floating docks. Developed and supplied equipment like marine systems, control systems, electrical systems.

Review of Indian Defence Spending

The Government of India announces the annual Union Budget, which includes the Defence Budget, i.e. the planned government spending allocated to the defence sector. The defence budget has grown at a CAGR of ~8% between FY2012 and FY2019. The defence budget announced for FY2019 equaled ₹2,950 billion, up 8% over FY2018.

Exhibit 2: Annual Trend in Budgetary Allocation for Defence Sector



Source: Ministry of Defence; ICRA research

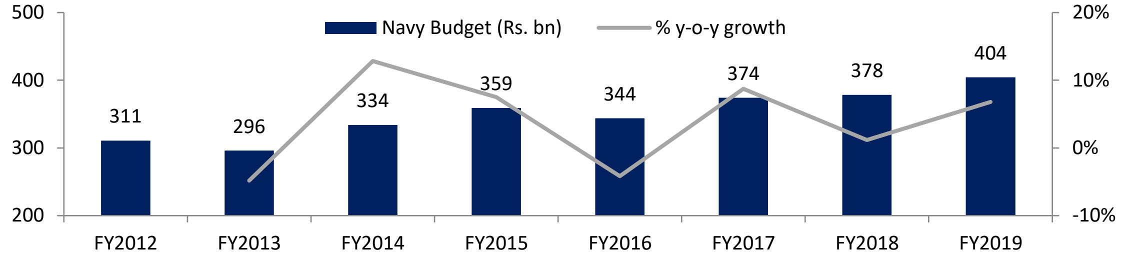
Table 4: Defence Spending by Country in 2016, US$ billion

Country	Military Spending	World Share (%)	% Share of GDP
United States	611	36%	3.3%
China	215	13%	1.9%
Russia	69	4%	5.3%
United Kingdom	48	3%	1.9%
Japan	46	3%	1.0%
France	56	3%	2.3%
Germany	41	2%	1.2%
Saudi Arabia	64	4%	10.4%
India	60	4%	2.5%
Brazil	24	1%	1.3%
World	1,680	100%	2.5

Source: Stockholm International Peace Research Institute; ICRA research

The defence budget for FY 2018 has been lowered to 1.56% of the GDP from 1.65% of the GDP in FY 2017. The MoD allocates the annual budget largely within the Indian Army, the Indian Navy, the Indian Air Force, and the DRDO. In FY2018, the MoD allocated 14% of the total defence budget to the Indian Navy, while the Indian Army and the Indian Air Force were allocated 57% and 22%, respectively. In FY 2019 too, the Indian Navy was allocated 14% of the total budget.

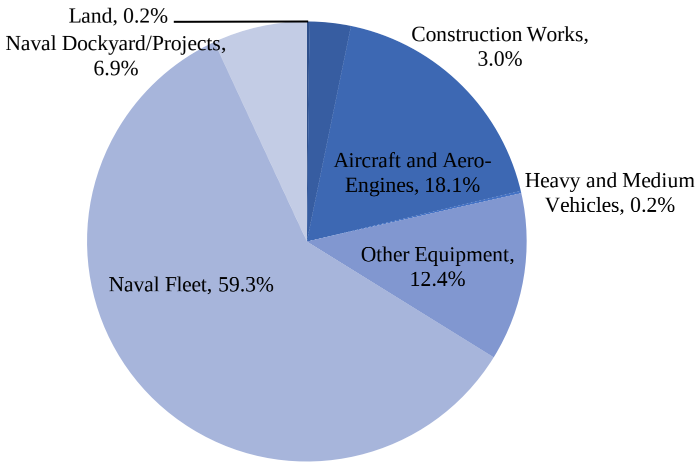
Exhibit 3: Annual Trend in Budgetary Allocation for Indian Navy



Source: Ministry of Defence; ICRA research

Within the total navy budget, budget allocation to the naval dockyard (primarily for repair projects) has been reduced from ₹24.6 billon in FY2016-17 to ₹12.9 billion in FY 2017-18. Allocation of ₹110.2 billion to the naval fleet, accounting for 59% of the total allocation to Indian Navy's capital budget, primarily includes the modernization of the naval fleet.

Exhibit 4: Split of Navy Capital Budget, FY2018



Source: Ministry of Defence; ICRA research

Overview of Key Policies/ Announcements – Government Procurement Procedure, Make in India for Defence Sector

The Government has announced various policies and initiatives to support the growth of the domestic shipbuilding industry. A brief description of the major initiatives is given below.

Make in India – Under the Make in India initiative, the Government has opened the defence sector for private sector participation. To encourage the shipbuilding industry in India, the Government has introduced a policy to grant financial assistance (subsidy) to shipyards after delivery of ship. This policy implementation would require a budget of ₹40,000 million over ten (10) years. The Government has also granted the right of first refusal to Indian shipyards for Government purchases and grant of infrastructure status to the shipbuilding and ship repair industry.

Defence Procurement Procedure (DPP)-2016 – The Government introduced the DPP (w.e.f. April 2016) to streamline and simplify the DPP under the Make in India initiative. The scheme promotes indigenous design and manufacturing of defence equipment and systems. The revised DPP includes a new category for acquisition of capital equipment – 'Buy {Indian-IDDM (Indigenously Designed, Developed, and Manufactured)}. All five (5) categories have been listed below in order of priority. The first three (3) categories are under the Buy scheme, which refers to an outright purchase of equipment, while the other 2 schemes, 'Buy and Make (Indian)' and 'Buy and Make', refer to the procurement of the equipment in Fully Formed (FF) state in necessary quantities from the suitable source, followed by indigenous production in a phased manner assisted by Transfer of Technology (ToT) from an overseas partner.

a) **Buy (Indian-IDDM)** - This category implies procurement of products from an Indian vendor that meets one of the two conditions: a) products have been indigenously designed, developed, and manufactured with at least 40% Indigenous Content (IC) on cost basis of the total contract value or b) products have at least 60% IC on cost basis of the total contract value but may not have been designed and developed indigenously. It is upon the vendor to prove that the equipment design is indigenous. The total contract value includes a) basic cost of equipment, b) cost of manufacturers' recommended list of spares (MRLS), c) cost of special maintenance tools (SMT) and special test equipment (STE) taken together at all stages, including the Field Evaluation Trials (FET) stage.

b) **Buy (Indian)** - In this category, the procured products should have at least 40% IC on cost basis of the total contract value.

c) **Buy and Make (Indian)** – Under this category, at least 50% IC on costs basis of the total contract value. The proportion of the MRLS, to be made/assembled in India, if any, should be specified at the time of Acceptance of Necessity (AoN). Procurement under this category could also be made without any initial acquisition of equipment in FF state.

d) **Buy and Make** – In this category, the authority according the AoN would approve either an appropriate ratio of FF, completely knocked down/ semi-knocked down/ indigenous manufacture kits; or a minimum percentage of IC for the 'Make' portion acquisitions in order to maximize indigenous production in each procurement case. Acquisition under this category can also be carried out without any initial procurement of equipment in FF state.

e) **Buy (Global)** – This category refers to outright purchase of equipment from foreign or Indian vendors. In case of foreign vendors, Government to Government route may be adopted, for equipment meeting strategic/long-term requirements.

The Government's intent is to promote higher localization and the in-house design capacity, which is, in turn expected to give a greater boost to the private sector in defence manufacturing.

The revised DPP has also revamped the '**Make**' categories:

a) **Make-I (Government Funded)** – Projects executed under this category would be funded by the Government up to 90% of the total cost. The funding would be released in a phased manner depending upon the degree of completion, as per the terms agreed between the MoD and the vendor.

b) **Make-II (Industry Funded)** – Projects executed under this category would involve prototype development if equipment/system/platform or their upgrades, or their sub-systems/sub-assembly/assemblies/components with a focus on import substitution, for which no government funding would be made available for prototype development.

These newly introduced categories provide the Micro, Small and Medium Enterprises (MSMEs) the first right to take up prototype development of up to ₹100 million under the Make-I scheme (up to ₹30 million in case of Make-II scheme). Bigger industry players would be able to participate in small valued projects when the MSMEs are not interested in undertaking the same.

L1-T1 methodology to be followed to award contracts – The revised DPP has also replaced the previous L1 methodology with the new L1-T1 methodology to select the vendor of military goods under the 'Buy' and 'Buy and Make' schemes. The change essentially means that the final bidder would not be chosen solely on the basis of the lowest quoted price but by a combination of price and superior technology provided by the qualified suppliers. The new criterion includes a new feature called Enhanced Performance Parameters (EPP), which is a level higher than the Essential Parameters that were to be compulsorily met by all suppliers bidding for MoD orders earlier. This change is expected to encourage all such players who had a superior product but did not participate in military orders because their superior technology would cost more and therefore become uncompetitive in the bidding process.

Revision in offset threshold limit – The new DPP has revised the offset threshold limit, whereby the companies procuring defence equipment from foreign vendors would have an offset obligation of 30% of the procurement value on contracts worth ₹20,000 million, as against the previous threshold limit of ₹3,000 million. The same implies that fewer contracts for import of arms would now be eligible for offsets.

Strategic Partnership Policy – In May 2017, the MoD released the "Strategic Partnership" framework for the Indian defence sector as a part of the DPP. This framework would enable multiple collaborations and partnerships between the Indian shipyards and foreign original equipment manufacturers and naval technology firms and the same would allow a healthy exchange of technology and manufacturing knowhow. Overall, this would enable the domestic shipyards to eye global opportunities and lead to higher exports in the long run.

Outlook of the Shipbuilding Industry

Defence orders are expected to be mainstay for domestic shipyards in the near to medium term

During FY2016, around 47% of orders (in terms of number of vessels) for the Indian shipbuilding industry were driven by the defence sector, even though the share in terms of DWT was lower. During, FY 2017 and the current fiscal, while there were no major orders in the commercial segment for the domestic shipbuilders, there were several large orders from the defence segment, some of which are listed below:

Table 5: New Defence Shipbuilding Orders in India

Company	Orders Description	Customer	Expected Value	Comments
Public Sector				
Hindustan Shipyard Limited	Contract finalized for 5 fleet support vessels	Indian Navy	~₹100,000 million	While the nomination was discussed during FY2016, it was awarded in FY2017
Hindustan Shipyard Limited	Two 3000 ton driving support vessels	Indian Navy	~₹10,000 million	Awarded in September 2017
Garden Reach Ship Builders and Engineers	Contract for 4 naval survey vessels (Large)	Indian Navy	~₹25,000 million	Selected in September 2017
	Anti-Submarine Warfare Shallow Water Craft – 8 Nos.	Indian Navy	~₹64,000 million	-
Goa Shipyard Limited	Nominated for 2 stealth frigates	Indian Navy		Finalized in March 2017
Private Sector				
Reliance Naval and Engineering Limited	14 Fast Petrol Vehicle	Coast Guard	₹9,160 million	January 2017
L&T Shipbuilding	High Speed Petrol Vessel	Vietnam Border Guard	US$ 99.7 million	Awarded in September 2016. Largest defence export award for private sector player

Source: ICRA research

Based on the expected orders/ announcements for potential requirements including possibility of a second aircraft carrier, the orderbook (in DWT terms) is expected to grow at a CAGR of 3-5% over the next five (5) years, with total orderbook size increasing from ~210-250 thousand DWT to ~290-320 thousand DWT. The value of the expected orders over this period is ~₹1,200 to ~₹1,500 billion. Although only a part of it would flow to domestic shipyards due to requirement of imports and foreign collaboration for several orders.

Capacity additions/ modernisation undertaken by public sector shipyards

The public sector shipyards have recently undertaken capacity modernisation to respond to surge in defence orders and to improve their technological and design capabilities to accomplish the government's objectives on indigenization in shipbuilding.

MDL: The Company has undertaken the 'Mazdock Modernisation Programme' at an investment of ₹9,670 million, of which ₹8,460 million was funded by the Government. The modernisation includes setting up of a module workshop, a 300-ton Goliath crane, a new wet basin and a cradle assembly shop. The modernisation should enable MDL to undertake integrated modular construction that is more time effective and cheaper compared to the ongoing methods of construction. As a result of the modernisation, the shipyard's capacity has increased from 3 warships to 5 warships and 3 submarines to 6 submarines.

GRSE: The shipyard's modernisation was also directed towards enabling our Company to undertake modular construction. The modernisation was completed at a cost of ₹6,060 million, of which the Government contributed ₹3,310 million. The first phase of programme included setting up of a modern hull shop, upgradation of ship design software, increase in capacity of the shipbuilding berth. The second phase included an additional dry dock of 10,000 ton capacity, inclined berth of 4,500 ton capacity, a pier quay, a 250 ton Goliath crane, a module hall, and a cell for painting of blocks.

Other than the modernisation programme, our Company acquired the Rajabagan Dockyard in 2006 to expand its capacity. The dockyard, spread over 31.15 acres, is capable of pre-launch activities of three 50 meters-sized ships and post-launch outfitting of 4 ships at a time.

Goa Shipyard Limited: The shipyard has undertaken an expansion and modernisation programme to create adequate infrastructure for construction of indigenous mine counter measure vessels for the Indian Navy. The program that is being implemented in 4 phases involves a sanctioned investment of ₹4,800 million, of which ₹1,000 million has been provided by the government. While Phase I and Phase II of the programme were completed by March 2011, the remaining phases are currently ongoing. After the completion of the programme, Goa Shipyard Limited would have additional construction berths for OPVs (increasing capacity from 1 to 3 OPVs), additional jetty berthing space (from 4 wet berths to 10 wet berths), additional material handling and crane capacity among other facilities.

Hindustan Shipyard Limited: The Government sanctioned the Repair and Refurbishment of Machinery and Infrastructure (RRMI) for the modernisation of the shipyard. A budget of ₹4,570 million was sanctioned by the Government towards the programme, which is currently under progress.

Review and Outlook of the Indian Shipbuilding Industry

Overview of the Indian Shipbuilding Industry

The Indian shipbuilding industry has evolved over time in response to the global shipping and trading environment. At the time of independence, there were about 12 shipyards in Kolkata and Mumbai and the number increased to about 45 during the late 70s. Currently, there are 27 shipyards in India, of which 6 are under the central public sector, two under State Governments, and 19 under the private sector. There has been a significant increase in the handling of cargo at Indian ports in the wake of globalisation and the same has resulted in a material increase in the overall shipping and shipbuilding activity in the country. The industry is witnessing greater consolidation and collaboration between the private and public sector to step up on the technological and operational front. The broader goal, at present, is to indigenise the industry and reduce reliance on imports of raw material and intermediate goods.

Classification of Shipbuilding Industry into Public Defence and Private Ship Yards

The private and public sectors' combined shipbuilding capacity stood at 817 thousand DWT at FY2016-end, down 1.7% from FY2015-end. While the private sector accounts for 74% of the total capacity, the public sector accounts for the remaining 26%.

Table 6: Shipyards in India by Ownership

Ownership		Shipbuilder	Location
PSUs under Central Public Sector	Under Ministry of Shipping, GoI	Cochin Shipyard Limited (CSL)	Kochi
	Under Ministry of Shipping, GoI	Hooghly Dock and Port Engineers Limited (HDPEL)	Kolkata

	Under Ministry of Defence, GoI	Mazagaon Dock Limited (MDL)	Mumbai
	Under Ministry of Defence, GoI	Garden Reach Shipbuilders and Engineers Limited (GRSE)	Kolkata
	Under Ministry of Defence, GoI	Goa Shipyard Limited (GSL)	Goa
	Under Ministry of Defence, GoI	Hindustan Shipyard Limited (HSL)	Visakhapatnam
PSUs under State Governments	Under Government of Gujarat	Alcock Ashdown Co. Ltd. (AACL)	Gujarat
	Under Government of West Bengal	Shalimar Works Limited (SML)	Kolkata
Private Sector Shipyards			
ABG Shipyard Limited, Mumbai*	A.C. Roy & Co., Kolkata	Bharati Defence and Infrastructure Limited (BDIL), Mumbai**	Chowgule & Company Limited, Goa
Dempo Engineering Works Limited, Goa	IL&FS Maritime Infrastructure Company Limited, Chennai	L & T Shipbuilding Limited, Chennai	Modest Infrastructure Ltd., Goa
Mandovi Dry Docks Ltd., Goa	N.N. Shipbuilders & Engineers Pvt. Ltd., Thane (Maharashtra)	Reliance Naval and Engineering Ltd. (RNEL) – (formerly Pipavav Shipyard), Gujarat	Sembmarine Kakinada Limited (SKL), Andhra Pradesh
Shoft Shipyard Pvt. Ltd., Thane (Maharashtra)	Tebma Shipyards Ltd., Chennai	Titagarh Marine Ltd., Kolkata	Timblo Drydocks Pvt. Ltd., Goa
Waterways Shipyard Pvt. Ltd., Goa	West Coast Shipyard Ltd., Goa	Vijai Marine Services, Goa	

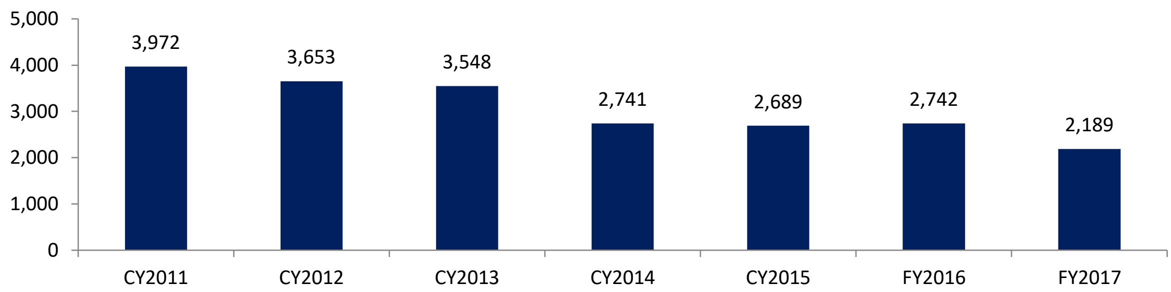
Source: Ministry of Shipping; ICRA research
**ABG Shipyard Limited is currently undergoing bankruptcy proceedings*
***BDIL has initiated Corporate Insolvency Resolution Process (CIRP)*

The public sector shipyards cater mainly to the construction and repair orders from defence sector, i.e. the Indian Navy and the Indian Coast Guard.

Trends in shipbuilding Order Book Position

As of March 2017, the Indian shipbuilding industry had orders for 248 ships with a combined capacity of 2,189 thousand DWT, of which orders with the public sector accounted for 78 ships of 207 thousand DWT while orders with the private sector totalled 170 ships of 1,982 thousand DWT. Of the total orders, 64 ships of 1,698 thousand DWT were export orders while the remaining were orders from domestic companies.

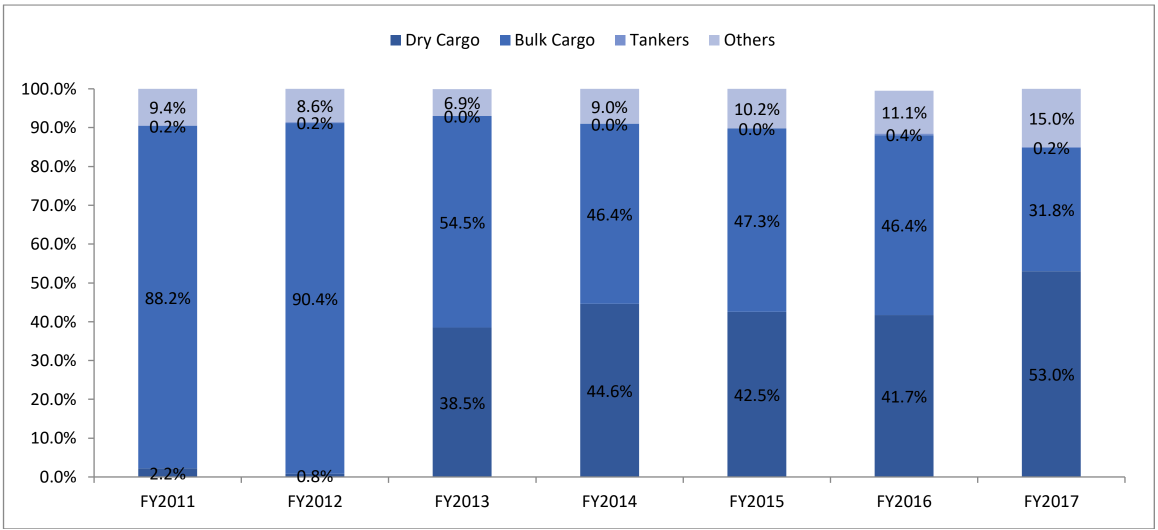
Exhibit 5: Shipbuilding Order Book Position at Period-End (Thousand DWT)



Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research

As seen in Exhibit 5, there is a significant increase in dry cargo's share of the total orders in FY2013. The same is because of reclassification of Reliance Naval and Engineering Limited's bulk cargo orders as dry cargo orders. Since FY2013, however, dry cargo's share of the total orders has increased from 38.5% at FY2013-end to 53.0% at FY2017-end. Going forward, the demand for oil and gas tankers is expected to rise given the sustained growth in import demand for oil and gas.

Exhibit 6: Split of Order Book by Vessel Type (in Terms of Tonnage)



Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research

While the mix between domestic and export orders is balanced in case of private sector shipyards, the same is highly skewed towards domestic orders in case of public sector shipyards as most of their yard capacity is utilized towards executing defence orders.

Exhibit 7: Domestic vs. Export Orders for Public Sector

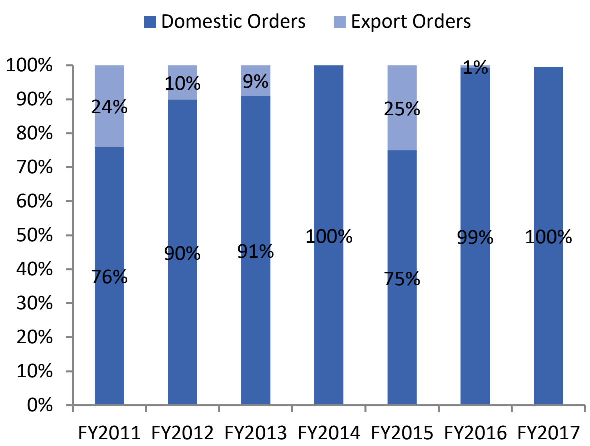
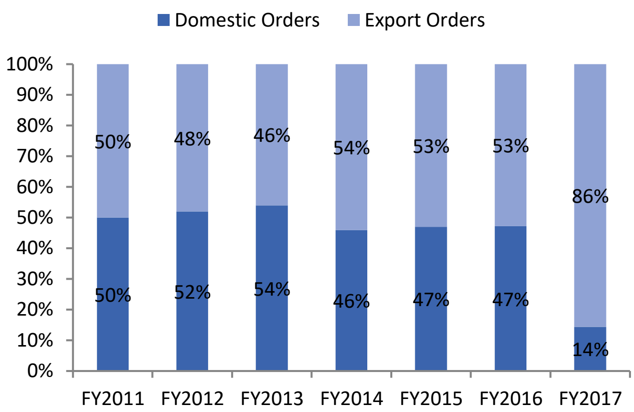


Exhibit 8: Domestic vs. Export Orders for Private Sector

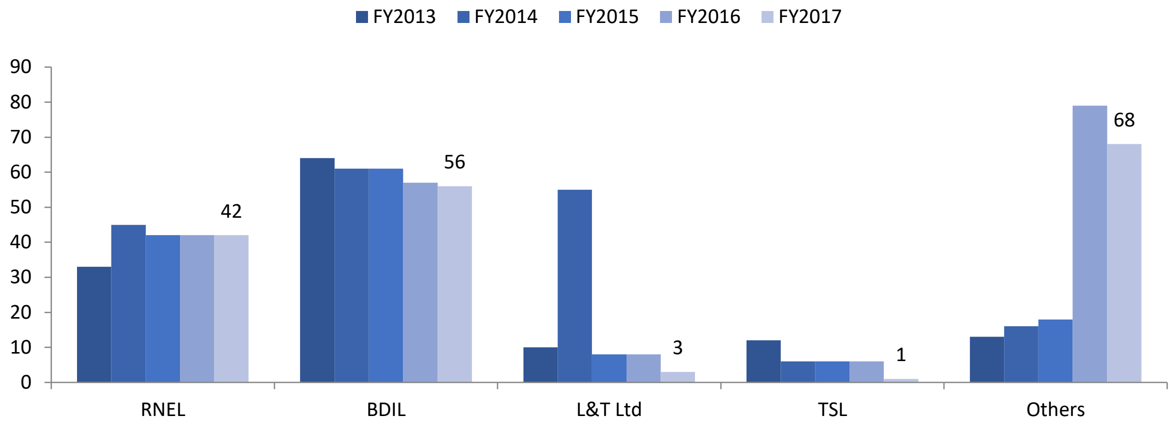


Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research

Trends of Shipbuilding Capacity

The total shipbuilding capacity in India has expanded at a CAGR of 2.8% between FY2011 and FY2017. The highest y-o-y increase in the shipbuilding capacity was in FY2014 (up 8.8%) due to the capacity addition by L&T Shipbuilding in the private sector during the year.

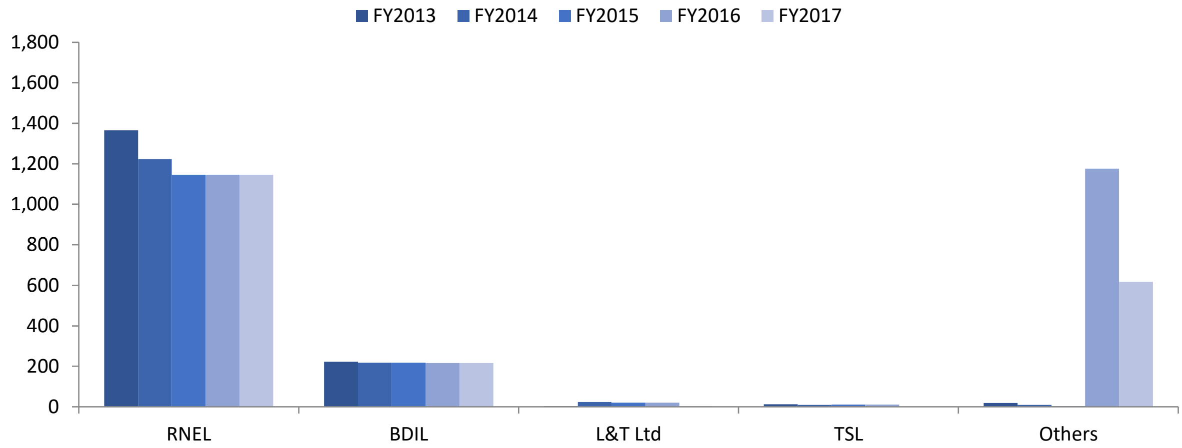
Exhibit 9: Private Sector Company-Wise Order Book Trend (Number of Ships)



Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research
**ABG is currently undergoing bankruptcy proceedings and BDIL has initiated CIRP*

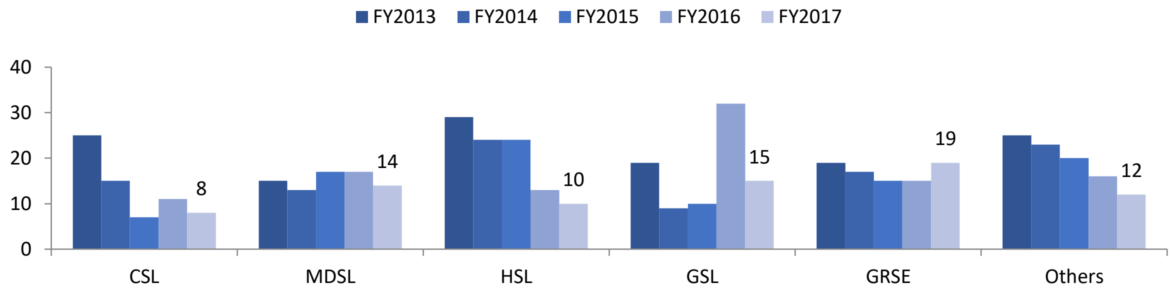
In terms of number of ships, ABG Shipyard Limited had the highest number of orders for the past five (5) years, followed by Bharati Defence and Infrastructure Limited (BDIL) and Reliance Naval and Engineering Limited (RNEL). However, in terms of tonnage Reliance Naval and Engineering Limited led the order book with orders for a combined 1,146 thousand DWT as of FY2017-end followed by ABG Shipyard Limited with orders for a combined 596 thousand DWT. However, ABG Shipyard Limited is currently undergoing bankruptcy proceedings having received an approval for the same by the National Company Law Tribunal in August 2017 while BDIL announced the initiation of CIRP in June 2017.

Exhibit 10: Private Sector Company-Wise Order Book Trend (Tonnage, Thousand DWT)



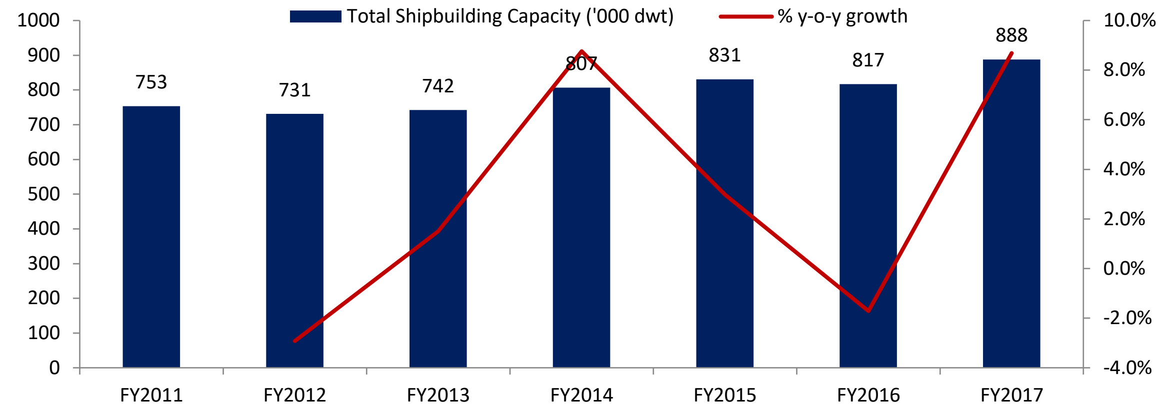
Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research
**ABG is currently undergoing bankruptcy proceedings and BDIL has initiated CIRP*

Exhibit 11: Public Sector Company-Wise Order Book Trend (Number of Ships)



Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research
Going by number of ships, Garden Reach Shipbuilders & Engineers Limited had the highest number of orders followed by Goa Shipyard Limited.

Exhibit 12: Total Shipbuilding Capacity in India (Thousand DWT)

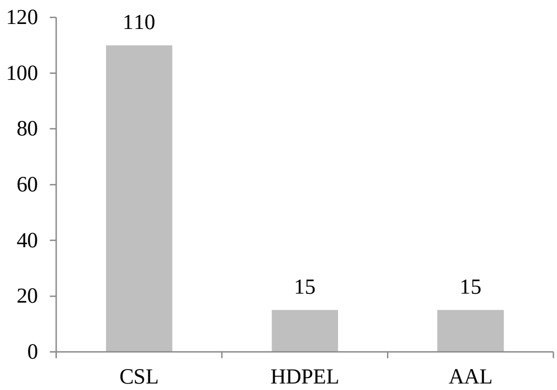


Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research

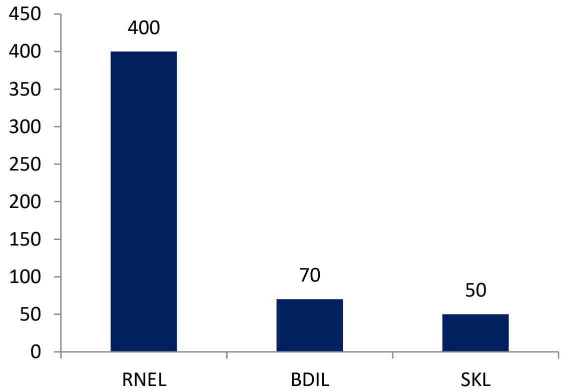
The private sector accounts for nearly two-third of the total shipbuilding capacity with private sector shipyard, RNEL, having the largest capacity in India. Among the public sector shipyards, CSL has the highest capacity followed by HSL.

Exhibit 13: Shipbuilding Capacity of Indian Shipyards, FY2017 (Thousand DWT)

Public Sector Shipyards (Commercial)



Private Sector Shipyards



Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research
** BDIL has initiated CIRP*

Table 7: Shipbuilding Infrastructure of Public Sector Defence Shipyards

Shipbuilder	Facility	Size and Capacity			
		Length (m)	**Width (m)**	**Draft (m)**	**Launching Capacity (tonnes)**
MDL	1 dry dock (with two docking compartments)	150 + 66	18.90	5.49	-
	1 dry dock	129.87	16.76	4.89	-
	1 dry dock	89.39	17.00	10.50	-
	1 dry dock	41.15	10.06	2.75	-
	1 wet basin	274.00	26.21	9.14	-
	1 slipway	189.50	26.00	-	32,000
	1 slipway	189.50	26.00	-	32,000

	1 slipway	237.25	29.00	-	40,000
Garden Reach Shipbuilders & Engineers Limited	1 dry dock	180.0	27.0	8.0	10,000
	1 dry dock	180.00	29.00	10.00	10,000
	1 building berth	177.00	25.00	-	3,000
	1 inclined berth	180.00	23.00	-	4,500
	1 wet basin (covered)	109.00	25.00	8.00	-
	2 river side jetties	26.00	11.00	-	-
	1 module hall	99.00	30.00	-	-
	1 paint cell for pre-outfitted blocks	128.00	26.00	-	-
Goa Shipyard Limited	1 unraised bay	115.3	20.40	9.5	600
	1 raised bay	100.00	24.30	18.00	600
	1 bay	143.50	20.40	9.50	300
	1 bay	95.70	26.90	15.00	1,000
	1 outfitting jetty	180.00	-	-	-
	1 fitting out facility	180.00	12.00	4.50	
	1 slipway	182.00	22.00	-	2,000
	1 slipway	216.00	22.00	-	2,500
	1 slipway	78.90	12.00	-	600
	1 slipway	119.00	12.00	-	1,000
Hindustan Shipyard Limited	1 covered building dock	240.00	53.00	-	80,000
	1 slipway	195.00	26.60	-	30,000
	1 slipway	195.00	26.60	-	30,000
	1 slipway	140.00	22.70	-	small crafts
	1 outfitting quay	460.00	-	-	2-3 ships of up to 50,000 tonnes
Hooghly Dock & Port Engineers Limited	1 dry dock	94.00	13.40	8.60	1,000
	1 slipway	90.00	60.00	-	-
	1 slipway	80.00	29.00	-	-
	1 slipway	70.00	22.00	-	-
	1 jetty	36.00	-	-	-
	1 jetty	45.00	-	-	-

Source: Company Websites; ICRA Research

Shipbuilding Capacity by Vessel Type and Vessel Size

Table 8: Shipbuilding Capacity of Public Sector Shipyards, FY 2017

Company	Vessel Type	Maximum Size/Capacity			
		Length (m)	Width (m)	Draft (m)	DWT('000)
Alcock Ashdown (Gujarat) Ltd.	Bulk Carrier	130.00	20.00	8.70	15.00
	Tanker	130.00	20.00	8.70	15.00
	Tugs/Barges/Off-Shore Support Vessels (OSVs)	63.00	14.60	4.00	1.20
Cochin Shipyard Ltd.	Bulk Carriers, Oil Tankers, Platform Supply Vessels (PSVs), Passenger Vessels, Tugs, Barges, Dredgers	250.00	38.00	5.00	110.00
Garden Reach Shipbuilders & Engineers Ltd.	Anti-submarine Warfare Corvettes	109.10	12.80	4.25	0.52
	Mauritius Offshore Patrol Vessel	74.10	11.40	3.50	0.48
	Inshore Patrol Vessel	48.90	7.50	2.20	0.06
	Landing Craft Utility	62.80	11.00	1.70	0.22
	Water Jet Fast Attack Craft	48.90	7.50	2.20	0.06
	Brahmaputra Class Frigate	125.60	14.40	4.05	4.00
Goa Shipyard Ltd.	Advanced Offshore Patrol Vessels, Fast Patrol Vessels, Fast Attack Crafts, Survey Vessels, Sail Training Ships, Missile Crafts, Landing Crafts, Tugs, Dredgers, Launches, Passenger Ferries, Fishing Vessels, Glass-reinforced Plastic Boats, and other medium-sized sophisticated vessels	130.00	20.00	5.00	4.50
Hindustan Shipyard Ltd.	All types of ocean-going vessels	195.00	38.00	17.00	80.00

Company	Vessel Type	Maximum Size/Capacity			
		Length (m)	Width (m)	Draft (m)	DWT('000)
Hooghly Dock & Port Engineers Ltd. (HDPE)	Tanker	67.00	12.50	4.00	1.20
	Dredger/Passenger Vessels/Light Ships	90.00	16.00	4.50	3.00
	Work Accommodation Boat	24.00	8.00	1.50	0.06
	Cargo/Tug/Traveler	30.00	12.00	4.50	-
Shalimar Works Ltd.	Barge/Ferry Craft	65.00	12.00	3.50	0.05

Source: ICRA research

Table 9: Shipbuilding Capacity of Private Sector Shipyards, FY 2017

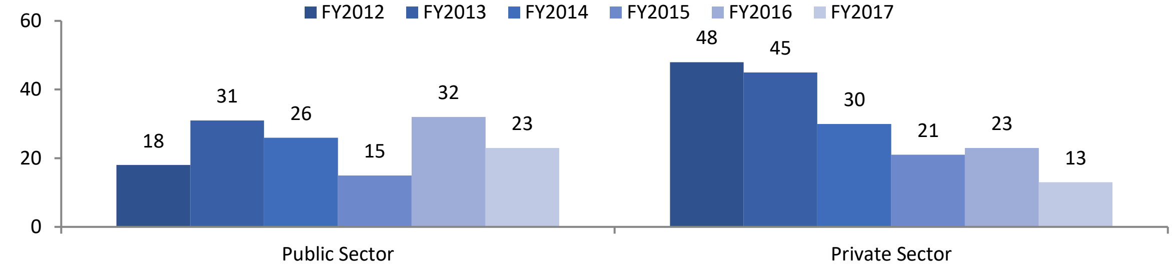
Company	Vessel Type	Maximum Size/Capacity			
		Length (m)	Width (m)	Draft (m)	DWT('000)
RNEL	Cargo Ships, Naval Vessels and Submarines, Offshore Vessels, Rigs, Platforms & Others (Dredgers, Passenger Vessels, etc.)	350.00	63.00	-	400.00
L&T Limited	Any type of commercial or defence vessel with a beam of 46 m	200.00	-	-	-
ABG Shipyard Ltd.	AHTs & Supply Vessels, DSVs, Well-Head Maintenance Vessels, Dynamic Positioning Vessels, Tugs, OSVs, Bulk Carriers, Tankers, Floating Cranes, Pollution Control Vessels, Special Purpose Vessels	150.00	22.00	8.50	20.00
Bharati Defence & Infrastructure Ltd.	Cargo Vessels (Dry and Bulk), Tankers, Passenger Vessels/Ferries, Offshore Patrol Vessels, Offshore Support/Supply Vessels, AHTs, Tugs, Dredgers, Ro-Ro Vessels	250.00	45.00	5.50	70.00
Chowgule & Co. Ltd.	Sea-going Multipurpose Cargo Carriers, Container Carriers, Tankers, Dredgers	110.00	18.00	3.30	8.00
	RSV Type I to IV	110.00	18.00	3.30	6.00
	Offshore Patrol Vessel and Other Support Vessels for Indian Navy and Indian Coast Guard	90.00	16.00	3.30	-
	Tugs and Offshore Support Vessels	60.00	16.00	3.30	-
Sembmarine Kakinada Ltd. (SKL)	Offshore Vessels, Barges, Bulk Carriers, Drill Ships, Tankers, Tugs, Geo-Technical Vessels, DSVs, Passenger Vessels	200.00	40.00	8.50	50.00

Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research highlighted rows indicate companies with defence manufacturing capacities
**ABG is currently undergoing bankruptcy proceedings and BDIL has initiated CIRP*

Trends in Ships Delivered Company-Wise

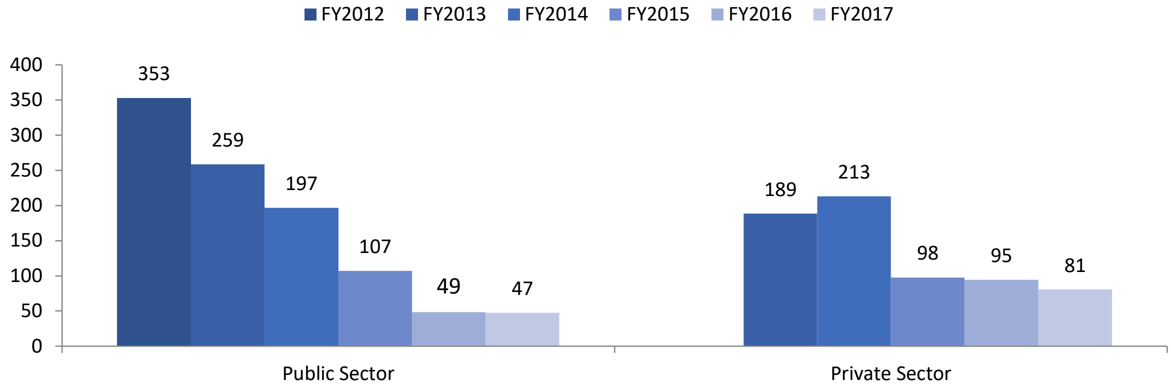
The Indian shipbuilding sector delivered a total of 36 ships during FY2017 with a combined tonnage of 128 thousand DWT, down ~10% from the tonnage delivered in FY2016. Of the total tonnage delivered in FY2017, nearly two-third was delivered by the private sector shipyards.

Exhibit 14: Annual Trend of Ships Delivered by Sector (Number of Ships)



Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research

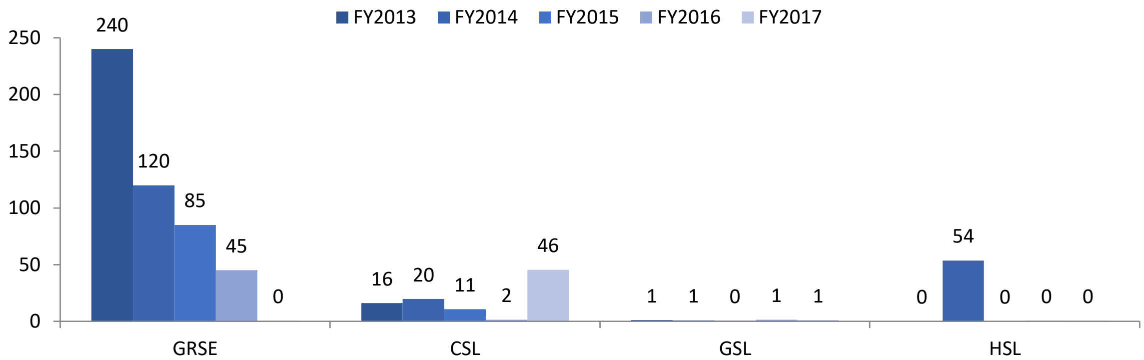
Exhibit 15: Annual Trend of Ships Delivered by Sector (Tonnage, Thousand DWT)



Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research

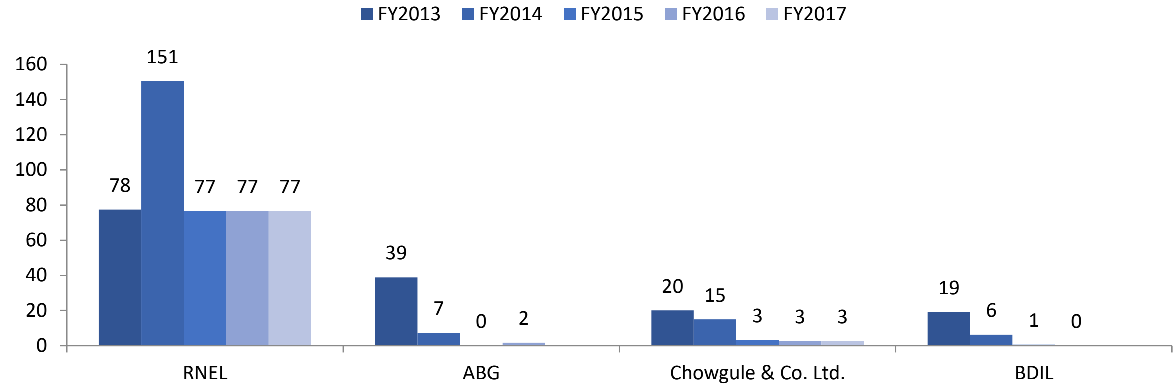
GRSE has had the highest share of the total tonnage delivered by the public sector shipyards over the past four (4) years, followed by CSL. In terms of number of ships delivered, GSL delivered 9 ships in FY2017, the highest among both public and private shipyards.

Exhibit 16: Ships Delivered by Major Public Shipyards (Tonnage, Thousand DWT)



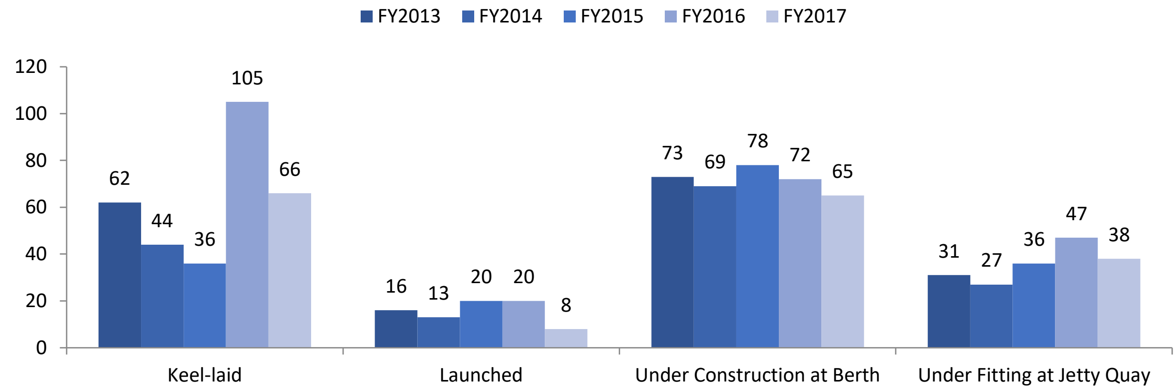
Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research

Exhibit 17: Ships Delivered by Major Private Shipyards (Tonnage, Thousand DWT)



Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research
**Data for RNEL FY2016-17 and FY2015-16 assumed to be the same as that for FY2014-15 in absence of information*
***ABG is currently undergoing bankruptcy proceedings and BDIL has initiated CIRP*

Exhibit 18: Number of Ships under Construction



Source: Statistics of India's Shipbuilding and Ship Repairing Industry, 2017, Ministry of Shipping; ICRA research

Fluctuations in raw material prices and their impact on sector's profitability

As is the case for any other sector, the shipbuilding sector's operating profitability also depends on the price and the cost of raw materials. The price is determined by the global demand supply balance driven by the commercial shipping sector and the demand for defence newbuilds and repairs. The two (2) most important cost elements in the shipbuilding sector are steel and labor. For a merchant ship, steel products typically account for 10-15% of the total costs and direct labour typically accounts for 15-20% of the total costs. However, in case of defence shipbuilding, for a warship, cost of the equipment and yard material accounts for 75-80% of the total cost of the warship.

Fluctuations in steel prices and labor wages could potentially impact a shipbuilding company's profitability and since such fluctuations are global or at least regional in nature, the impact is absorbed by the whole country/region's shipbuilding sector. For instance, Chinese shipyards benefit from low steel costs with China being a leading steel producer.

Shipbuilders procure steel in the form of thick steel plates. Indian shipbuilders procure steel from both local steel makers and international steel players in Ukraine, Russia, Republic of Korea, and China in cases where local steel does not meet their requirements (thick steel plates with a width of more than 3 meters). As a result, fluctuations in foreign exchange rates also have an impact on the total cost of steel used. Any increase in steel prices would affect those shipbuilders who do not have a long-term purchase agreement with their steel suppliers or those who are unable to renegotiate the prices with the ship buyers.

In India, shipbuilding contracts are mostly fixed-price contracts, i.e. the agreed upon price of the ship would not be subject to changes, even in the event of a material increase in input prices during the construction of the ship.

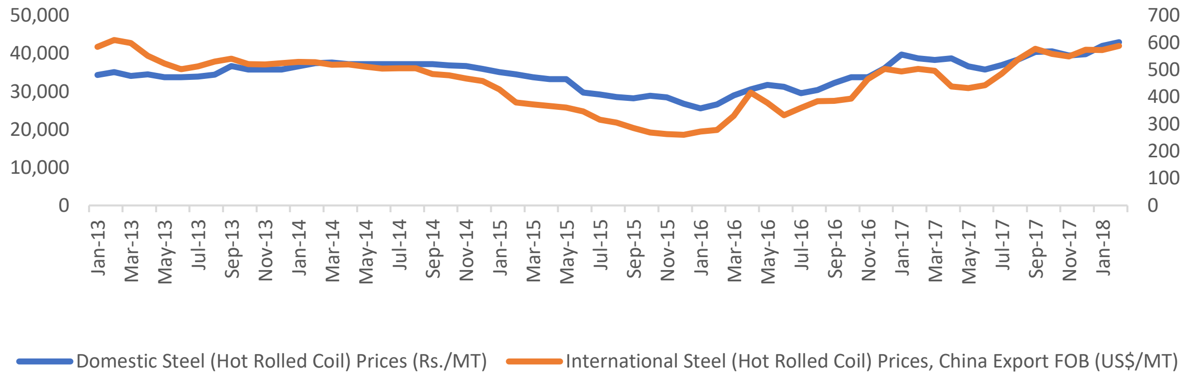
However, steel supply contracts are also similar in nature, i.e. the agreed upon price does not change until the contracted quantity is supplied in full.

However, for the construction of a warship, defence shipbuilders are now using Indian steel of specific grades. As a part of the Make in India Initiative, the Indian Navy's new warships are being built using Indian steel for the first time. State-run Steel Authority of India Limited has been supplying DMR 249A grade plates to the Indian defence shipyards. Using Indian steel would result in significant cost savings for the shipyards as the steel cost for defence shipyards does not include exposure to fluctuations in forex rates. According to market estimates, imported steel would typically cost twice the cost of domestic steel on per tonnes basis. Import of warship grade steel from Russia has led to severe escalation in costs of major Indian Navy shipbuilding projects and therefore the Indian Navy has now resorted to using domestic high-strength steel.

The domestic steel prices averaged ₹35,508 per ton in FY2014 and increased ~2% to an average of ₹36,375 per ton in FY2015. The steel prices declined a substantial 20% to reach an average of ₹28,973 per ton in FY2016 but corrected to ₹33,852 per ton in FY2017, increasing ~17% y-o-y. Below is the trend in the domestic steel prices.

Below is the trend in the domestic steel prices:

Exhibit 19: Annual Trend in Domestic and International Steel Prices



Source: Metal Bulletin, Steelmint; ICRA research

Key Factors Driving Demand in Shipbuilding Industry

While the global shipbuilding industry is showing signs of early recovery with an increase in new orders and an overall improvement in the trading environment, the Indian shipbuilding industry is undergoing a phase of change and development. The current phase of growth would be triggered by certain Government policies that are meant to encourage collaboration between the private and the public sector to address the capacity utilisation imbalance within the sectors and to open up the industry to the global stage.

Below are a few factors that drive demand for the domestic shipbuilding industry:

- **Inflow of defence orders**: The Indian defence shipbuilding orders are expected to propel the Indian shipbuilding sector forward. The Government has undertaken new measures to encourage private sector participation in execution of defence orders. Further, the coming few years would witness the formation of key partnerships between leading Indian shipbuilders and foreign original equipment manufacturers allowing transfer of technical knowhow. India is laying emphasis on its warship building thereby leading to an expected escalation in defence orders.

- **Commercial shipping activity**: According to Ministry of Shipping, maritime transport accounts for around 95% of India's trading by volume and around 70% by value. The level of commercial shipping activity in India would determine the demand for newbuilds, mainly dry cargo and bulk containers. According to Ministry of Shipping, the total gross registered tonnage for India's coastal and overseas commercial fleet increased 8.7% to reach 11.4 million GRT, a healthy growth following a decline of 0.7% in 2014 and a muted growth of 1.9% in 2015. Moreover, India's demand for oil and product tankers is also expected to increase going forward.

- **Long coastline ensures significant scope for the development of new and existing shipyards**: India's coastline that runs over 7,500 km is connected through a number of deep water ports with potential of opening up of many more ports. Currently, the domestic inland waterways are highly underutilised when it comes to trading and other transportation purposes. The Sagarmala programme, the Government's new initiative, plans to modernise the existing ports and develop the coastline with enhanced logistical infrastructure. Initiatives to develop the coastline further are likely to boost demand for shipping and consequently demand for newbuilds and ship repairs.

- **High average age of vessels**: Over 40% of India's coastal and overseas vessel fleet is above twenty (20) years of age while over 65% of the global fleet is above the age of fifteen (15) years. International maritime organisation, a specialised United Nations agency responsible for the safety and security of shipping and monitoring the pollution by ships, has proposed that vessels above twenty-five (25) years of age should be phased out and scrapped. In 2004, the Directorate General of Shipping (DGS) had imposed age restrictions banning all oil tankers (with either foreign or Indian flag) above twenty-five (25) years of age from entering Indian waters. Moreover, all crude and product tankers above twenty (20) years have been mandated to have a Condition Assessment Programme 2 (CAP 2) rating, failing which such vessels would not be allowed into the Indian waters. These steps have been taken to ensure prevention of possible environmental hazards arising from older vessels. The above factors would all drive replacement demand for the shipbuilding industry.

- **Affordable cost of labor**: Shipbuilding is a labor intensive sector and, therefore, the cost of labor becomes a key determinant of profitability and return metrics, especially during periods of slowdown. The cost of labor in India is considerably lower when compared to leading shipbuilding nations such as South Korea and China, even after considering the impact of efficiency. Moreover, the cost of labor in India is increasing at a much lower rate compared to China establishing a long-term competitive advantage for India as far as labor cost is concerned.

Domestic shipbuilding outlook

Commercial orders are expected to be muted in the near term for tanker and dry bulk segment, although order flow from other minor segments may continue. Financial problems with some of the larger private sector players may impact the execution of existing orders.

Among the commercial segment, the order book as on March 31, 2017 has been dominated by dry cargo and bulk carriers, which accounted for 44.0% and 48.9%, respectively in terms of DWT. However, in terms of number of vessels, these segments accounted for ~12.7% and 26.1% of orders, respectively while ~28.7% of orders was from the off-shore segment, even though in terms of DWT the segment accounts for only ~4.4% of orderbook. Exports accounted for ~29% of orders (~51% in terms of DWT). The orders in the commercial segment are dominated by the private sector shipyards, which account for ~89% share in terms of number of vessels (~97% in terms of DWT), of which ~66% of orders in terms of number of vessels (~55% in DWT) is with the 2 largest players – ABG Shipyard and BDIL.

With the global vessel demand outlook for tanker, dry bulk and off shore segment remaining muted, new orders in this segment are expected to be subdued. Although factors like need for replacement of ageing fleet to meet regulatory requirements, improved competitive position due to favorable Government policies may drive up some demand for domestic shipyards. However, the 2 largest private sector players – ABG shipyard and BDIL are financially weak and currently facing bankruptcy proceedings, which may impact their ability to execute the existing orders and the same may also impact the new order flow to domestic shipyards in the commercial segments. During FY2017, as per new reports only Chowgule & Co. Ltd. has received orders for six 4,200 ton multi-purpose cargo vessels from Netherlands based - Wijnne Barends.

Given the expected delays in deliveries of existing commercial outlook and potential cancellations due to problems faced by larger private sector entities, the commercial order book is expected to witness reduction on account of cancellations during the next three (3) years but could see some traction subsequently driven by improvement in global demand supply trends.

Demand Supply Dynamics of Key Commercial Segments

Tankers: The global tanker market is facing pressure on account of oversupply, which had impacted the new build prices to go down by ~8.2% during CY2016 and put pressure on new orders. The global fleet is estimated to grow by ~4-5% during CY2017, whereas the trade growth is expected to be marginal. The tanker charter rates are expected to remain subdued in the near to medium term as the supply gets absorbed. Hence, the near to medium term outlook for new orders in this segment is muted.

Dry Bulk: While the charter rates have witnessed some traction in this segment in recent months driven by increased demand from China for iron ore and coal import, the improvement has also been driven by reduction in global fleet that has resulted in some supply correction as the segment has been facing oversupply in the last few years. The supply correction has been driven by delays in deliveries/cancellation of new build orders, which has slowed down supply addition while scrapping of old vessels continue. Nonetheless, the outlook for new orders in this segment also remains muted in the near to medium term as the improved rates needs to sustained and sufficient correction in supply through scrapping should happen before the orders pick up.

Product Carriers: The oil product segment is also subdued due to oversupply and muted demand growth. With the oversupply situation expected to persist in the near to medium term, the outlook for new orders in the oil product segment also remains subdued. However, the demand for specialized gas carriers like LNG and LPG carriers may grow in specific routes including those in India due to growing demand for this segment, which may lead to some orders in this category. However, the ability of domestic shipyards to execute order for these vessel types are limited and hence will not be much beneficial for the domestic shipbuilders.

Containers/ Liner Segment: During CY2016, the global container handling was estimated to be around 700 million TEUs. The growth in this segment has been subdued in the last few years and the rates have also been depressed due to oversupply of vessels and subdued demand growth. Due to the subdued rates, the segment has witnessed consolidation with large liner companies in China, Korea, and Japan trying to merge operations to benefit from economies of scale and higher efficiency in operating costs. Despite oversupply in the segment, there has been some demand for very large energy efficient vessels, which will also help the liner companies in improving profitability and deliveries of several of them are expected in the near term. While the charter rates have witnessed some traction in recent months, the outlook for new orders for the traditional capacity vessels in the liner segment is expected to remain muted in the near to medium term.

Offshore Segment: The offshore segment mainly caters to oil exploration and construction work at high seas and includes vessels like drill ships, off shore barge, platform supply vessels (PSV), diving support vehicles etc. The offshore segment has been impacted by the low crude oil prices in the last few years, which has led to moderation in E&P activities and reduction in vessel charter rates. This segment also faced oversupply, although there has been some improvement in capacity utilization levels in the current year. The near-term outlook for new orders in this segment is also subdued.

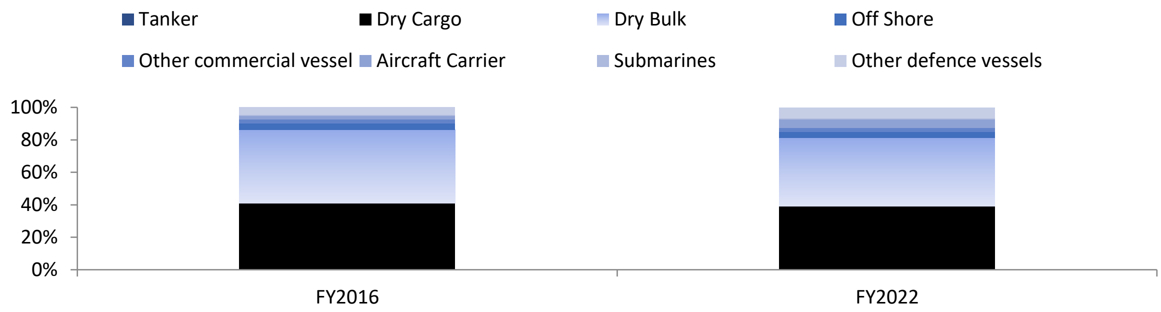
The demand for the above segments for domestic shipping companies is also impacted by the global trends. However, the demand for some of the other commercial segments is driven by more localized factors as discussed below:

Port support vessels: With growth in port capacities (both global and domestic), the demand for port support vessels such as tugs etc. are expected to continue in the near to medium term. This segment accounts for only ~1-2% of domestic order book.

Passenger Vessels: The demand for smaller passenger vehicles, passenger-cum-cargo vessels are expected to witness moderate demand with government focus on improving inland water ways and coastal shipping. Some of the vessels in this category include Roll on/Roll off (RoRo) ferries, small passenger crafts, ferries etc. The segment accounts for ~8-9% of domestic commercial orders.

Estimated Vessel-Wise Change in Order Book

Exhibit 20: Order Book by Vessel Type in FY2022



Source: ICRA research

Capacity Expansion Plans for the Shipbuilding Industry

Despite the ongoing slowdown in the global and Indian shipbuilding industry, a few of the Indian shipyards are undertaking capacity expansions. The capacity expansions in the shipbuilding and ship repair facilities are being undertaken to enhance the ability to handle more vessels at a time and to improve the overall technological infrastructure. These expansions are mainly in anticipation of an increase in orders from the Indian Navy and the Indian Coast Guard.

Cochin Shipyard Limited has a two-fold expansion plan involving capex of ₹28,000 million:

- The shipyard, currently having 2 dry docks, is planning a 310m long dry dock to handle ships with larger capacities. The capex for the new dry dock is estimated to be around ₹18,000 million. Construction of the dry dock is expected to begin from January 2018 with as estimated thirty (30) months for completion.

- The other expansion project is the construction of a new ship repair facility at a land in Kolkata leased from the Cochin Port Trust. The company, which currently gets 25% of its annual turnover from repair operations, is planning the new facility as per international standards. At present, the shipyard has been turning down ship repair orders (beyond its full capacity) due to capacity constraints. With the new ship repair facility in place, the shipyard would be able to take up 70-80 additional ship repairs.

Key Risks and Challenges in Shipbuilding Industry

The Indian shipbuilding industry accounts for a small share of the global shipbuilding industry. While there are numerous opportunities for the industry to grow, there are certain challenges faced by the domestic industry that need to be addressed to drive growth.

- **Financing Options for Shipyards in India**

Shipbuilders are typically required to provide bank guarantees at multiple stages of the sale of a vessel to protect the interests of a buyer. In the leading shipbuilding markets such as China and Republic of Korea, there is either sovereign support available to the shipbuilders or the financing options available are far more evolved leading to much lower borrowing costs. On the other hand, Indian shipbuilders have to bear a much higher cost to provide bank guarantees. Further, the interest rates applicable to working capital finance provided to shipbuilders in India is much higher compared to the rates charged in China and Republic of Korea.

- **Decline in order book owing to global slowdown**

The Indian shipbuilding order book has been on a decline for the past few years owing to a continuing downtrend in global trade, which has resulted in excess supply in the industry. As of March 31, 2016, the Indian shipbuilding order book stood at 2.7 million DWT, of which dry cargo vessels accounted for 42% of the total volumes on order. While private sector accounted for 94% of the total order book, the public sector had a much smaller 6% share. In terms of tonnage delivered during FY 2016 (143,000 DWT), the public sector had a 34% share while the private sector accounting for the remaining 66%.

Almost 50% of the private sector orders are export orders and are primarily orders for commercial vessels. While the private sector has a much bigger chunk of the current order book, the execution of the same remains suspect due to the financial stress that most private shipyards are grappling with. According to industry sources, some of the commercial vessels orders with the private sector have been cancelled or put on hold. Public sector shipyards have been unable to accept export orders due to limited capacity and order backlog. As of FY2016-end, RNEL (Pipavav) and ABG Shipyard were leading the private sector order book by tonnage while in the public sector, MDL and HSL had the highest tonnage of orders.

In case of public sector shipyards, majority of the order book consists of defence orders, i.e. orders from the Indian Navy and the Indian Coast Guard. Within the public sector shipyards, the DPSUs, namely MDL, GSL, GRSE, and HSL receive the majority of the orders concerning the expansion of the naval fleet.

- **Capacity imbalance: Gross underutilisation in private sector whereas public sector dealing with limited capacity to execute defence orders**

Capacity of the public sector shipyards is largely utilised with defence orders with a certain extent of order backlog as well. However, the situation is diametrically opposite for private sector shipyards, which are dealing with overcapacity. Consequently, the private sector is struggling to break-even in a sector that is highly capital-intensive and is, in turn, running into funding troubles.

However, there have been few recent announcements where the Government has reached out to the private sector for shipbuilding and ship repair contracts for the naval fleet. The focus, therefore, is on defence orders and their role in lifting the financial burden off the private sector shipyards.

Regulatory Framework for Shipbuilding Industry in India

India is one of the top ten defence spenders in the world and the recent impetus to domestic manufacturing within under the Make in India program bodes well for the Indian shipbuilders, especially those with capabilities and experience in defence shipbuilding.

Qualitative Impact of Make in India, LNG Shipbuilding and Indigenization

Currently, the Indian Navy has reached ~90% indigenization in the 'FLOAT' category, 50-60% indigenisation in the 'MOVE' category and ~30% indigenisation in the 'FIGHT' category. The Indian Navy has prepared a plan, the Indian Naval Indigenisation Plan (INIP) 2015-2030, to develop advanced systems for naval platforms. Under this plan, the Indian Navy would be calling out both public and private sector shipyards to participate in meeting the needs of the Indian Navy, in line with the government of India's 'Make in India' initiative. This would see a number of foreign OEMs tying up with Indian shipbuilders to share technology and jointly work on various business opportunities. The same is reflected in the DPP, a revised version of which has been launched by the Government in March 2016. So far, an impact can be seen on the private shipyards, which have been allowed to bid for defence orders. Some of the larger private shipyards are expected to break-even in the coming two (2)-three (3) years on the back of the new defence orders that the shipyards could potentially win.

Under the Make in India initiative, the Government has planned to indigenise the construction of LNG carriers, a vessel category currently built in Japan, Republic of Korea, and China. The plan was taken forward through GAIL India Ltd., the state-owned gas utility, which was to award tenders to charter nine newly-built LNG carriers. The bids were sought in lots of three with the condition that one of the three vessels would be constructed at an Indian shipyard. However, in 2016, GAIL India Ltd. had to scrap the US$ 7 billion tenders it awarded to the international bidders as none of the bidders agreed to the construction of LNG carriers within India. The negotiations between GAIL India Ltd. and the bidders dragged on for two (2) years but eventually led to GAIL India Ltd. scrapping the tenders. Indian shipyards lack the technology to successfully complete the construction of LNG carriers in a cost-effective way and therefore the high costs and risks involved in the construction would continue to deter international bidders to participate in tenders with such conditions. Cochin Shipyard Ltd., the only player in India eligible to build a cryogenic vessel, was looking to tie-up with Samsung Heavy Industries for the transfer of technology for the construction of an LNG tanker. However, the technology transfer involved a fee of US$ 104 million taking the total cost of the tanker to be much higher (around US$ 338 million) than the average cost of an LNG carrier built in Republic of Korea (around US$ 240 million). In April 2017, the gas utility finally opted to hire ships on a short-term basis to ferry LNG from the US. Therefore, the Government's plans to indigenise the construction of LNG carriers face significant challenges.

Key Government Initiatives Taken by Government to Promote Shipbuilding Industry in India

Given below are a few key initiatives undertaken by the Government to aid the growth and development of the domestic shipbuilding industry.

Granting of infrastructure status to the shipbuilding sector

In January 2016, the Government announced inclusion of stand-alone shipyards (those undertaking activities such as shipbuilding and ship-repair) under the harmonized list of infrastructure sectors. This inclusion would allow shipyards to seek flexible structuring of long-term project loans (until now Indian banks did not provide term loans longer than eight (8) nine (9) year tenure often leading to cash flow mismatches), long-term funding from Infrastructure Funds at lower interest rates and for a longer tenure suitable to the economic life of their assets, relaxed ECB norms, and issuance of infrastructure bonds to meet working capital requirements. Overall, this move would broaden the funding options available to Indian shipyards, hence providing them the much needed cushion to undertake capex to enhance and expand the existing yard facilities.

Right of First Refusal for Indian shipyards for newbuilds and ship repairs in the bulk tendering process; only Indian-built vessels to be procured after 2025

The Government has also approved a revised domestic eligibility criteria whereby all Government departments and Central Public Sector Undertakings (CPSUs) sourcing vessels for governmental or own purposes will conduct bulk tendering for their vessel requirements with deliveries starting from FY 2017 with a Right of First Refusal for Indian shipyards. Further, from 2025, only Indian-built vessels can be procured by government departments and CPSUs for governmental or own purposes. Similar rules would apply to repair of vessels.

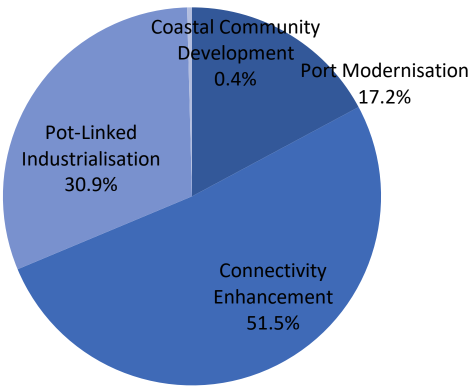
Shipbuilding financial assistance policy for Indian shipyards for contracts signed between 2016-2026

In December 2015, the Government approved the Shipbuilding Financial Assistance Policy for Indian shipyards. The policy involves a budget of ₹40,000 million spanning a period of ten (10) years to provide an impetus to the domestic shipbuilding sector. Under this policy, all contracts signed between 2016 and 2026 would be eligible for a subsidy of 20% of the fair price or contract price (whichever is lower) of the contracted vessel. The rate of 20% would be reduced by 3% every three (3) years over the decade. This scheme has been introduced after the expiry of the previous scheme which ended in 2007 but was extended until March 2014.

Sagarmala Programme to boost domestic demand for shipbuilding

In August 2014, the government of India launched the Sagarmala programme, which lays out a total 415 projects with a combined infrastructure investment of ₹80 lac million between FY2016 and FY2035. Of the total projects, 199 have been identified as focus projects that would be taken up between FY2017 and FY2019 at a combined cost of ₹33 lac million.

Exhibit 21: Focus Project Themes by Project Cost



Source: Annual Report 2016-17, Ministry of Shipping; ICRA research

The sagarmala programme aims to modernize the country's ports and increase transportation of cargo and passengers through inland waterways. The programme entails development of 6 new ports and new waterways, which will create the requirement for dredgers and harbour crafts. There would be greater oil exploration activity in deepwater leading to greater demand for offshore rigs and vessels. Further, there would be increase in demand for ships and ports to handle liquid and gas cargoes. With the emphasis on Make in India, this initiative would also look at job creation in the shipbuilding sector, as a part of which, Cochin Shipyard Limited is planning a capacity expansion and setting up ship repair facilities in other ports.

Increase in Foreign Direct Investment limit in defence sector from 26% to 49%

In August 2014, the Government raised the FDI limit in the defence sector to 49%. The CCS would grant the FDI approval on a case-to-case basis upon assessing the level of technology gains the investment would bring to the domestic defence sector. The domestic defence sector imports up to 70% of the military hardware. With the FDI limit being raised to 49%, there would be a decline in imports by indeginising defence production to a much higher extent.

Review and Outlook of Portable Steel Bridge (Bailey Bridge) Industry

The Bailey bridge is a portable pre-fabricated bridge that was originally developed by the British during World War II. While the bridge was initially used mainly for military purposes, it now finds its applications in areas/regions that are hard to access and are not fully connected via roads and lack proper infrastructure.

The original design for the Bailey bridge was prepared by the Chief Quality Assurance Establishment, which is also responsible for a periodical evaluation of the capacity of all Bailey bridge manufacturers.

The market for Bailey bridges in India includes the following key customer segments:

- Border Roads Organisation (BRO) – The organisation is responsible for constructing and maintaining operational road infrastructure for the defence forces in India's border areas and neighbouring countries to ensure connectivity between inhospitable and far-flung regions.

- Army Headquarters – The Engineer-in-Chief's branch also issues a number of orders for such bridges.

- Various State Governments – The State governments undertake infrastructure development and rural connectivity initiatives under the Pradhan Mantri Gram Sadak Yojana (under the Ministry of Rural Development). The demand mainly comes from Government of Odisha, Chhatisgarh, Jharkhand, and Bihar.

- Public Works Departments of North Eastern states and Northern states such as J&K, Himachal Pradesh, and Uttarakhand due to the challenging topography in the regions.

- Export market – This is a relatively new market for the Indian Bailey bridge manufactures and mainly includes friendly neighbouring countries such as Nepal, Bangladesh, Myanmar and Bhutan etc.

The Indian Bailey bridge industry is dominated by 2 PSUs namely, GRSE and Bridge and Roof Co. (India) Ltd. These 2 Kolkata-based companies account for around 90% of the market share while Titagarh Wagons Limited and a few other smaller private players account for the remaining 10%. The defence contracts are awarded through a process of competitive bidding, which is open for both public and private sector players to participate in.

The total domestic market for Bailey bridges is estimated to be ₹2,000-2,500 million in revenue size. In terms of capacity, GRSE, which has around 60% share of the domestic Bailey bridge market, manufactured around 4,800 metric tonnes in FY2017. In terms of number, our Company supplied 70 bridges during FY2016. Overall, our Company has supplied over 5,000 bridges to the Indian Army, BRO, and various state Governments. Our Company has set up additional production facilities at its DEP and the same is estimated to have supplied 10 bridges during FY 2017-18. The bridges are made to order as the configuration of the bridge varies according to the bridge span and the load carrying capacity of the bridge. The bridge, manufactured using mainly steel, is assembled on site and is therefore also known as a portable bridge.

The industry has grown at a CAGR of around 15% over the past five (5) years and is expected to double in size through the coming five (5) years. The increase in orders from State governments, given the boost in rural development efforts, and a growing export market are the key drivers of growth for this industry.

Review and Outlook of Deck Machinery Items for All Types of Ships (military and civil/commercial ships)

The shipbuilding industry has a number of smaller allied industries which cater to the demand for a number of equipment and machinery items that are required for the construction of a ship. One of such sub-industries, driven by derived demand, is the manufacturing of deck machinery items. These are all machinery items fitted onto the deck of a ship and are primarily used to handle the ship's gears. Some of the key machinery items are given below:

- Anchor capstan and anchor windlass – These 2 machines are similar in their functioning and uses. While the capstan is vertical-axled, the windlass has a horizontal axle. A capstan is used to apply force to the bars and cables on the deck. Modern capstans are typically powered electrically or hydraulically. A windlass is used to release or heave-up equipment such as the ship's anchor or the fishing trawl/net (in case of a fishing trawler).

- Mooring capstan – The mooring capstan is fitted at the rear-end or the quarter deck of the ship. As the name suggests, the machinery is used for the mooring of the ship once it reaches a port or a dock.

- Boat davits – Boat davits are tailor-made cranes used for lowering and hoisting of boats on high-seas ships. Boat davits are typically powered electrically. The latest version of boat davits are powered using electro-hydraulic technology and are grabbing significant market interest.

- There are various other machinery items such as deck winches (used to drag flat-bottomed ships backwards), electrical cut-outs to safeguard the equipment, slipping clutches, base and depot spares, and war reserves, etc.

In India, the total market for deck machinery items is estimated to be around ₹1,000 million in 2016. Almost the entire production is for consumption by domestic shipyards. As these machinery items are highly technical, they are typically manufactured around the specific custom requirements of a customer and therefore the overhead costs involved in the industry are quite high. Further, the industry is highly technology driven and the technology in this space is fast-moving with research and development playing a huge role in production and marketing decisions. A part of the demand for this industry is the refurbishment requirements from older ships and boats.

Among the organised players, GRSE is the only shipyard among all private and public shipyards in India to produce deck machinery items. Our Company caters to orders from the Indian Navy and the Indian Coast Guard and orders from other shipyards such as MDL, GSL, CSL, HSL, RNEL, and L&T shipyard. Our Company also has a license and sales agreement with a company in the UK to provide rail-less helicopter traversing systems. In FY2016, our Company supplied 45 different equipment/ systems to projects in different shipyards and to the material departments of the Indian Navy and the Indian Coast Guard. Our Company has recently undertaken an exercise to modernize the assembly and testing facilities at its DEP unit involving an investment of ₹100 million.

The key factors expected to drive the growth of this industry are:

- Level of shipbuilding activity – The demand for deck machinery items is clearly linked to the number of ships being built in the domestic market. Any increase in the pace of shipbuilding activity would lead to an increase in orders for the deck machinery items.

- Refurbishment demand – A number of ships, especially older vessels, are undergoing major overhaul and repair works. As a part of the refurbishment exercise, key deck machinery items are also replaced creating sizeable demand for the manufacturers.

- Pace of Research and Development (R&D) and technology advancement – Since the industry is highly technology-driven, there are constant and active R&D initiatives undertaken by domestic and international players. For instance, currently new product ideas such as foldable hangar doors and telescopic hangar doors are being researched. New technologies and innovations would continue to make for demand for new products and drive the industry forward.

Review and Outlook of Engine Market of All Types of Ships (military and civil/ commercial ships)

The engine market for defence/military ships is limited in India as currently there are no indigenous builders for engines used in military ships. Garden Reach Shipbuilders & Engineers has a division in Ranchi that produces a particular engine series, i.e. the 4000 M-90 series. Our Company has a license agreement with Germany-based MTU Friedrichshafen (now a subsidiary of Rolls-Royce Power Systems). This engine series has the 12-cylinder and 16-cylinder variants used for the propulsion of smaller boats. Other than produding engines, the division also enters contracts to overhaul engines. GRSE has recently modernized the assembly and testing facilities for its marine engines unit at Ranchi with an investment of ~₹100 million.

Going forward, the overhauling contracts are expected to rise in number and the same is expected to drive the engine market's growth in country. Recently, the Indian Coast Guard had undertaken a thorough assessment of its current fleet and as per the study's results, 9-12 engines per annum would require overhauling work.

OUR BUSINESS

This section should be read in conjunction with "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 22, 354 and 199, respectively, before making an investment in the Equity Shares. Our restated financial information for the Fiscals 2013 and 2014 included in this Red Herring Prospectus is prepared under the Indian GAAP. Further, with effect from April 1, 2016, we are required to prepare our financial statements in accordance with the Ind-AS. Accordingly for the Fiscals 2015, 2016, 2017 and 2018, our financial information is prepared under the Ind-AS and included in this Red Herring Prospectus. References to "restated" below are to our restated financial information.

In this section, references to 'we', 'are' and 'us' are to our Company.

The following discussions may contain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. See "Forward Looking Statements" and "Risk Factors" on pages 20 and 22, respectively for factors that could cause or contribute to these differences.

As a result of national security related concerns, certain material information in relation to our business and operations has been classified as 'confidential' by the Ministry of Defence, Government of India and us. As a result, we have not (i) disclosed such information in this RHP; or (ii) provided such information to the BRLMs, the legal counsels and other intermediaries involved in this Offer. We cannot assure you that this RHP contains all such material information necessary for investors to make an informed investment decision.

Overview

We are a shipbuilding company in India under the administrative control of the MoD and primarily adhere to the shipbuilding requirements of the Indian Navy and the Indian Coast Guard. In addition to our ship and warship building capabilities, we are engaged in engineering and engine production activities. As a part of our engineering division we manufacture deck machinery items, pre-fabricated portable steel bridges and marine pumps. Our shipbuilding division contributes a significant majority of our revenue from operations. We have derived 94.14%, 90.13%, 92.19% and 94.76% of our gross revenue from operations in Fiscals 2018, 2017, 2016 and 2015 respectively from our shipbuilding division.

Our Company was incorporated in 1934 under the Indian Companies Act, 1913, and was later acquired by the Government of India from Macneill & Barry Limited on May 19, 1960. Shortly after becoming a CPSE in 1960, we built India's first indigenous warship–the *INS Ajay*, in the year 1961. For further details of our history, please see "*History and Certain Corporate Matters*" on page 164.

Over the years, our Company has established capabilities for in-house design and shipbuilding and has made considerable contributions to the indigenous warship construction program of our country. Our shipbuilding product line spans from technologically sophisticated Frigates and Corvettes to Fast Patrol Vessels. In last five (5) decades, we have built and delivered ships ranging from small to large and advanced vessels including frigates, anti-submarine warfare corvettes, missile corvettes, landing ship tanks, landing craft utilities, survey vessels, fleet replenishment tankers, fast patrol vessels, offshore patrol vessels, inshore patrol vessels, WJ-FAC, hover crafts and fast interceptor boats to the Indian Navy, Indian Coast Guard, MHA and Governments of other countries. We have built and supplied more than 750 vessels to carry men and materials as well as for the surveillance of the coast line. Over the years, we have responded to the varied shipbuilding requirements of the Indian Defence Services and have evolved from building simpler vessels to building bigger and technically advanced warships.

Presently, we have three (3) separate facilities for shipbuilding, all of which are located in close vicinity of each other at Kolkata, India. We build our ships at the Main Works Unit and the Rajabagan Dockyard. Our third facility, the FOJ Unit is primarily used for fitting out and repair of ships. We acquired the Rajabagan Dockyard from Central Inland Water Transport Corporation Limited in the year 2006. Our DEP unit is engaged in the testing and overhauling of marine propulsion engines and assembly of semi-knocked down units of diesel engines. Our Engineering segment is engaged in the manufacturing and fabrication of portable steel bridges, deck machineries of ships and marine pumps.

Over the years, our Company has been credited with many firsts in the Indian shipbuilding industry. For instance, we are the first Indian shipyard to integrate carbon composite superstructure with steel hull for the construction of our third ASW Corvette for the Indian Navy, which resulted in a reduction in weight and increase in stability of the ships. In 2000, we became the first and the only Indian shipyard to build and subsequently deliver a fleet tanker to the Indian Navy and to build and subsequently deliver a hovercraft to the Indian Coast Guard among others. These are in addition to pioneering works in supplying the first ever indigenous warship for Indian Navy (*INS Ajay*). *(Source: ICRA Report)*

On September 5, 2006, we were conferred with the status of Schedule B & Mini Ratna-Category I Company by the Department of Public Enterprises under the Ministry of Heavy Industries and Public Enterprises, Government of India. Our Company has also been conferred with several awards including the Defence Minister's Trophy "Best Performing Shipyard Award" for four (4) consecutive years (Fiscal 2010-2011, 2011-2012, 2012-2013 & 2013-2014), from the Hon'ble Raksha Mantri; the Defence Minister's Trophy "Best Inhouse Design Effort" on May 30, 2017 for Mauritius CGS Barracuda among others. For further details of awards, we have received, please see "*History and Certain Corporate Matters- Awards and Recognition*" on page 167.

We have in the past and continue to associate with several technology firms in our industry like MTU and other international/ domestic entities for our different business segments, which we believe has added to our credibility in the international market.

In Fiscal 2018, 2017 and 2016, our revenue from operations (gross) were ₹13,465.16 million, ₹9,293.22 million and ₹16,645.86 million. Our profit after tax for Fiscals 2018, 2017 and 2016 were ₹868.06 million, ₹114.65 million and ₹1,644.45 million respectively. As of July 31, 2018, our order book for all our product categories was ₹203,136.10 million, of which our shipbuilding order book consisted orders of thirteen (13) vessels with an aggregate outstanding revenue value of ₹200,294.20 million. Our order book only represents business that is considered firm. In addition to our firm order book, as of the date of this RHP, we have also been adjudged the lowest bidder for four (4) Survey Vessels (Large) and eight (8) Anti Submarine Warfare Shallow Water Craft (ASW SWC) from MoD and one (1) Ocean Going Passenger and Cargo Ferry Vessel, which presently does not form a part of our order book as letters of award have not been issued to us.

Competitive Strengths

We believe we benefit from the strengths listed below that together differentiate us from our competitors.

Modern Manufacturing Platform and Integrated Shipbuilding Facilities to deliver quality products

We believe that our modern infrastructure facilities available at our shipyard coupled with our vast expertise give us a significant edge over other domestic defence shipyard. Our Company has been taking steps to ensure simplification in the process and procedures, adopt modern practice and technology, enhance capacity and modernize infrastructure and improve on governance.

Our Company has undertaken major modernization of its infrastructure. In the year 2013, we developed a new integrated shipbuilding facility at the Main Works Unit that allows us to use modular construction when building warships, which enable us to reduce the shipbuilding period, improve quality through the implementation of integrated construction technology, and to construct ships in line with the global practices in the shipbuilding industry. Our facilities allow us to produce eight (8) large ships and twelve (12) medium/ small ships concurrently. In addition, we have constructed new hull shop, module shop for mega block integration, dry dock and building berth. We believe our advanced modular construction technique enables us to simultaneously build a greater number of large warships in a more truncated time period at Main Works Unit. Our Main Works Unit is supported by our FOJ Unit, which is dedicated to fitting out and repair of ships. Fitting out follows the float-out of a vessel and precedes sea trials. Our Company's in-house facilities are also augmented by hiring larger dry docks of the Kolkata Port Trust on as-and-when required basis. Our Company has also recently inaugurated modern pump test bed facility at Taratala unit on June 11, 2018 for testing the pumps we manufacture.

While we have been enhancing our infrastructure, in parallel, improvements and upgradation of design capabilities, new technology, methods and adoption of quality initiatives have also been undertaken and are underway. To further increase our construction capacity, we use Rajabagan Dockyard exclusively for the construction and fitting out of small and medium ships. The Rajabagan Dockyard facilities are further being upgraded for construction of more small and medium ships.

Further, we completed the moderisation of our DEP unit in Ranchi in 2016. The modernisation was intended to create a new, state-of-the-art diesel engine assembly shop that would enable carrying out overhaul and assembly of engines in a dust-and-moisture-proof environment. With commissioning of our "Modernised Diesel Engine Assembly Shop", we believe our DEP unit is poised to take up work on next generation of marine diesel engines and also move ahead on to produce marine diesel engines under 'Make in India' initiatives.

We provide End-to-End Solutions

Our Company has a dedicated Central Design Office ("**CDO**") undertaking design and research and development, which comprises of highly skilled workforce of 100 members as on date of the Red Herring Prospectus, majority of whom are engineers qualified from IIT and other premier institutes. Our CDO team uses various software ranging from Aveva Marine, NAPA for Naval Architectural design, AutoCAD for drafting work and other softwares for structural analysis. With our dedicated CDO team, we have achieved innovative measures in carrying out complex warship designs work, some of which are landing craft utility mark IV, which is an in-house design product with 15 knots speed, which we believe to be unique for a vessel of this size and type. Additionally, our Company has also recently inaugurated Data Centre of CDO on June 1, 2018 and inaugurated a virtual reality lab of CDO on July 7, 2018 at 61 Park Unit.

We believe our ability to provide end-to-end solutions to our customers, ranging from product conceptualization, design, system integration and project management increases our capability to meet customer demands. When a customer has a project proposal, we utilize our resources to fulfill the entire project from the design stage to delivery of the finished product. This provides us an increased level of understanding with respect to meeting our customers' needs. Also, we believe that designing the ship we deliver will allow us to gain a greater understanding of the ship we are expected to build and control over the manufacturing process. Because we manage the entirety of the project, as we have dedicated production lines for independently managing construction of small/ medium and large ships. We believe we gain efficiencies relative to some of our competitors who participate in the construction of ships, but do not participate in other stages of the project. Further, we believe we avoid a significant amount of reliance on third-parties to fulfill an order relative to our competitors.

Strong and Established Relationships with Indian Navy and Indian Coast Guard

We have long-standing relationships with the Indian Navy and Indian Coast Guard. Our relationship and experience with the Indian Navy is over five (5) decades, beginning when we delivered the *INS Ajay*, the first indigenous warship, to the Indian Navy in 1961. These relationships allow us to secure shipbuilding projects. We have delivered 96 ships to the Indian Navy and Indian Coast Guard on an aggregate basis. Both our historical operations and ongoing operations exhibit the level of satisfaction and depth of relationships we possess with respect to the Indian Navy and Indian Coast Guard.

We have historically delivered ships to the Indian Navy and Indian Coast Guard that no other indigenous shipbuilding companies have delivered to them. For instance, in 2000, we became the first and only Indian shipyard to build and subsequently deliver a fleet tanker to the Indian Navy and to build and subsequently deliver a hover craft to the Indian Coast Guard. Further, in 2009, we became the first and only Indian shipyard to build and subsequently deliver to the Indian Navy a landing ship. In 2017, we built and delivered to the Indian Navy, for the first time in our Company's history, warships that have weapon and sensors trials completed which until then were undertaken at various Indian Navy facilities post delivery of warships. **(***Source: ICRA***)** Additionally, we built and delivered the INS Kiltan, an anti-submarine warfare stealth corvette and the first Indian warship with a superstructure made entirely of composite material, in 2017. We also have several ongoing projects with the Indian Navy and Indian Coast Guard. In the Fiscals 2018, 2017 and 2016, we have built and delivered a total of nine (9) ships to the Indian Navy.

Strong Order Book

Our aggregate order book as on July 31, 2018 was ₹203,136.10 million, comprising gross order value in the shipbuilding segment, engineering segment and the engine segment of ₹200,294.20 million, ₹851.70 million and ₹1,990.20 million, respectively. The aggregate value of our order book represents the total nominal value of the contracts that have not been completed, excluding the portion of revenue in respect of those orders that we have recognized as of such date.

We believe our current order book provides us with a deep pool of revenue-generating projects and that the revenue generated from our order book shall allow us to invest in our design capabilities and facilities in order to become more efficient and technologically sophisticated. We currently have contracts to deliver twenty (20) ships to the Indian Navy and Indian Coast Guard, out of which seven (7) ships have been delivered. A number of those ships are large, advanced vessels that deliver the significant profit margins of the ships we construct. The shipbuilding contracts we enter into with our customers stipulate the agreed specifications of the vessel and certification society with which the vessel is intended to be certified. Typically, we are permitted to subcontract any portion of the construction work of the vessel to subcontractors, other than few major sub-contract tasks such as the main hull structure and superstructures for which we require the prior approval of the client.

However, our order book information is only indicative of future revenues and you should not place undue reliance on such information in making an investment decision. For further details on the risks involved with our order book, please refer to the risk titled "*Our growth rate, the number of orders we have received in the past and our current order book may not be indicative of our future growth rate or the number of orders we will receive in the future"* on page 31.

Make in India Initiative

We have an advantage over global shipyards in securing contracts to build vessels for the Indian Navy and Coast Guard because we qualify for the Make in India initiative under the DPP. The Make in India initiative grants indigenous manufacturers a competitive advantage when supplying to the domestic market. The MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("**IDDM**") products for capital procurement. Our repeat customers, the Indian Navy and Indian Coast Guard, constitute part of the domestic market and are therefore, required to give us preference over global shipyards in certain circumstances. As part of the Make in India initiative, internally we have put in considerable efforts in increasing the percentage of indigenization over the last few years. We have made significant progress in indigenization of our products in terms of value of production during the last year.

Business Diversification

Shipbuilding is our key product offering. In addition to our core manufacturing activities for shipbuilding, we offer diversified products and services to our customers including portable bridges, deck machinery items, pumps and engines. We produce bridges at our 61 Park Unit and Taratala Unit which enable us to counterbalance the cyclical nature of the shipbuilding income stream. We believe our product diversification allows us to rely on different product areas to generate revenue when the market conditions dictate a decrease in demand for shipbuilding.

Further, we are not aware of any other shipyard in India that has a dedicated deck machinery equipment facility or an engine assembling and testing facility, both of which, we believe, are essential for the shipbuilding and testing process. In the absence of such facilities, our competitors approach third-parties to complete such tasks related to deck machinery and engine assembly and testing. We believe this vertical integration enables us to produce ships in a more time efficient manner because of our non-reliance on third-parties.

Experienced Workforce

We believe that our qualified and experienced senior management team and technically skilled employee base have contributed to the growth of our operations and the development of in-house processes and competencies. Our human resource policies are aimed towards enhancement of institutional knowledge and skills. Our human resource department has active initiatives to further develop the skills and knowledge of our employees.

Our senior management team consists of technically qualified and experienced professionals who bring with them extensive experience in shipbuilding, design and engineering, order management, operations, human resources, finance and after-sales services. We have a large pool of experienced engineers. As of July 31, 2018, engineers constitute 21.30% of our total employees. We believe in high standards of ethical integrity and we ensure that all our business functions are carried out in a transparent manner. We believe our talented and motivated employees have been key to our success so far and will further enable us to capitalize on future growth opportunities. For further information on our key and senior managerial personnel who have contributed to our growth, see the sub-section titled "*Our Management – Key managerial Personnel*" on page 190.

Our Strategies

Looking at the future order of warship building for Indian Navy and the Indian Coast Guard, we believe that in the next decade, our existing customers alone can provide us with opportunities to have a robust order book with full capacity utilization. In addition, we are also focusing on order prospects from foreign countries. We are committed to continuing to increase our market share across our product verticals and to diversify our customer base and geographical footprint, thereby minimizing our exposure to particular sectors, markets and customers. Pursuant to the SEBI Exemption Letter-I, our Company, being an entity under the administrative control of the MoD has been exempted from disclosing its strategies since the same may compromise national interests. In relation to the same, we are setting out below some of our generic strategies, which we believe should not have a bearing on the national interests.

Further Strengthen our Relationship with Indian Navy and Indian Coast Guard

We intend to continue to further strengthen our strong relationships with the Indian Navy and Indian Coast Guard in order to generate revenue from their acquisition plan, which we believe aims to significantly expand the fleet ship size of the Indian Navy and Indian Coast Guard. Available information on the indigenous construction component of acquisition plans for the next decade indicate that the Indian Navy and Indian Coast Guard will acquire indigenous aircraft carrier, fleet support ships, frigates, mine counter measure vessels, fast attack crafts, patrol vessels, new-generation corvettes, survey vessels, fuel barges. We intend to focus on securing orders for the construction of major weapon vessel platforms (frigates and corvettes) to optimize the capacity utilization of our facilities.

Repair and Refitting of Indian Navy and Indian Coast Guard Vessels

We anticipate substantial market opportunities in the coming decade and beyond, in the area of maintenance, repairs, refits and upgrades of Indian Navy and Indian Coast Guard warships and considering that the Coast Guard is intending to augment their existing fleet by around twenty (20) to twenty-five (25) vessels over the next ten (10) to fifteen (15) years (Source: ICRA), we intend to ramp up our focus on repair and refitting of Indian Navy and Indian Coast Guard vessels. Further, the MoD in May 2017, released the “Strategic Partnership” framework for the Indian defence sector as a part of the DPP enabling multiple collaborations and partnerships between the Indian shipyards and foreign original equipment manufacturers and naval technology firms. This establishes a platform for a healthy exchange of technology and manufacturing know-how for the participants and we believe that this initiative would enable the domestic shipyards to eye global opportunities and lead to higher exports in the long run offering significant opportunities in the area of maintenance, repairs, refits and upgrades.

Upgrading Our Technological Capabilities and Facilities

We intend to advance and improve our technological capabilities and our facilities. In order to maintain our relationships with the Indian Navy and Indian Coast Guard, we must continually meet their shipbuilding requirements. From constructing ships on a shorter timeline, to the production of ships with greater technological capabilities, the Indian Navy and Indian Coast Guard require constant innovation and improvements in efficiency from shipbuilders. In 2013, we laid the foundation with respect to meeting the future requirements of the Indian Navy and Indian Coast Guard by modernizing our Main Works Unit to allow for modular construction, which we believe reduces costs and the shipbuilding period. Further, in 2016, we modernised our engine plant at Ranchi. Over the next two (2) years, we intend to augment the capabilities of the Rajabagan Dockyard and enhance our shipbuilding capabilities. We also plan to invest in our research and development capabilities to more completely meet the requirements of the Indian Navy and Indian Coast Guard.

As a part of our strategy, our Company continues to evolve and has developed (i) atmospheric-controlled dedicated facility at the Main Works Unit and at 61 Park Unit for construction of FRP boats; (ii) developed new designs for high-speed boats (25-30 meteres length and speed of 25-30 knots) to meet the future requirements of MHA; (iii) built and delivered eighty-eight (88) (58 numbers of 12 tonnes; and 30 numbers of 5 tonnes) fast interceptor boats to the MHA for coastal security.

Enhancing Our Research and Development Capabilities

We plan to invest a greater amount of capital as a percentage of our revenue with respect to research and development in order to augment our efforts in the development and design of warships along with the development of engineering products. We are currently developing new hull forms of warships with sizes from 65-115 M that are capable of speeds up to 25-35 knots. Also, we are designing a pontoon for the transportation of hull blocks and for inland cargo movement on national waterways. We are collaborating with leading academic institutes to develop and design such products. Additionally, our Company has also recently inaugurated Data Centre of CDO at 61 Park Unit on June 1, 2018 which has a capability multiplier essential for critical information technology operations, server availability, safety and security of design data and is mainly emphasized on promoting “Green

Concept" thereby contributing to energy saving and inaugurated a virtual reality lab of CDO at 61 Park Unit on July 7, 2018 for undertaking line out inspection on the CAD model, user reviews of critical departments at a much earlier stage and marketing of future ship designs.

In order to meet certain customer's requirements, we also designed a new landing ship with a low draft (1.7 M), high payload, and a max speed of almost 15 knots. This design is the largest landing ship utility in its category and we have verified the design through model testing.

We have designed and submitted to the Indian Navy against requests for proposals the following new concept designs:

- New Generation Corvette
- Survey Vessel (large)
- Anti-Submarine Warfare-Shallow Water Craft

We have also designed and submitted to the Indian Coast Guard against a request for information for a Pollution Control Vessel.

Aligning Our Processes to Changing Market Environments

We plan on adjusting our processes in order to meet the requirements of shifting market environments. The competitive marketplace for shipbuilding is steadily moving from a nomination process to a competitive bidding process. Previously, we were typically nominated for projects and therefore able to avoid having to deliver bids to customers in order to secure contracts. An increasing percentage of projects are secured through a competitive bidding process. We must have the ability to properly scope and build bids that allow us to maintain proper financial performance. Also, the procurement process is moving to a bidding process to reduce costs for purchased component parts. We intend to develop strategies that allow us to compete in the bidding process for projects and the procurement of components. We also intend to implement other strategies to meet the current market environment including enhancing our inventory control and build strategy process, outsourcing our non-core works and services, and enhancing our quality control processes.

Pursuing New Market Opportunities

We intend to explore the global market for our products. We exported our first ship in 2014 and seek to substantially grow our sales from ship exports. We intend to market all vessel sizes for exportation in various geographic locations. However, we anticipate exporting small and medium sized warship and patrol vessels to South East Asia, west Asia, African countries and Latin America which provides us with opportunities to develop our export business. We are poised to supply vessels of improved quality while incurring a lesser capital cost in building our ships in order to compete in the global arena. In order to achieve the aforesaid strategy, we are in the process of upgrading our processes and products in line with latest technology to keep up with the demands of modern shipbuilding.

Our export strategy includes participating in the following opportunities in the coming years:

- LST(L) for the United Arab Emirates;
- OPV and Survey Vessels for Nigeria; and
- Corevettes for Philippines.

Our endeavor is to increase our capacity for our other products, including ship repair, deck machinery, marine pumps, bridges and marine engines, in furtherance of which we have developed a new system of bridge design to increase capacity in order to increase penetration in newer markets and strengthen the existing markets, establishing additional production facilities at DEP for bridges, modernizing our facilities with respect to the production efficiency for engines.

OUR BUSINESS

We currently offer products in the following core verticals: (1) shipbuilding; (2) engineering; and (3) engine production.

Our shipbuilding division consist of the construction of vessels for clients engaged in the defence sector shipping industry. Vessels built by us include frigates, anti-submarine warfare corvette, missile corvette, landing ship tank, landing craft utility, survey vessel, fleet replenishment tanker, fast patrol vessel, offshore patrol vessel, inshore patrol vessel, WJ-FAC, hover craft and fast interceptor boat. For further details on our shipbuilding products please see "*Our Products*" on page 142.

Our engineering division develops and manufactures portable steel bridges, suspension type pre-fabricated steel bridges, marine pumps, rail-less helicopter traversing systems, boat davits, anchors, mooring and dock capstans, anchor windlass and winches.

Our engine division is our smallest division with respect to revenue. Our engine production division undertakes assembly, testing, servicing and repair of various models of diesel engines used for marine propulsion and power generation through collaboration with the MTU of Germany. We produce the following products through our engine division MTU 396-04, 4000, 1163, 538, and 183 series diesel engines, engine components, and accessories. We have recently entered into a memorandum of understanding with an engine production entity for producing small to medium capacity (50-500 Kw) engines.

Vast majority of the products we manufacture are supplied to Central and State Governments and entities owned and controlled by such Governments. Significant majority of our revenues are derived from sales of shipbuilding products to the Indian Navy and the Indian Coast Guard.

We have also entered into a MoU for promulgation of export business and cooperation on mutual interests for the supply of components, equipment and services related to Bailey type portable steel bridges with an entity outside India in March 2018, a MoU with Elbeit Systems Limited, Israel for indigenous production of unmanned surface vessels in April 2018 and a MoU to form collaboration with a ministry of defence of another jurisdiction for shipbuilding project on May 2018.

Our Products

Shipbuilding

Brief descriptions of our shipbuilding products are specified below:

- *Frigate*

Frigates manufactured by us are indigenously designed and has a tonnage of 3,650 tonnes. As of the date of the RHP we have supplied three (3) P-16A Brahmaputra Class frigates to the Indian Navy having names *INS Brahmaputra*, *INS Betwa* and *INS Beas.*

- *ASW Corvette*

Our ASW (anti-submarine warfare) corvettes are indigenously designed having around 90% indigenous content and has a tonnage of 3250 tonnes. As of the date of the RHP we have delivered three (3) ASW corvettes to the Indian Navy. The P-28 class of ASW corvettes that that we have supplied to the Indian Navy consists of *INS Kamorta*, *INS Kadmat* and *INS Kiltan*. We delivered the *INS Kiltan* to the Indian Navy in October 2017, which is the first Indian warship with a superstructure entirely made of composite material.

- *Missile Corvette*

Our missile corvettes are indigenously designed having a tonnage of 1,370 tonnes. We have delivered five (5) P-25 and P-25A class missile corvettes to the Indian Navy named as *INS Kirpan, INS Khanjar, INS Kora, INS Kulish* and *INS Karmuk*.

- *Landing Ship Tank*

Our landing ship tanks are indigenously designed having a tonnage of 5,650 tonnes. It is a vehicle and troop carrier capable of beaching at beach gradient of 1 in 40 or steeper. As of the date of this RHP, we have supplied five (5) large ship tanks to the Indian Navy, *INS Magar, INS Ghariyal, INS Shardul, INS Kesari* and *Airavat*.

- *Landing Craft Utility*

Our landing craft utility vessels are used to transport, deploy and recover troops and equipment from ship to shore and vice versa. Our landing craft utility are indigenously designed with over 90% indigenous content and has a tonnage of 910 tonnes. Presently, we have an order of eight (8) landing craft utility vessels from the Indian Navy, of which we have delivered four (4) (*L-51, L-52, L-53 and L-54*) and the balance are under different stages of construction.

- *Survey Vessel*

Our survey vessels are indigenously designed having a tonnage of 1,929 tonnes. Survey vessels are capable of all types of oceanographic research and hydrographic survey. These vessels are in service with the Chief Hydrographer, Indian Navy and have also executed overseas assignments in the Middle East. As of the date of this RHP, we have supplied six (6) survey vessels to the Indian Navy named as *INS Sandhyak*, *INS Nirdeshak*, *INS Nirupak*, *INS Investigator*, *INS Jamuna* and *INS Sutlej*.

- *Fleet Replenishment Tanker*

Our fleet replenishment tanker was designed by a German company with a tonnage of 24,600 tonnes. It is used in replenishing warships at sea with fuel, ammunition, fresh water, provisions, hospital facilities, and other essential items. As of the date of this RHP, we have supplied one (1) fleet replenishment tanker to the Indian Navy named *INS Aditya*.

- *Offshore Patrol Vessels*

Our offshore patrol vessels are indigenously designed and these are capable of carrying multi-purpose roles. These are used by our defence forces for anti-piracy operations, search and rescue operation, anti-smuggling and anti-drug surveillance, anti-poaching operation of exclusive economic zones including fisheries protection, logistics support operations including transportation of dry cargo, fuel oil and fresh water and refrigerated fresh food, transportation of small detachment of troops/ personnel, helicopter operation, pollution response operation and external fire lighting. In 2011, we became the first Indian shipyard, to have received an export order for a warship from the Government of Mauritius for the construction of an Offshore Patrol Vessel and on December 20, 2014 we became the first Indian company to have built and exported—*CGS Barracuda*—to the Mauritian National Coast Guard. *(Source: ICRA Report)*

- *Inshore Patrol Vessels and Fast Patrol Vessel*

Our inshore patrol vessels and patrol vessels are indigenously designed having a tonnage of 280-304 tonnes. These are cost effective platforms suited for marine surveillance and rescue operation. These vessels allow its user to equip the vessels with armaments for use in combat, and this is suited for interception of fast moving surface craft and performs anti-smuggling, fishery protection and search and rescue operations. As of the date of this RHP, we have delivered eight (8) inshore patrol vessels and seventeen (17) patrol vessels to Indian Coast Guard. In addition, our Company has also delivered twenty (20) Patrol Vessels to Indian Navy.

- *Water Jet Fast Attack Craft*

Our WJFAC are indigenously designed with a tonnage of 288 tonnes. It promises to transform naval shoreline operation by packing a powerhouse punch of agility and speed. These ships meet critical requirement of crafts with improved stealth at networking capabilities. These WJFACs are ideally suited for interception of fast moving surface craft and also performs surveillance activities like anti-smuggling, fishery protection and search and rescue operations. As of the date of this RHP, we have delivered fourteen (14) WJFACs to the Indian Navy.

- *Hover Craft*

Our hover crafts are suitable for amphibious operations. Till the date of this RHP, we have delivered a total of six (6) hover crafts to the Indian Coast Guard, of which the first two (2) hover crafts were imported from UK in fully assembled condition. The remaining 4 hover crafts were imported in completely knocked down kit and we assembled them. Due to inadequate demand for hover crafts in the Indian market we decided to discontinue with further efforts to indigenize hover craft building. However, we have been providing assistance to Indian Coast Guard for repair and maintenance of these hovercrafts (through annual maintenance contracts), to keep them operational.

- *Fast Interceptor Boats*

Our fast interceptor boats are indigenously designed having a tonnage of 5T and 12T. These can be used as day/ night surveillance-cum-investigation vessel, which operate in shallow water for coastal policing, anti-smuggling, fishery protection and search and rescue operations. As of the date of this RHP, we have built and delivered eighty-eight (88) (58 numbers of 12 tonnes and 30 numbers of 5 tonnes) fast interceptor boats to the Ministry of Home Affairs, Government of India for coastal security.

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

Engineering

We offer portable bridges, deck machinery items and marine pumps as a part of our engineering division. Our engineering division was primarily set up in order to indigenize sophisticated deck machinery items in the year 1970.

- *Portable Bridges*

Our portable bridges are designed to allow the bridge to be completely erected on rollers from one side of the gap to be bridged and then launched across without the use of any support within the gap. It is particularly of use in providing access in far-flung areas and hilly terrain and also provides quick restoration of communication where existing road or bridge connectivity has been destroyed by natural disasters. Portable bridges also augment the road network in connecting remote locations in difficult terrains, particularly in the hilly areas e.g. for initiation of project by Independent Power Producers in Hydro sector in North eastern part of the country. Through this product we intend to enhance export potential in countries like Bangladesh, Nepal, Bhutan, Sri Lanka, Myanmar among others. As a part of our portable bridges portfolio, we offer (i) standard width (3.32 m) single lane bridge; (ii) extra wide (4.25 m) single lane bridge (steel deck); (iii) extra wide (4.25 m) improvised single lane bridge using 10'x 7' Panel; (iv) double lane bridge (steel deck) with 10'X 7' panel; and (v) suspension bridge.

Our portable bridges confirm to Global AASHTO (American Association of State Highway Transportation Officials) Standards and are supplied in hot dip galvanized condition. We have entered into a memorandum of understanding for supply of galvanized portable steel bridges with the Government of Odisha, Government of Chhattisgarh and for Project Himank of the Border Roads Organisation. According to the ICRA Report, the total domestic market for portable bridges is estimated to be ₹2,000-2,500 million in revenue size. In terms of capacity, our Company, which has around 60% market share, manufactured around 4,800 metric tonnes in Fiscal 2017. The bridges are made to order as the configuration of the bridge varies according to the bridge span and the load carrying capacity of the bridge. The bridge, manufactured using mainly steel, is assembled on site and is therefore also known as a portable bridge. (Source: ICRA Report). The engineering division has supplied sixty-seven (67) portable bridges during the Fiscal 2018, seventy four (74) portable bridges during the Fiscal 2017 and seventy (70) portable bridges in the Fiscal 2016 which indicated a decline of about 15% in monetary terms in the Fiscal 2018 due to reduction in market demand.

Our Company holds patents for stiffened steel deck system for single lane bridges and manufacture of double lane portable steel bridges which were awarded to it in the year 2011 and 2007, respectively. Further, two (2) more patent applications pertaining to Improvised Single Lane Steel bridge system and Improvised Steel Decking system are under processing for certification. This unit has an in-house Design department involved in continuous upgradation of its products to meet the changing requirements of prospective customers and at present working on development of assault bridges, cable gripper for suspension bridges and walk way attachment for portable steel bridges. To meet what we believe to be increasing demand for our portable bridge products, we have created additional production facilities at DEP which is expected to supply about ten (10) bridges during the current fiscal year. We manufactured what we believe to be the highest modular steel bridge in the world, at Khardung-la, Ladakh in Jammu & Kashmir, which was erected at an altitude of 5,602 meters by the Border Road Organisation and was listed in the Guinness Book of World Records in 1990.

- *Deck Machinery Items*

We have been developing, designing, manufacturing and supplying both electrohydraulic as well as electric deck machinery equipment meeting different class requirements. Our Engineering division has manufactured for the first time in India, a telescopic helicopter hangar for housing helicopters on-board naval vessels the first of which was installed on INS Investigator. Our deck machinery items product range include windlass/anchor capstan; dock capstans; deck cranes; boat davits; special purpose winches, steering gears, electro hydraulic deck crane, and specialised products like the rail-less and rail-based helo traversing system; designed and built to meet customer specific requirement to support individual vessel. We produce deck machinery items for the Indian Navy, Indian Coast Guard, public and private shipyards and our own shipbuilding division.

- *Marine Pumps*

Our marine pump product under our engineering division undertook the development of indigenized centrifugal pumps in order to replace Russian origin pumps. We have designed our pumps in-house, and our designs have been vetted and verified by the Society of Turbo-Machinery for SNF/ SNM class Naval Ships and EKM type submarines for the Indian Navy, which are certified by Eastern Naval Command. On completion of our indigenization process, a total of one hundred fifty-five (155) marine pumps have been supplied to Indian Navy as on July 31, 2018. Our Company has supplied various types of pumps to the Indian Navy for replacement/refurbishment of various pumps onboard Naval Ships and has so far developed and delivered ten (10) types of pumps that were taken up for indigenization and development. Different models of our pumps can be utilized for supplying different ranges of pumps by making suitable modifications on operating parameters as may be required by our customers.

All of our marine pumps are made of non-ferrous components ("**NAB**"), which requires special type of casting, as per NES 747, BS1400 and the casting is done through out-sourcing. Machining of all the parts of pumps are being done through in-house/ out–sourced facilities, depending upon the urgency of the order. Bought out items like motor, control panel and mechanical seals etc. are procured through out-sourcing. Assembly of pumps are undertaken in-house to cater for the present existing orders. A modern test bed is under erection at our Taratala Unit.

Engine Production

We supply and overhaul MTU 396-04; MTU 4000; MTU 1163; and MTU 538 class diesel engines through our engine production division at DEP. We have recently modernized the assembly and testing facilities for marine engines unit at DEP with an investment of around ₹100 million. Consequent to this, a service partner agreement was signed with MTU (India) for undertaking W6 routines of MTU 4,000, MTU 538 and MTU 396 series engines. We also have a license agreement with MTU Germany for semi knocked down assembly of MTU 12V/ 16V 4000M90 engines and to produce parts of engines.

In relation to our DEP, our Company entered into several arrangements including for transfer of technology and licensing with MTU for the production of high speed and high power to weight ratio diesel engines for the naval vessels. In collaboration with MTU, our Company has supplied over one hundred forty-nine (149) engines of various configurations for marine applications and has also carried out overhaul and repair of over eighty-one (81) engines of various series. Further, we are in the process of indigenizing around 60% of engine parts over the next four (4) to five (5) years under the "Make in India" program.

Further, we have entered into a MoU for development of engines for marine applications with an engine manufacturer in October 2017. The scope of collaboration is to produce diesel engines for diesel alternators for marine applications for Indian Navy, Indian Coast Guard, inland waterways, boats of MHA, etc. vessels in the range 50-500 kW with an aim towards self-reliance and to promote "Make in India" initiatives. The vast majority of our engines are supplied to the Indian Navy and Indian Coast Guard.

ORDER BOOK

We define order book as anticipated revenues from the uncompleted portion of existing contracts as of a certain date. As of July 31, 2018, our order book is ₹203,136.10 million, which generally includes products to be manufactured and delivered. These orders are subject to cancellation and modification provisions contained in the various contracts. We do not include unexercised options or indefinite-quantity orders in our order book. If any of our contracts were to be terminated, our order book would be reduced by the expected value of the remaining terms of such contracts.

As of July 31, 2018, we have firm contracts for manufacturing and delivery of thirteen (13) ships comprising of (i) one (1) ASW corvettes; (ii) four (4) landing craft utility; (iii) five (5) fast patrol vessels; and (iv) three (3) P17-A class frigates. Additionally, our DEP has received an order for twenty-eight (28) 1 MW diesel alternators worth 2,250.00 million.

In addition to the above firm orders, our Company has also been declared L1 or L2 for certain other projects, for which contracts have not yet been signed, including construction and delivery of (i) four (4) survey vessels for the MoD; (ii) eight (8) anti-submarine warfare shallow water craft for the Indian Navy and (iii) one (1) Ocean Going Passenger and Cargo Ferry Vessel.

Our Operations

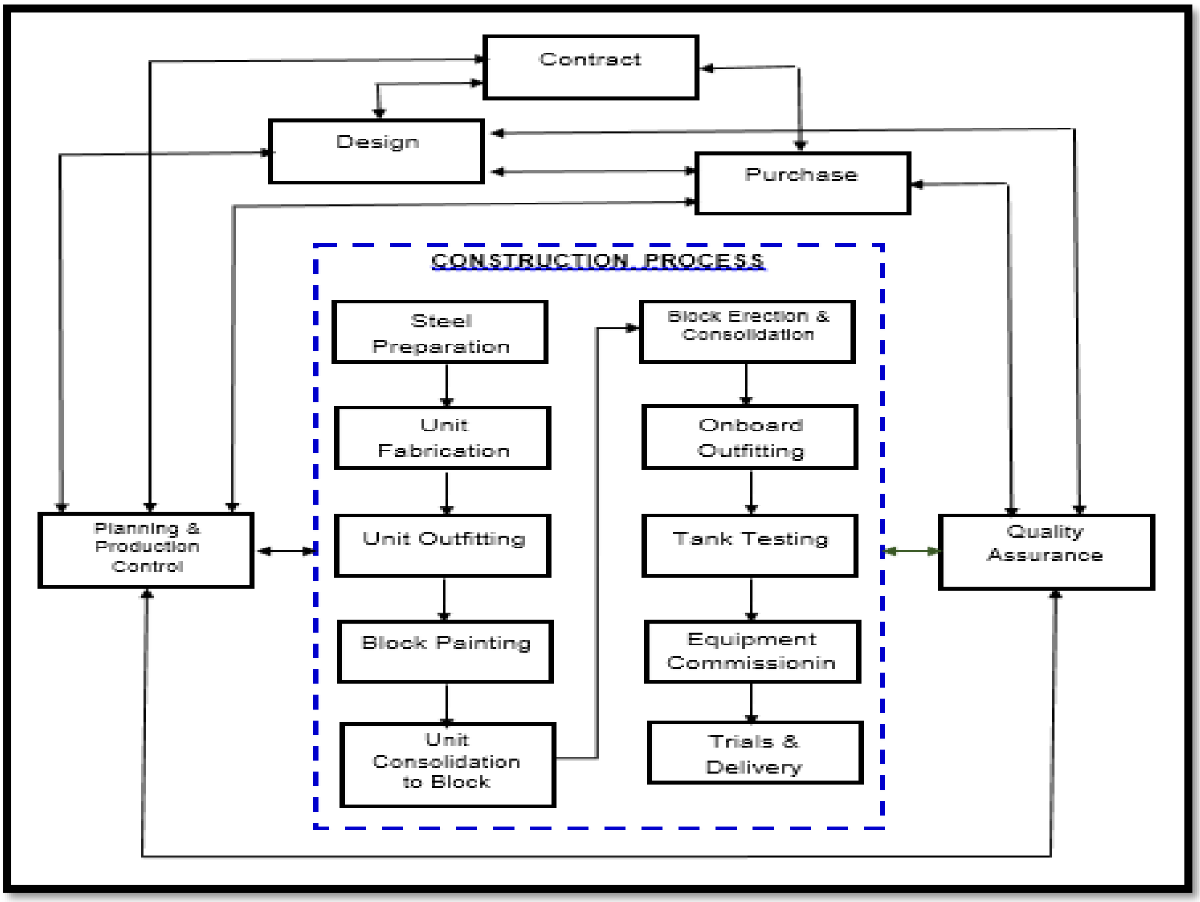
Manufacturing Process of our Products

Pursuant to the SEBI Exemption Letter-I, our Company, being a company under the administrative control of the MoD has been exempted by SEBI from disclosing the processes, plant, machinery and technology involved in manufacturing our products as result of nation security related concerns.

Broad description of the shipbuilding process:

Construction and delivery of a warship typically takes twenty-three (23) months to sixty-six (66) months time.

The following diagram depicts the shipbuilding process-



On signing of contract, PP&C department prepares a build strategy and finalise the cardinal dates for construction. Thereafter, schedules are prepared for preparation of drawings, indenting & procurement of material and construction activities. Accordingly, the design department progresses design, drawing preparation and preparation of statement of technical requirements. Material department progresses the procurement and production department progresses the physical construction as per the promulgated schedule.

Construction commences with cutting of duly blasted and primed plates as per the nesting plan generated by design department. The cut plates and sections are used to fabricate hull units and blocks. Outfitting also progresses during the block fabrication stage depending on availability of outfitting drawings and relevant material. The blocks are consolidated in the building berth/ dry dock to form the hull structure. Once the hull structure is ready and pre-launch equipment are installed, the ship is launched to the water. All the balance outfitting, installation of balance equipment, testing tuning and trials are completed thereafter. Once all trials are completed, the ship is handed over to the customer.

Order Procurement Process

Shipbuilding

We source our shipbuilding projects either through the nomination process or through competitive bidding. The timeline for our product delivery ranges from twenty-three (23) to sixty-six (66) months. Our large ships are manufactured at our Main Works facility while our small and medium ships are constructed at the Rajabagan Dockyard. The steel for our ships is fabricated on-location and welded, either utilizing traditional shipbuilding techniques or our new modular construction process. Our distribution method typically results in our customers taking possession of the ship after harbor and sea trials.

We depend on aluminum, composite, and equipment from original equipment manufacturers as raw materials for our ships. We source our raw materials from numerous suppliers and providers.

It may be noted that pursuant to the SEBI Exemption Letter-I, our Company, being an entity under the administrative control of the MoD has been exempted from the disclosure of the principal terms of the contracts with the suppliers and providers of raw materials which may compromise national interests.

Engineering

- *Deck Machinery*

We source our deck machinery orders through competitive bidding, traditional sales efforts, and on nomination basis. We manufacture our deck machinery at our Taratala Unit. In connection with our production of deck machinery we utilize steel, aluminum and third-party components. We source such materials from a variety of indigenous steel providers, aluminum suppliers, and third-party component manufacturers.

- *Portable Bridges*

We source our portable bridge orders through competitive bidding, traditional sales efforts, and on nomination basis. The timeline for a typical bridge deal results in the delivery of a bridge in two (2) to five (5) months, and sometimes we supply on stock basis to meet immediate requirements of customers. In some instance, if we have bridges in stock, we can expedite and deliver a bridge immediately. Our bridges are built using modular manufacturing technology and constructed from raw steel in our facilities in Kolkata, India. We deliver our bridges by long-haul truck in modular sections or customers may pick up the bridge at our facility. We use high tensile steel and standard steel as raw materials for our bridges. The raw materials are typically sourced from a variety of indigenous steel providers.

Engine Works

We source our engine production orders through the nomination process and through traditional sales efforts. We typically deliver our engines within three (3) to nine (9) months. We assemble and test engines that we receive in semi-knock-down or full knock-down condition from MTU. We deliver our engines to our customers by long-haul truck. We have collaboration with MTU for supply of engines in semi-knock-down or knock-down condition. Please refer to "*Risk Factors*" on page 29 to understand the risks pertaining to MTU being the single supplier of engines for our Company.

Our Facilities

We have separate facilities for each of our 3 core divisions - shipbuilding, engineering, and engine production. We also have a technical training facility.

Shipbuilding Facilities

We have three core shipbuilding facilities: (1) Main Works Unit; (2) Rajabagan Dockyard; and (3) FOJ Unit. Main Works is our largest facility while the Rajabagan Dockyard is our most recently acquired facility.

Main Works

Main Works contains an Integrated Shipbuilding Facility occupying approximately 48 acres in Kolkata, India that includes:

- One (1) Dry Dock measuring 180 X 29 X 10 M having 10,000 DWT launching capacity;
- One (1) Inclined Berth measuring 180 X 23 M having 4,500 DWT launching capacity;
- Portable Shelters over the Dry Dock and Inclined Berth;
- Module Hall for building of large pre-outfitted blocks of up to 200 tonnes;
- Blast and Paint Cell;
- Two (2) additional River Jetties; and
- Central Pier, Amenity Block, Pavements and other items.

  Other existing structures on Main Works include:
- Wet Basin and Dry Dock;
  - 117.80 X 25 X 8 M fully covered non-tidal wet basin with 2 X 10 tonnes EOT Cranes suited for all weather fitting-out of medium and small ships
  - 160 X 25 X 8 M dry dock with 2 X 40 tonnes Goliath Cranes suited for the construction and repair of ships

- Building Berth;
  - Measures 180 X 25 M
  - Equipped with 2 X 40/10 tonnes Cranes and supporting fabrication shops
- River Jetties; and
  - Two (2) River Jetties able berth vessels up to 60 M in length and
  - Suited for out-fitting/ repair of smaller vessels
- Additional Facilities - Boat Shed for Manufacturing the Fast Interceptor Boat.
  - Two air-conditioned and humidity-controlled shops with six bays ranging from 18-40 M in length
  - Capable of building crafts up to 20 M

Our 250 Golaith Crane installed at the Main Works Unit collapsed on April 17, 2018 due to near cyclonic storm and was rendered unusable. For further discussion, please refer *Risk Factors - 2 "Our 250 tonne Goliath Crane at Main Works Unit recently collapsed due to near cyclonic storm in Kolkata."* on page 23.

Rajabagan Dockyard

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

FOJ Unit

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

- Naval Complex Jetty (229 X 10 X 8 M with one 25 tonnes tower crane); and
- Finger Jetty (184.50 X 11.43 X 7 M with one 15 tonnes level luffing crane).

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

Engineering Facilities

61 Park Unit

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

Taratala Unit

We manufacture our deck machinery items at our Taratala Unit, which occupies 3.39 acres of land in Kolkata, India. The Taratala Unit is engaged in production, assembly, test and trials of all types of deck machinery equipment and naval pumps. The deck machinery unit is currently supplying the rail-less helo traversing system for larger ships of the Indian Navy and Coast Guard. Our Company has also recently inaugurated modern pump test bed facility at Taratala unit on June 11, 2018 for testing the pumps we manufacture.

Engine Production Facility

Diesel Engine Plant, Ranchi ("DEP")

We assemble, test and overhaul marine engines at the DEP, which occupies 62 acres of land and is located at Ranchi, Jharkhand.

In addition to DEP, we also have the facilities for major overhaul (up to W6 Routines) for MTU 396, 4000 & 538 series engines.

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

Training Facility

We have a Technical Training Centre ("TTC") located on approximately 2.05 acres in Baranagar, Kolkata. The TTC is ISO 9001:2008 certified training institute and conducts Director General of Shipping (DGS), Government approved twelve (12) months pre-sea marine engineering training course for mechanical and naval architect engineering graduates with annual intake capacity of 100 cadets. TTC also conducts various technical and skill development training for our Company employees and apprentices in welding, fitting, pipe fitting, electrical and machinist trades.

Our Collaborations

We currently collaborate with MTU to produce MTU 396-04, 4000, 1163, 538, and 183 series diesel engines. Also, in 2016, we delivered 9 Engineering-Rail Less Helo Traversing Systems. The Rail Less Helo Traversing Systems were designed in collaboration with an international entity having the relevant expertise.

Further, we have entered into a MoU for development of engines for marine applications with an engine manufacturer in October 2017. The scope of collaboration is to produce diesel engines for diesel alternators for marine applications for Indian Navy and Indian Coast Guard vessels in the range 50-500 kW with an aim towards self-reliance and to promote "Make in India" initiatives.

We have also entered into a MoU for promulgation of export business and cooperation on mutual interests for the supply of components, equipment and services related to Bailey type portable steel bridges with an entity outside India in March 2018, a MoU with Elbeit Systems Limited, Israel for indigenous production of unmanned surface vessels in April 2018 and a MoU to form collaboration with a ministry of defence of another jurisdiction for shipbuilding project on May 2018.

Pursuant to the SEBI Exemption Letter-I, our Company, being a company under the administrative control of the MoD has been exempted by SEBI from disclosing the details of various technical collaborations that we have entered into as a result of national security related concerns.

Competition

Shipbuilding

We operate in a competitive environment and we expect to face greater competition from existing competitors located both in India and globally. We compete on the basis of our ability to fulfil our contractual obligations including the timely delivery of vessels constructed or repaired by us, our shipyard's capacity and capabilities and the price and quality of the vessels we construct. Some of our competitors have more resources than us, while certain competitors may have lower cost of operations. In addition, certain competitors may have competitive advantages in building or repairing certain types of vessels compared to us. Our competitors in defence shipbuilding are Mazagon Dock Shipbuilders Limited, Cochin Shipyard Limited, Goa Shipyard Limited, Hindustan Shipyard Limited, L&T Shipyard and Reliance Naval and Engineering Limited.

Engineering

We face competition from domestic and global public and private suppliers of deck machinery including Anjana Steel Industries Private Limited, Bridge and Roof Co. (India) Limited, Essen Fabricators Private Limited, Gourika India Limited, Lucky Engineering Company, Machine Works (International) Limited, Madnani Engineerings Works, Shiva Engineering Works, Tata Steel Limited, Titagarh Wagons Limited, Traco Enterprises, Vinayak Rail Track (India) Private Limited, Vishwa Traders, WIL**.** We face competition from domestic and global producers of bridges.

Engine Production

We face competition from domestic and global public and private suppliers of marine engines, including Wartsila, Cummins, Caterpillar, KOEL and MAN.

Sales and Marketing

Each division has a dedicated business development team. Our sales and marketing teams receive assistance from other employees in each division when such assistance is needed. Our portable bridge business utilizes services of an agency to promote sales and marketing efforts.

Human Resources

We have a group of dedicated, committed and highly skilled personnel and staff. As of July 31, 2018, our Company employed a total workforce of 2,155 full-time employees, which comprised of 473 officers, 141 supervisors, 104 office assistants and 1437operatives in various departments. All our employees are based at our various facilities in Kolkata, Ranchi, Delhi, Mumbai and Visakhapatnam. As of July 31, 2018, around 3,285 contract labours were engaged by various contractors for execution of job contract placed on them by our Company. Our contract workforce strength undergoes regular change based on the necessity and work involved.

Operative and office assistant category of employees are unionized. We have separate Memorandum of Settlement ("MoS") with operatives' trade union recognized by the Company as the sole bargaining agent and office assistants' union. We believe that the relationship between our management and our employees is generally cordial. Please see "*Risk Factors - We are subject to stringent labour laws and our workmen are unionised under a number of trade unions. Labour disputes could lead to lost production and increased costs*" on page 37 for further details of labour unrest in the recent past.

Employee Training

We recognize that our employees are an invaluable resource and that the competency and dedication of our employees has been instrumental to our success. To help ensure that our employees are equipped with the necessary skills and expertise, we conduct various training programs for our employees. Such training programs are either conducted in-house by our senior staff or external faculty and they involve both classroom lessons and on-the-job training by qualified instructors.

Properties

Our Registered Office is located at 43/46 Garden Reach Road, Kolkata – 700 024, West Bengal, India. We own or lease the following significant properties:

Name of Property	Location	Size
Main Works Unit	Kolkata, India	48 Acres
FOJ Unit	Kolkata, India	18 Acres
Rajabagan Dockyard	Kolkata, India	31.15 Acres
61 Park Facility	Kolkata, India	11.07 Acres
Taratala Unit	Kolkata, India	3.39 Acres
DEP, Ranchi*	Jharkhand, India	62 Acres

*For risks relating to our DEP land, please refer to "*Risk Factors - We do not have clear and unopposed title over our DEP land and our business may get affected in the event we are directed to vacate the said premises*" on page 34.

In addition to the aforesaid properties owned or leased by us, our Company has also taken several properties on lease or leave and license for commercial and residential purposes. Please refer to "*Risk Factors - Certain of our immovable properties are leased. If we are unable to renew existing leases or relocate our operations on commercially reasonable terms, there may be an adverse effect on our business, financial condition and operations. Further, some of our lease / leave and license agreements may not be adequately stamped.*" on page 41 for risks pertaining to our properties.

Insurance

Some of our shipbuilding contracts require us to maintain a builder's risk insurance policy and insure our vessels (including all machinery, materials, equipment, appurtenances and outfit that are to be delivered to our customers for their vessels or built onto, or installed in or upon their vessels, including supplies provided by our customers) against all risks, typically from the time of keel-laying to the date of delivery of the vessels to our customers. The amount insured is typically at least equivalent to the aggregate of the payments made to us by our customers or the contract price. These insurance policies are in accordance with our repective shipbuilding contracts and we believe that they are adequate for our business operations.

Furthermore, we maintain a standard fire and special perils insurance policy covering the whole of our facilities and associated assets, which is renewed every year in addition to our public liability insurance and marine hull insurance.

We are required to contribute to social security contributions including provident fund contributions, gratuity, pension, medical insurance and group personal accident insurance covering death, permanent partial disability or permanent total disability due to work related accidents or otherwise of our employees in accordance with the Indian legal and regulatory requirements. Except for the aforementioned policies which are required by law, we have not taken up any other policies for our employees.

Health, Safety and Environment

We believe that we have an effective risk management system with self-regulatory processes and procedures for ensuring that the business is conducted in a risk conscious manner. Under our risk management system, operational, contractual, financial, business and reputational risks arising are assessed by the respective risk owners and suitable mitigating measures are taken in advance.

We are committed to creating and maintaining a safe work environment on an ongoing basis. We are subject to extensive health, safety and environmental laws, regulations and production process safety and environmental technical guidelines which govern our processes and facilities. For further details, see "*Regulations and Policies*" on page 157. We have implemented a health and safety system to inform new employees of our work and safety policies. Our employees holding supervisory positions are required to ensure that all employees comply with these policies.

We also focus on raising safety awareness among our employees and subcontractors' workmen through various in-house and onsite training programs.

Industrial Security

Our facilities qualify as 'prohibited place' under the Official Secrets Act, 1923, and therefore industrial security is of critical importance for our Company. The physical security of our facilities at Main Works, Rajabagan Dockyard and FOJ has been entrusted to Central Industrial Security Force, which is a central armed police force of the Government of India, who are responsible for providing integrated security cover to major critical infrastructure installations. As per the security arrangements, we have round-the-clock vigil, with armed personnel and wireless CCTV surveillance systems covering all critical locations and installations. We also have a biometric access control system for various categories of persons entering our shipyard. There is a visitor's facilitation centre for the scrutiny and verification of the credentials of visitors to our Company.

Information Technology

Information technology is an essential element of our operations infrastructure. We invest in information technology as its use directly lowers cost, enables scalable operations, improves efficiency, reduces business continuity risks and enables a secure enterprise. Due to the sensitive nature of our business, we have implemented the IT Policy and Guideline, which sets out the security policy relating to administration of the information technology including for procurement of IT equipment, computer asset recording procedure, IT asset operation maintenance procedure, IT asset disposal procedure, change management policy and data back-up policy. To mitigate the risks from cyber threats, we have an operational replica-based disaster recovery data centre at Mumbai, to minimise the impact in case of any natural disaster. Additionally, our Company has also recently inaugurated Data Centre of CDO at 61 Park Unit on June 1, 2018 which has a capability multiplier essential for critical information technology operations, server availability, safety and security of design data and is mainly emphasized on promoting "Green Concept" thereby contributing to energy saving.

Awards and Accolades

We have a received number of awards over the years for work in the shipbuilding industry. For details of the awards that that we have received in the past, please refer to please see "*History and Certain Corporate Matters*" on page 167.

Certifications

We have several certifications and accreditations including the TUV Nord's Certificate affirming that the Management Systems of the Company for manufacturing of ships are as per ISO 14001:2004 and BS-OHSAS 18001-2007 and the Indian Register Quality Systems Certificate affirming that the Management Systems of the 61 Park Unit are as per ISO 9002 – 1994/ EN ISO 9002 – 2014. We have also received ISO 9001:2008 or ISO 9001:2015 accreditation for all our facilities for quality management systems.

Intellectual Property

Our Company holds patents for stiffened steel deck system for single lane bridges and manufacture of double lane portable steel bridges which were awarded to it in the year 2011 and 2007, respectively. Further, two (2) more patent applications pertaining to Improvised Single Lane Steel bridge system and Improvised Steel Decking system are under processing for certification. We have not filed any application for registration of copyrights and/or trademarks including for our corporate logo. Please refer to "*Risk Factors - We have not applied for trademark registration of our logo and any failure to protect our intellectual property rights could adversely affect our business*" on page 40 for further details.

Corporate Social Responsibility

We as a responsible corporate citizen are committed to take up different developmental projects, as part of our Corporate Social Responsibility ("**CSR**") initiatives towards improving the quality of lives of the underprivileged sections of the society and other stakeholders, primarily around our factories. Our CSR strategies are aligned to national priorities to meet the basic needs of the local community.

Our CSR policy defines the frame work for implementing CSR activities in compliance with Section 135 of the Companies Act, 2013 and rules framed thereunder.

We are working toward improvement of quality of life of the marginalized segment through various initiatives like skill development initiatives in alignment with 'Skill India Mission', construction of toilets and training to school children under 'Swachh Bharat Abhiyan', empowering differently abled persons, heath related initiatives as also infrastructure and capacity building in local Anganwadis.

We have undertaken the following CSR projects in Fiscal 2018 towards fulfilment of national priority initiatives:

1. Skill India Projects:

    a) GRSE has engaged approx. 400 apprentices for imparting skill development training, which is more than 10% of the company's manpower strength.

    b) GRSE also supported ITI Tollygunge and Women ITI, Kolkata to upgrade their training facilities. Various activities like conducting industrial visits, awards to meritorious students, pre-placement and career guidance training, advanced training of trainers and sponsorship for participation in work-skills competition were conducted for the supported ITIs.

    c) GRSE has partnered with Indian Institute of Cerebral Palsy, since 2010-11 to provide comprehensive educational and rehabilitation services for children with cerebral palsy. A total of 43 children with severe multiple impairments are being annually supported by this project for the last eight (8) years.

2. Swachh Bharat Mission

    a) GRSE has introduced multiple interventions under the broader ambit of Swachh Vidyalaya Abhiyan in different schools. GRSE has constructed a total of 65 toilets during the year in 10 local Govt. schools located in Metiabruz and Maheshtala areas.

    b) Maintenance of toilets is a new initiative of GRSE which has been highly appreciated by the students and school authorities. Sulabh international Social Service Organisation has been engaged to implement the project in 08 schools where GRSE has constructed toilets in last few years.

    c) Incinerators were installed to improve menstrual health of the adolescent girl students and overall hygiene of 04 local girls' schools.

d) Infrastructure development such as installation of water purifiers, child-friendly toilets, utensils, medicines etc. were facilitated in 04 new Anganwadi Centres. Capacity building training was provided to their workers and helpers.

e) Intensive training was given for one year to 5000 school children on Water, sanitation and Hygiene (WASH) practices to inculcate long term behavioural change and equip these children to be the change agents in the society.

f) GRSE has contributed ₹0.6 million towards Swachh Bharat Kosh and ₹0.4 million towards Clean Ganga Fund in compliance with MoD directives.

g) GRSE also provided 76 numbers of green and blue coloured garbage bins to these schools to facilitate segregation of waste. This project has positive ramification for the overall sanitation conditions of the schools.

h) The completed projects / activities of FY 2016-17 were evaluated by National CSR Hub- TISS, in order to measure the degree of success or failure of the projects.

3. Other Projects

a) GSRE partnered with Artificial Limbs Manufacturing Corporation of India (ALIMCO) for the provisioning and distribution of the aids/ assistive devices for differently abled persons at Ranchi, Jharkhand. The project was aimed at providing a wide range of aids and assistive devices which include wheelchairs, tricycles, axilla crutches for people with motor disabilities, hearing aids and MSIED kits and smart canes and braille kits for visually challenged people. A total of 249 differently abled persons from marginalized section of society were provided aids / appliances to improve their quality of life.

b) Monthly health check-up camps / clinics are held in our 61 Park Unit on the last Saturday of every month in which on an average, 250-300 patients are examined and provided medicines.

c) Blood donation camp was conducted in which employees donated blood for patients suffering from Thalassaemia, Haemophilia or the victims of road accident.

In Fiscal 2018, we incurred an expense of ₹26.68 million for the aforesaid initiatives.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the GoI and other regulatory bodies that are applicable to our Company for running our business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and neither designed nor intended to substitute for professional legal advice. For details of government approvals obtained by us, see *"Government and Other Approvals" on page 402.*

I. Regulations applicable to the Defence Sector

(i) Defence Procurement Procedure 2016 ("DPP")

The DPP has been adopted by MoD in April 2016 with the focus on institutionalizing, streamlining and simplifying defence procurement procedure to give a boost to "Make in India" initiative of the Government of India, by promoting indigenous design, development and manufacturing of defence equipment, platforms, systems and sub-systems. The DPP sets forth a new category of procurement 'Buy Indian-IDDM (Indigenously Designed, Developed and Manufactured)' and the same has been accorded top most priority for procurement of capital equipment. Further, preference is given to 'Buy (Indian)' and 'Buy and Make (Indian)' categories of capital acquisition over 'Buy (Global)' & 'Buy & Make (Global)' categories.

Section A of Chapter IV of the DPP provides for the procedure to be followed for acquisition of Naval/CG ships, submarines, auxiliaries, yard crafts and Coast Guard vessels to be constructed by DPSU shipyard(s) on nomination basis. The said procedure, *inter alia*, lays down the following steps, namely, the preparation of the Outline Staff Requirements, preparation of acceptance of necessity proposal, forwarding recommendation on the nomination of shipyards, preparation of preliminary staff requirements, preparation of the preliminary design and preliminary build specifications, proposal of build strategy by the nominated shipyard, forwarding of the budgetary and estimated costs by the shipyard, contract negotiations, approval for the design and construction of the ship by the competent financial authority, conclusion of the contract, detailed design by the shipyard, procurement of ship-borne equipment, monitoring of projects by MoD revision of cost if required, closure of the project and levy of liquidated damages if delay in completion of the project. Section B of Chapter IV of the DPP provides for the methodology to be followed for the acquisition of ships, submarines, auxiliaries and yard crafts.

Further, the GoI proposes to adopt an industry friendly Defence Procurement Policy 2018 to promote domestic production by encouraging collaborations to acquire latest technology, manufacturing processes, skill-sets and R&D; and by providing a boost to defence MSMEs and start-ups.

(ii) The Official Secrets Act, 1923 ("OSA")

The OSA sets forth the law relating to protection of official secrets and provides, *inter alia*, penalties for spying and prohibits any person from inspecting and/or entering into any prohibited place and/or obtaining or collecting any official secret or information. It further provides for penalties for any wrongful communication by a person of any official secret code, sketch, plan, document or any information which relates to or is used in a prohibited place or which relates to a matter the disclosure of which is likely to affect the sovereignty and integrity of India or which has been entrusted in confidence to him by any person holding office under Government.

(iii) Security Manual for Licensed Defence Industries ("Security Manual")

The Security Manual has been set forth by the DPP in June 2014 and it provides for minimum standards of security that must be complied by the companies whenever they undertake the manufacturing of any defence item. Defence products have been categorized in 3 (three) categories and warships fall under category A. The Security Manual provides, *inter alia*, the responsibility of the employees of our Company to safeguard the security of all classified information, appointment and duties of security officer, physical security measures to be adopted at the premises, classification and handling of documents and equipment, security of communications, guidelines for computer users, visits and meetings by foreign national, internal security audit, etc.

II. Regulations applicable to the Shipping Sector

a. Industrial (Development and Regulation) Act, 1951, as amended ("I(D&R) Act")

The I(D&R) Act has been liberalized under the New Industrial Policy dated July 24, 1991 and all industrial undertakings are exempt from licensing except for certain industries such as ships and other vessels drawn by power. The I(D&R) Act is administered by the Ministry of Industries and Commerce through the Department of Industrial Policy and Promotion ("**DIPP**"). The main objectives of the I(D&R) Act is to empower the Government to take necessary steps for the development of industries; to regulate the pattern and direction of industrial development; and to control the activities, performance and results of industrial undertakings in the public interest. The DIPP is responsible for formulation and implementation of promotional and developmental measures for growth of the industrial sector.

b. Merchant Shipping Act, 1958, as amended ("Merchant Shipping Act")

The Merchant Shipping Act is the principal legislation that applies to ships that are registered in India or which are required to be registered under this Act. The Merchant Shipping Act also provides for the regulations governing the transfer, mortgage and sale of ships. Pursuant to the Merchant Shipping Act, the National Shipping Board has been established for the development of Indian shipping industry. With a view to ensure safety of the vessels, the Merchant Shipping Act makes it compulsory for the installation of life saving appliance, fire appliance and radio telegraphy, radio telephone and direction finder.

c. Merchant Shipping (Cargo Ship Construction and Survey) Rules, 1991 ("Merchant Shipping Rules, 1991")

The Merchant Shipping Rules, 1991 classifies the ships and prescribe the specifications relating to, among other things, construction of hull including structural strength; construction and testing of watertight bulkheads, decks and inner bottoms; construction and testing of watertight decks, trunks, tunnels, duet keels and ventilators, watertight doors, ballast and bilge pumping and drainage arrangements; the type of machinery, boilers and electrical installations required; unattended machinery spaces including alarm and other safety systems; protection of cargo ships against shock, fire, flooding; additional requirements for tankers; and periodical surveys of cargo ships.

d. Merchant Shipping (Construction and Survey of Passenger Ships) Rules, 1981 ("Merchant Shipping Rules, 1981")

The Merchant Shipping Rules, 1981 sets forth the requirements in relation to structure of the passenger ship which includes watertight sub-division of compartments, fitting of collision bulkhead, double bottom tanks and watertight recesses and trunk ways. It also prescribes requirements in relation to fire protection, passenger accommodation, lighting and ventilation as well as the usage of space.

e. The Legal Metrology Act, 2009 ("LM Act")

The LM Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The LM Act makes it mandatory to obtain a license from the Controller of Legal Metrology by any person who manufactures, sells or repairs any weight or measure. All weights or measures in use or proposed to be used in any transaction or protection, are required to be verified and stamped at such place and during such hours as the Controller of Legal Metrology may specify on payment of prescribed fees.

Further, no person shall import any weight or measure unless he is registered in such manner and on payment of such fees, as may be prescribed. Various penalties have been provided for contravention of the provisions of the LM Act. The penalty of using non-standard weight or measure may attract a fine of up to ₹25,000, and, a subsequent offence, may lead to penalties and imprisonment extending to three (3) years along with fine. In case a person imports any weight or measure without being registered under the LM Act, he may be punished with fine which may extend to ₹25,000. The LM Act also provides for provisions relating to compounding of offences.

f. The Legal Metrology (Approval of Models) Rules, 2011 ("Approval of Models Rules")

The Approval of Models Rules lay down provisions regarding approvals of models of weights and measures. The Approval of Models Rules state that only recognized laboratories shall carry out tests for approval of models. Application for approval of models needs to be made to the director of legal metrology with the prescribed information. Once a model is approved, a certificate of approval is issued, pursuant to which, a license to manufacture the model may be obtained from the State Government. The procedure for issue, revocation and suspension of the certificate of approval is also laid down in the Approval of Model Rules. The Approval of Models Rules have repealed the Standards of Weights and Measures (Approval of Models) Rules, 1987.

g. **Foreign Trade (Development and Regulation) Act, 1992 ("FTA") and the Foreign Trade Policy (2015 - 2020) ("FTP")**

The FTA provides for the development and regulation of foreign trade by facilitating imports into, and facilitating exports from India. The FTP governs the export and import of goods and services in India which require an import export code ("**IEC**") number unless specifically exempted. Exports and imports are free unless specifically regulated by the FTP or the Indian trade classification based on harmonized system of coding which is used for regulating import and export operations. Under the FTA, an IEC granted by the director general of foreign trade will be required to be obtained in the event any import or export of the product is envisaged. Failure to obtain the IEC number attracts a penalty of ₹1,000 or five (5) times the value of the goods on which contravention is made or attempted, whichever is more.

h. **Classification of Ships as per relevant class rules**

In the case of ships, the design, construction and survey of the ships have to satisfy the rule requirements of relevant classification societies (selected by the owner). Classification societies are authorized by flag states to issue statutory certificates on their behalf.

i. **Regulation of Foreign Investment in India**

Foreign investment in Indian securities is governed by the provisions of the Foreign Exchange Management Act, 1999, as amended ("**FEMA**") read with the applicable FEMA Regulations. Consolidated FDI Policy consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP. Consolidated FDI Policy will be valid until the DIPP issues an updated circular. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, where approval from the Government or the RBI is required, depending upon the sector in which foreign investment is sought to be made.

Under the automatic route, the foreign investor or the Indian company does not require any approval of the RBI or Government for investments. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. Subject to the provisions of the Consolidated FDI Policy, FDI is allowed under the automatic route in the manufacturing sector. Further, subject to the provisions of the Consolidated FDI Policy, the FDI cap in defence industries which are subject to Industrial license under the Industries (Development & Regulation) Act, 1951 is 100% (49% under automatic route and above 49% under government route on case to case basis, wherever it is likely to result in access to modern technology).

j. The Atomic Energy (Radiation Protection) Rules, 2004 ("Radiation Protection Rules")

The Radiation Protection Rules are framed under the Atomic Energy Act, 1962 and they apply to practices adopted and interventions applied with respect to radiation sources. Since our Company stores certain radioactive materials, it is required to ensure certain compliances in relation to their storage. The atomic energy regulatory board issues license under the said Act and Rules for possession and operation of the industrial radiography exposure device(s) ("IRED") containing radiography source/ radiation generating equipment for industrial radiography purposes at authorized site(s). The licensee shall obtain permission from AERB prior to the routine operation of each IRED after procurement.

III. Regulations applicable to the Central Public Sector Enterprises

As a Central Public Sector Enterprise ("**CPSE**"), we are required to comply with certain laws and regulations such as guidelines on corporate social responsibility and sustainability for central public sector enterprises issued by the DPE, Prevention of Corruption Act, 1988, the Central Vigilance Commission Act, 2003, and Right to Information Act, 2005 amongst others:

(i) Guidelines on corporate social responsibility and sustainability

Corporate Social Responsibility and Sustainability is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. It involves promotion of organizational integrity and ethical business practices through transparency in disclosure and reporting procedures, leverage green technologies, processes and standards to produce goods and services that contribute to social and environment sustainability, contribute to inclusive growth and equitable development in society through capacity building measures, empowerment of the marginalized and underprivileged sections / communities and promote welfare of employees and labour (casual or contractual), by addressing their concerns of safety, security, professional enrichment and healthy working conditions, whether mandated or otherwise.

(ii) Prevention of Corruption Act, 1988 ("PCA")

The PCA came into force in September 1988 and extends to the whole of India except the State of Jammu and Kashmir and it applies also to all citizens of India outside India. It consolidates and amends the law relating to the prevention of corruption and for matters connected therewith. The PCA penalizes taking of gratifications other than legal remuneration by public servant in respect of an official act, taking of gratifications by illegal or corrupt means in order to influence a public servant, taking of gratification for exercise of personal influence with public servant, etc.

(iii) Central Vigilance Commission Act, 2003 ("CVC Act")

The CVC Act provides for the constitution of a Central Vigilance Commission to inquire or cause inquiries to be conducted into offences alleged to have been committed under the PCA by certain categories of public servants of the Central Government, corporations established by or under any Central Act, Government companies, societies and local authorities owned or controlled by the Central Government and for matters connected therewith.

(iv) Right to Information Act, 2005 ("RTI Act")

The RTI Act provides for a regime of right of information for citizens to secure access to information under the control of public authorities in order to promote law empowers Indian citizens to seek information from a Public Authority, thus making the Government and its functionaries more accountable and responsible.

IV. Labour Law Regulations

We are required to comply with certain labour and industrial laws, which includes the Factories Act, 1948, Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Maternity Benefit Act, 1961, the Payment of Bonus Act, 1965, Workmen's Compensation Act, 1923, the Payment of Gratuity Act, 1972, Contract Labour (Regulation and Abolition) Act, 1970, the Payment of Wages Act, 1936, Industrial Disputes Act, 1947, Industrial Employment (Standing Orders) Act, 1946, the Apprentices Act, 1961, the Trade Unions Act, 1926, Equal Remuneration Act, 1976, Public Premises (Eviction of Unauthorized Occupants) Act, 1971, the Indian Boilers Act, 1923, and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 amongst others.

V. Intellectual Property Laws

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957, trademark protection under the Trade Marks Act, 1999 and design protection under the Designs Act, 2000. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

VI. Environmental Laws

The business of our Company is subject to various environment laws and regulations. The applicability of these laws and regulations varies with different operations. Major environmental laws applicable to the business operations include:

(i) **The Environment (Protection) Act, 1986, as amended** ("**EPA**")

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. Under the EPA, the GoI is empowered to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, *inter alia*, laying down standards for the quality of environment, standards for emission of discharge of environment pollutants from various sources as given under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to ₹100,000 or imprisonment of up to five (5) years, or both. The imprisonment can extend up to seven (7) years if the violation of the EPA continues. There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

(ii) **The Air (Prevention and Control of Pollution) Act, 1981, as amended** ("**Air Act**")

The Air Act has been enacted to provide for the prevention, control and abatement of air pollution. The Air Act was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding Pollution Control Boards in a state. Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four (4) months of receipt of an application but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board.

(iii) **The Water (Prevention and Control of Pollution) Act, 1974, as amended ("Water Act")**

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases, the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines, or imprisonment, or both.

(iv) **The Water (Prevention and Control of Pollution) Cess Act, 1977, as amended ("Water Cess Act")**

The Water Cess Act provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under the Water Cess Act, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act.

(v) **The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, ("Hazardous Wastes Rules")**

The Hazardous Wastes Rules impose an obligation on every occupier of a facility generating hazardous waste for safe and environmentally sound handling of hazardous waste generated at such facility. Every person engaged in generation, processing, treatment, packaging, storage, transportation, use, collection, destruction, conversion, offering for sale and transfer of hazardous waste, must obtain an approval from the applicable State Pollution Control Board. The occupier, the importer, the transporter and the operator of disposal facility are liable for damages to the environment or third party resulting from the improper handling and disposal of hazardous waste.

(vi) **Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 ("Hazardous Chemical Rules")**

Entities which engage in any industrial activity involving hazardous chemicals are required to adhere to the Hazardous Chemical Rules. There are provisions in relation to major incidents involving hazardous chemicals, safety measures as well as import and transport of hazardous chemicals.

(vii) **Public Liability Insurance Act, 1991 ("Public Liability Act")**

The Public Liability Act, as amended, imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substance. A list of hazardous substances covered by the Public Liability Act has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

(viii) **The Solid Wastes Management Rules, 2016 ("Solid Wastes Rules")**

The Solid Wastes Rules applies to every domestic, institutional, commercial and any other non-residential solid waste generator except industrial waste, hazardous waste, hazardous chemicals, bio medical wastes, e- waste, lead acid batteries and radio-active waste, that are covered under separate rules framed under the Environment (Protection) Act, 1986. As per the Solid Waste Rules, the local authority or panchayat is required to make an application in Form-I for grant of authorization for setting up waste processing, treatment or disposal facility, if the volume of waste is exceeding five (5) metric tonne's per day including sanitary landfills from the State Pollution Control Board or the Pollution Control Committee, as the case may be. Any municipal solid waste generated is required to be managed and handled in accordance with the procedures specified in the Municipal Solid Wastes Rules. Penalties for contravention of the provisions of the Municipal Solid Wastes Rules will be as specified in the EPA.

(ix) **The Batteries (Management and Handling) Rules, 2001, as amended ("Batteries Rules")**

The Batteries Rules are framed under the Environment (Protection) Act, 1986 and apply to every manufacturer, importer, re-conditioner, assembler, dealer, recycler, auctioneer, consumer and bulk consumer involved in manufacture, processing, sale, purchase and use of batteries or components thereof. It prescribes the responsibilities of manufacturer, importer, assembler and dealers of the batteries as well as lays down the responsibilities of the recycler of the batteries.

(x) **E-Waste (Management) Rules, 2016 ("E-Waste Rules")**

The E-Waste Rules apply to every manufacturer, producer, consumer, bulk consumer, collection centres, dealers, e-retailer, refurbisher, dismantler and recycler involved in manufacture, sale, transfer, purchase, collection, storage and processing of e-waste or electrical and electronic equipment, including their components, consumables, parts and spares which make the product operational.

VII. Tax Legislations

The tax related laws that are applicable to our Company include the Central Goods and Service Tax Act, 2017, the Income Tax Act, the Income Tax Rules, the Customs Act, 1962, Wealth Tax Act, 1957, Customs Tariff Act, 1975, local body tax in respective states and Finance Act, 1994 and various applicable service tax notifications and circulars. Ministry of Finance had exempted Customs and Central Excise Duties on inputs utilized for the purpose of manufacture of ships vide General Exemption Notification Nos. 54/2015-Customs, 55/2015 – Customs, 44/2015 - Central Excise and 45/2015-Central Excise, with effect from November 24, 2015.

VIII. Inclusion of "shipyard" as a part of Harmonised Master List for Infrastructure Sub-Sectors

Pursuant to the amendment in the master list of infrastructure sub-sectors issued *vide* notification f. no. 13/06/2009-INF dated April, 8, 2016from Department of Economic Affairs, Ministry of Finance ("Harmonised Master List of Infrastructure sub- sectors"), a new sub-category of "shipyard" was added under the category of "transport". As the RBI notification dated November 25, 2013 harmonised the RBI definition of infrastructure lending with the Harmonised Master List of Infrastructure sub-sectors, the inclusion of "shipyard" as a new sub-category enables flexible structuring of long term project loans, long-term funding from infrastructure funds at lower rates of interest and for a longer tenure and issuance of bonds for meeting working capital requirements.

Further, RBI has recently brought in significant changes to the external commercial borrowing guidelines (the "ECB Guidelines") with respect to companies in the infrastructure and other related sectors. As per the revised framework for the ECB Guidelines published *vide* A.P. (DIR Series) Circular No. 32 dated November 30, 2015 ("Revised Framework for ECB Guidelines"), companies in infrastructure sector have been placed under track-II, i.e. long-term ECB which effectively means that overseas borrowings by such entities shall need to comply with ten (10) year minimum average maturity, unless ECB is denominated in Indian Rupees. The term 'infrastructure sector', for the purpose of the Revised Framework for ECB Guidelines, is defined as per the Harmonised Master List of Infrastructure sub-sectors. Also, as per the Revised Framework for ECB Guidelines, the restriction in respect of raising of ECB for general corporate purposes (including working capital) has been done away with. The individual limits under automatic route for companies in infrastructure and manufacturing sectors is up to USD 750 million or equivalent.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Prior to our Company being initially incorporated as a limited company, we were engaged in the business of operating shipbuilding and repair workshops since 1884 as an unincorporated entity. We were incorporated under the name and style of "Garden Reach Workshops Limited" on February 26, 1934 with the Registrar of Companies, Calcutta vide certificate of incorporation No. 7891 under the applicable provisions of the Companies Act, 1913. The word 'Private' was added to the name of our Company and the name of our Company became "Garden Reach Workshops Private Limited" and a fresh certificate of incorporation was issued dated November 5, 1957 by the Registrar of Companies, West Bengal pursuant to the shareholders resolution passed in the general meeting held on July 12, 1957. In the year 1960, our Company was acquired by the GoI and since then the share capital of our Company is wholly owned by the President of India along with its nominees from time to time. The word 'Private' was deleted from the name of our Company by the Registrar of Companies, West Bengal on November 30, 1961 pursuant to the shareholders resolution passed in the general meeting held on March 28, 1961 and the name of our Company become "Garden Reach Workshops Limited" and the status of our Company was changed from 'private limited company' to 'deemed public limited company' under the provision of Section 43(1A) of the Companies Act, 1956 with effect from January 8, 1976. The name of our Company was again changed from "Garden Reach Workshops Limited" to "Garden Reach Shipbuilders & Engineers Limited", as mentioned in the fresh certificate of incorporation issued on December 31, 1976 pursuant to the shareholders resolution passed in the general meeting held on December 18, 1976. The Company was converted into a public limited company pursuant to the shareholders resolution passed in the Annual General Meeting held on August 25, 2017 and a fresh certificate of incorporation dated November 17, 2017 was issued by the Registrar of Companies, West Bengal. Our Company as on date is registered as a government company (public company) as "Garden Reach Shipbuilders & Engineers Limited" under CIN U35111WB1934GOI007891.

Changes in the Registered Office

The Registered Office of our Company was changed from 2, Fairlie Place, Calcutta, West Bengal to its present location at 43/46 Garden Reach Road, Kolkata – 700 024, West Bengal with effect from April 1, 1961 pursuant to the shareholders resolution passed in the extra ordinary general meeting dated March 28, 1961 due to takeover of our Company by the GoI which resulted in the change in the management of our Company.

Please refer to the section on "*Risk Factors - We do not have access to records and data pertaining to certain historical legal and secretarial information in relation to certain disclosures*" on page 28 for further details on the documents and information which our company has not been able to trace.

Other Units

Apart from the Registered Office of our Company which is the Main Unit, our Company has certain other units and offices, the details of which are referred to in the section titled "*Our Facilities*" on page 150 of the chapter Our Business.

Main objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

1. *"To Acquire undertaking etc. To acquire and take over as a going concern the business carried on at Calcutta and elsewhere of the Garden Reach Shipbuilders & Engineers and all or any of the assets and liabilities of the proprietors thereof in connection therewith, and with a view thereto to enter into the Agreement referred to in Article 3 of our Company's Articles of Association and to carry the same into effect, with or without modification."*

2. *"Dock Owners etc. To carry on all or any of the business or proprietors of docks, wharves, jetties, piers, workshops and warehouses and of shipowners, shipbuilders, ship- wrights, engineers, dredgers, tug and barge owners, lightermen, wharfingers, warehousemen, ship-breakers, ship-repairers, freight contractors, carriers by land sea and air, forwarding agents and general trades."*

3. *"Colliery Proprietors. To carry on the trades or business of colliery proprietors, coal dealers, coke manufacturers, oil refiners, miners, smelters, engineers, lime burners and manufactures and cement manufactures, in all their respective branches."*

4. *"Minerals. To search for, get, work, make merchantable, buy, sell and deal in oil, coal, coke, ironstone, limestone, lime, brickearth, bricks, pipes, tiles, fireclay, fire-bricks and other metals, minerals and substances, and to manufacture and sell patent fuel."*

5. *"Electric Engineers and Contractors. To carry on the business of electric engineers, and contractors, suppliers of electricity, electric manufacturers of, and dealers in, railway, tramway, electric, magnetic, galvanic and other apparatus, mechanical engineers, suppliers of light, heat, sound and power, and to acquire any inventions, etc. and to construct railways and tramways, and work the same by steam, gas, oil, electricity, or other power."*

6. *"Mechanical Engineers etc. To carry on the business of iron founders, mechanical engineers and manufacturers of agricultural implements and other machinery, tool makers, brass-founders, metal workers, boiler-makers, mill-wrights, machinists, iron and steel converters, smiths, wood-workers, builders, painters, metallurgists, electrical engineers, water supply engineers, gas makers, farmers, painters, carriers and merchants, and to buy, sell, manufacture, repair, convert, alter, let or hire, and deal in machinery, implements, rolling-stock, and hardware of all kinds, and to carry on any other business (manufacturing or otherwise) which may seem to be Company capable of being conveniently carried or in connection with the above, or otherwise calculated, directly or indirectly, to enhance the value of any of our Company's property and rights for the time being."*

The existing and proposed activities of our Company are and shall be within the scope of the objects clause of the Memorandum of Association.

Amendments to our Memorandum of Association

Set out below are the amendments to our Memorandum of Association since the incorporation of our Company:

Date of Shareholders' Resolution	Nature of amendment
July 12, 1957	The name of our Company was changed from 'Garden Reach Workshops Limited' to 'Garden Reach Workshops Private Limited' by the RoC with effect from November 5, 1957.
March 28, 1961	The Registered Office of our Company was changed from 2, Fairlie Place, Calcutta, West Bengal to its present location at 43/46 Garden Reach Road, Kolkata – 700024, West Bengal with effect from April 1, 1961.
March 28, 1961	The name of our Company was changed from Garden Reach Workshops Private Limited to Garden Reach Workshops Limited by the RoC with effect from November 30, 1961.
May 6, 1971	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹30 million divided into 300,000 equity shares of ₹100 each to ₹50 million divided into 500,000 equity shares of ₹100 each.
July 20, 1973	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹50 million divided into 500,000 equity shares of ₹100 each to ₹70 million divided into 700,000 equity shares of ₹100 each.
June 13, 1975	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹70 million divided into 700,000 equity shares of ₹100 each to ₹100 million divided into 1,000,000 equity shares of ₹100 each.
August 9, 1976	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹100 million divided into 1,000,000 equity shares of ₹100 each to ₹150 million divided into 1,500,000 equity shares of ₹100 each.
December 18, 1976	The name of our Company was changed from Garden Reach Workshops Limited to Garden Reach Shipbuilders & Engineers Limited by the RoC with effect from December 31, 1976.
August 11, 1977	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹150 million divided into 1,500,000 equity shares of ₹100 each to ₹170 million divided into 1,700,000 equity shares of ₹100 each.
September 28, 1977	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹170 million divided into 1,700,000 equity shares of ₹100 each to ₹200 million divided into 2,000,000 equity shares of ₹100 each.

Date of Shareholders' Resolution	Nature of amendment
September 23, 1978	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹200 million divided into 2,000,000 equity shares of ₹100 each to ₹230 million divided into 2,300,000 equity shares of ₹100 each.
September 4, 1980	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹230 million divided into 2,300,000 equity shares of ₹100 each to ₹254 million divided into 2,540,000 equity shares of ₹100 each.
September 25, 1981	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹254 million divided into 2,540,000 equity shares of ₹100 each to ₹279 million divided into 2,790,000 equity shares of ₹100 each.
November 8, 1982	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹279 million divided into 2,790,000 equity shares of ₹100 each to ₹380 million divided into 3,800,000 equity shares of ₹100 each.
September 23, 1985	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹380 million divided into 3,800,000 equity shares of ₹100 each to ₹500 million divided into 5,000,000 equity shares of ₹100 each.
November 28, 1987	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹500 million divided into 5,000,000 equity shares of ₹100 each to ₹1,000 million divided into 10,000,000 equity shares of ₹100 each.
September 26, 1989	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹1,000 million divided into 10,000,000 equity shares of ₹100 each to ₹1,100 million divided into 11,000,000 equity shares of ₹100 each.
June 28, 1990	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹1,100 million divided into 11,000,000 equity shares of ₹100 each to ₹1,200 million divided into 12,000,000 equity shares of ₹100 each.
September 25, 1992	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital from ₹1,200 million divided into 12,000,000 equity shares of ₹100 each to ₹1,250 million divided into 12,500,000 equity shares of ₹100 each.
August 25, 2017	Clause V of the Memorandum of Association was amended to reflect the sub-division of shares from ₹100/- per share to ₹10/- per share.

Major events in our history

The table below sets forth the key events in the history of our Company:

Calender Year	Major Achievements
1961	Built the indigenous warship of the country INS Ajay, which was the first Naval ship built in the country after India's independence.
1980	Built the patrol vessel for Indian Coast Guard, CGS Rajhans (GRSE Yard 2003).
1981	Designed and built survey vessel for Indian Navy. This 1900-ton ship, INS Sandhayak was delivered on February 26, 1981.
1984	Designed in-house and built the first of class landing ship tank (large).
1992	The class ship of new design FPV, CGS Priyadarshini (our Company Yard 2031) was delivered to Indian Coast Guard on March 03, 1992.
1994	The class P-16A guided missile frigate "INS Brahmaputra" (our Company Yard 3009) was launched on January 26, 1994. Built research vessel. The ship was named as "Sagardhwani" which means 'Sound of Sea".
1997	Designed & developed, portable steel bridges for the first time in India.
2000	Built and delivered the class fast attack craft (our Company Yard No. 2047) on September 11, 2000 after extensive trials.
2009	The two WJ-FAC, INS Carnicobar and INS Chetlat were delivered on January 09, 2009 to Indian Navy.

Calender Year	Major Achievements
2011	Our Company signed the contract for building CGS Barracuda, a multi-role offshore patrol vessel for National Coast Guard of Mauritius on March 04, 2011 for export of a warship. CGS Barracuda also has the distinction of being the first ever ship to be built at the new integrated shipbuilding facility, created in our Company under modernization.
2014	The class ASW Corvette, INS Kamorta, was delivered to Indian Navy on July 12, 2014.
2016	The first of the four (4) follow-on WJ-FAC, INS Tarmugli (Yard No 2109) was delivered to the Indian Navy on April 16, 2016.
2016-2017	Two ships of the class new generation landing crafts have been delivered to Indian Navy on September 30, 2016 and July 20, 2017.
2017	The class ASW Corvette, INS Kiltan (Yard No 3019) was delivered to the Indian Navy on October 14, 2017.
2018	Delivery of fourth LCU 'L-54' to Indian Navy on April 6, 2018.
2018	Inaugration of Data Centre of Central Design Office at GRSE's 61 Park Unit on June 1, 2018.
2018	Inaugratiion of modern Pump Test Bed Facility at GRSE's Taratala unit on June 11, 2018.
2018	Inaugration of Virtual Reality Lab of Central Design Office at 61 Park Unit on July 7, 2018

Awards and Recognition

Our Company has received the following awards:

Year of Award	Award
2006	Accorded the status of Mini Ratna - Category I
2010-11	Best Performing Defence Shipyard
2010-11	Excellent grading under MoU signed with the GoI
2011-12	Best Performing Defence Shipyard
2011-12	Excellent grading under MoU signed with the GoI
2011-12	Indira Gandhi Rajbhasha Puraskar – 2nd prize in 'C' region for the implementation of official language Hindi in our Company
2012-13	Best Performing Defence Shipyard
2012-13	Indira Gandhi Rajbhasha Puraskar – 1st prize in 'C' region for implementation of official language Hindi under PSU category
2012-13	Excellent grading under MoU signed with the GoI
2013-14	Best Performing Defense Shipyard
2013-14	Excellent grading under MoU signed with the GoI
2014-15	National Talent Management Leadership Award 2015 in the Best Onboarding Program category from the World HRD Congress
2014-15	Most Caring Company Award at CSR Congress-2015
2014-15	Rajbhasha Kirti Puraskar – 2nd prize in 'C' region for excellence in implementation of official language policy under PSU category
2015-16	Raksha Mantri's Award for in-house design effort of CGS Barracuda
2015-16	Rajbhasha Kirti Puraskar – 1st prize for excellence in implementation of official language in our Company.
2016	Quality leadership award by Quality Circle Forum of India
2016	Rajbhasha Kirti Puraskar – 2nd prize for excellence in implementation of official language
2016	Rajbhasha Kirti Puraskar – 2nd prize for the magazine 'Rajbhasha Jagriti'

Year of Award	Award
2017	Quality Leadership Award by Quality Circle Forum of India
2017	Runner-up in the category of 'Contribution of Women in PSEs' by ICC
2017	Runner-up in the category of 'Human Resource Management' by ICC
2017	Runner-up in the category of 'CSR & Sustainability' by ICC
2017	ICC PSE Excellence Award in the category of "Company of the Year"
2017	ICC PSE Excellence Award in the category of "Corporate Governance"
2017	SCOPE Corporate Communication Excellence Award 2017 in the category of Brand Building through Inclusive Growth Initiatives
2017	SCOPE Corporate Communication Excellence Award 2017 in the category of Best Corporate Communication Campaign/ Program (External)
2018	ET Bengal Corporate Award on Best CSR Idea - 2018 awarded by the Economic Times Group

Accreditations and Certifications

Our Company has received the following accreditations and certifications:

Certificate	Issued on	Valid Till	Particulars
Main Works Unit			
ISO 14001:2004 - Management System	July 30, 2017	September 14, 2018	TUV NORD CERT certified the management system of our Company in line with the standard of ISO 14001-2004 for the scope of manufacturing of ships
BS OHSAS 18001:2007 - Management System	July 30, 2017	July 29, 2020	TUV NORD CERT certified the management system of our company in line of the standards of BS OHSAS 18001:2007 for the scope of manufacturing of ships
ISO 9001:2015 - Quality Management System Standard	December 13, 2016	December 12, 2019	Indian Register Quality Systems certified the management system of Main Works Unit and Design Office to conform to the quality management system standard of ISO 9001:2015 for ship design, ship building and ship repair.
61 Park Unit			
ISO 9001: 2015 - Quality Management System Standard	June 22, 2018	June 22, 2021	Indian Register Quality Systems certified the management system of our Company to conform to the quality management system standard of ISO 9001:2015 for design, manufacture and supply of portable steel bridges.
FOJ Unit			
ISO 9001:2015 - Quality Management System Standard	December 13, 2016	December 12, 2019	Indian Register Quality Systems certified the management system of our Company to conform to the quality management system standard of ISO 9001:2015 for ship design, ship building and ship repair.
Deck Machinery Taratala Unit			
ISO 9001: 2015 - Quality Management System Standard	June 27, 2018	June 26, 2021	Indian Register Quality Systems certified the management system of our Company to conform to the quality management system standard of ISO 9001:2015 for design, development, manufacture, supply and service of Deck Machinery equipment and its accessories
Rajabagan Dockyard			
ISO 9001: 2008 - Quality Management System Standard	January 30, 2016	September 14, 2018	Indian Register Quality Systems certified the management system of our Company to conform to the quality management system standard of ISO 9001:2008

Certificate	Issued on	Valid Till	Particulars
			for ship building, delivery of ships after sea trial and post delivery services.
Baranagar Training Centre Unit			
ISO 9001: 2008 - Quality Management System Standard	January 6, 2016	September 14, 2018	Indian Register Quality Systems certified the management system of our Company to conform to the quality management system standard of ISO 9001:2008 for training of trade apprentices and marine engineers.
DEP, Ranchi Unit			
ISO 9001:2008 - Quality Management System Standard	October 22, 2015	October 21, 2018	Indian Register Quality Systems certified the management system of our Company to conform to the quality management system standard of ISO 9001:2008 for manufacture and supply of diesel engines including assembly, testing and servicing of engines, fabrication and machining of general engineering items.

Number of Shareholders of our Company

Total numbers of Shareholders of our Company as on the date of this Red Herring Prospectus is seven (7).

Corporate Profile of our Company

For details of our Company's corporate profile, business, description of activities, services, products, technology, managerial competence and capacity built-up, location of plant, marketing, competition, market of each segment, growth of our Company, exports and profits due to foreign operations with country-wise analysis, standing of our Company in relation to prominent competitors with reference to our products and services, environmental issues, technology, major suppliers, major customers, geographical segment and management, see "*Our Business*", *"Our Management"* and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 136, 173 and 354, respectively.

Our Holding Company

As on the date of this Red Herring Prospectus, our Company does not have a holding company.

Subsidiaries of our Company

As on the date of this Red Herring Prospectus, our Company does not have any subsidiary.

Joint Ventures of our Company

As on the date of this Red Herring Prospectus, our Company does not have any joint ventures.

Injunction or restraining order

As on the date of this Red Herring Prospectus, our Company is not operating under any injunction or restraining order.

Capital raising activities, through equity or debt, by our Company

For details in relation to equity and debt capital raised by our Company, see "*Capital Structure*", *"Financial Statements"* and "*Financial Indebtedness*" on pages 86, 199 and 388, respectively.

Changes in the activities of our Company during the last five (5) years

There have been no changes in the activities undertaken by our Company during a period of five (5) years prior to the date of this Red Herring Prospectus which may have had a material effect on the profits or loss of our Company or affected our business including discontinuance of lines of business, loss of agencies or markets and similar factors.

Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity.

There have been no defaults or rescheduling of borrowings with the financial institutions/ banks/ debenture holders. None of our outstanding loans have been converted into equity shares.

Lock-out, Strikes, etc.

There have been instances of strikes, lock-outs or instances of labour unrest in our Company. The details of strikes, lock outs or instances of labour unrest happened during the last five (5) years in our Company are listed below:

Financial Year	Instances
2012-13	All major trade unions called a country wide industrial strike on February 21, 2013 and February 22, 2013 on various demands.
	Our Company's workmen's union staged demonstrations / dharna for appointment in lieu of workman who died while at duty. The union also demanded an upward revision of performance linked incentive scheme applicable to the unionised category of employees.
	Contract labour unions staged demonstrations demanding canteen facilities for the contract labourers.
2013-14	Our Company's workmen's union staged demonstration / dharna claiming employment for dependents of workman who died while at duty.
2014-15	GRSE Ltd. Workmen's Union staged different agitation programs on wage settlement issue including relay hunger strike with the participation of six to seven workmen followed by indefinite hunger strike by three workmen.
2015-16	Our Company's workmen's union, sole bargaining agent and other operating unions held gate meetings on diverse dates during the year on outsourcing issue and for not recruiting operative category of employees by the management since long against vacancies arising out of natural wastages.
	Five (5) members of Our Company's workmen's union went on hunger strike from 0830 hours of March 08, 2016 to 1900 hours of March 10, 2016 demanding immediate recruitment of manpower.
2016-17	On raising day of CISF on May 26, 2016, the workmen led by Our Company's workmen's union (sole bargaining agent) and GRW Limited clerks' union resorted to agitation programs separately on issues such as maintaining status quo in the existing entry / exit procedures at the gates etc.
	Our Company's workmen's union went for strike on August 24, 2016 on the issue of recruitment of operatives. Despite the strike, the production output achieved on the day was about 70%. Wage cut for such strike was effected from the salary of the employees who participated in the strike.
	Contract Workers' Unions had called for a one-day wild cat strike on February 27, 2017 complaining against few contractors working in our Company's premises. Many of the contractors' workers remained absent on the day. However, no untoward incident occurred on the day due to the strike.
2017-18	On April 10, 2017, 'one-day tool down strike' without any notice was observed by Our Company's workmen's union, (the recognized union for operative category of employees) on the issue of recruitment and other issues pertaining to operative category of employees although the matter was under conciliation in the office of Additional Labour Commissioner (Central), Kolkata.
	Seeking compensation for the hefty hike in minimum wages consequent upon revision by Ministry of Labour & Employment, GoI, majority of Contractors' had stopped work since April 18, 2017. Above hike in minimum wages is around 40% over previous notified rates and is effective from January 19, 2017 as notified under GoI notification number 173 dated January 19, 2017. After a few rounds of discussions with the protesting contractors, the normal work was resumed on April 27, 2017. However, no untoward incident occurred due to above stoppage of work.
	Both the Contract Labour Union affiliated to INTUC and INTTUC blocked gates at Main Works on May 26, 2017 on the issue of not taking Union sponsored labours by the contractors and delay in arrear payment of revised minimum wages to contractors' workers by the Contractors. No contractors' workmen were allowed to enter.
	On June 27, 2017 for an hour, the Contract Labour Union affiliated to INTUC and INTTUC did slogan shouting for following reasons: Refusal to take union sponsored labour by M/s. Radiance Marine Service who has been issued a contract recently. Delay in arrear payment of revised minimum wages to contractors' workers by the contractors.

	On June 28, 2017, both the above Contract Labour Unions blocked contract labour gate at Main Unit. Only few contractors' workmen could enter.
	Around 250 operatives belonging to GRSE Ltd. Workmen's Union (Recognized operative union of GRSE) staged a dharna on August 17, 2017 from 10.00 AM to 12.00 noon at CMD Building against the issue of disinvestment of GRSE.
	On February 22, 2018, a few members of the recognized operative union of our Company had resorted to a peaceful dharna at the Main Works Unit on the issue of non-payment of performance linked incentive and proposed implementation of premature retirement policy in respect of workmen.

For details, see "*Risk Factors – We are subject to stringent labour laws and our workmen are unionised under a number of trade unions. Labour disputes could lead to lost production and increased costs. Any labour dispute, including in objection to the proposed Offer, could result in lost production and increased costs and may lead to strikes, lock-down or work stoppages which will adversely affect our operations, reputation and financial condition*." on page 37.

Time and Cost Overruns for setting up the projects

Following are the instances of time and cost overruns in delivery of vessels to our customers:

(₹ in million)

Project	Yard Nos.	Contractual delivery month & year	Actual delivery month & year	Impact of cost & time overrun (other than liquidated damages)
Inshore Patrol Vessel	2078	February 2013	July 2013	Nil
	2079	May 2013	October 2013	30.28
Anti-Submarine Warfare Corvette	3017	October 2012	July 2014	Nil
	3018	July 2013	November 2015	Nil
	3019	July 2014	October 2017	Nil
Mauritius Offshore Patrol Vessel	3021	September 2014	December 2014	358.36
Water Jet Fast Attack Craft	2109	March 2015	April 2016	Nil
	2110	June 2015	December 2016	47.36
	2111	September 2015	August 2016	9.51
	2112	December 2015	June 2017	73.93
Landing Craft Utility	2092	August 2014	September 2016	136.08
	2093	November 2014	July 2017	391.61
	2094	February 2015	January 2018	109.58

For details, see "*Risk Factors – We could incur losses under our fixed price contracts as a result of cost overruns, delays in delivery or failures to meet contract specifications which may have an adverse effect on our business, financial condition and results of operations*" on page 25.

Summary of key agreements or Memorandum of Understanding ("MOU")

Our key agreements and MoUs comprises of warship supply contracts and technology transfer agreements with Indian Navy, Indian Coast Guard, other Government instrumentalities and international technology providers, most of which have been designated 'confidential'/ 'secret' status by the MoD, and therefore, the disclosure of the principal terms of the same may compromise national security interests. Please note that pursuant to the SEBI Exemption Letters, our Company has received relaxation from the strict enforcement of certain requirements under the SEBI ICDR Regulations and SEBI Listing Regulations at the time of filing this Red Herring Prospectus.

Financial and Strategic Partners

As on the date of this Red Herring Prospectus, our Company does not have any strategic or financial partners.

Details regarding acquisition of business/ undertakings, mergers, amalgamations and revaluation of assets

In the year 2006, we acquired the Rajabagad Dockyard, spread over an area of 31.15 acres, from Central Inland Water Transport Corporation Limited (CIWTCL). CIWTCL was an ailing shipyard under the Ministry of Surface Transport, GoI and our Company was directed by the GoI to acquire the same at a consideration of ₹614.20 million for its revival.

Details of guarantees given to third parties by our Promoter

As on the date of filing of this Red Herring Prospectus, the Promoter of our Company has not given any guarantees on behalf of our Company to any third parties.

Partnership Firms

Our Company is not a partner in any partnership firm.

OUR MANAGEMENT

Board of Directors

Under the Articles of Association, our Company is required to have a minimum of three (3) Directors. We currently have ten (10) Directors, out of which five (5) are Part-Time Non-Official (Independent) Director, four (4) are Whole Time Directors and one (1) is Government Nominee Director.

The following table sets forth the details regarding the Board as of the date of this Red Herring Prospectus:

S. No.	Name, Designation, Address, Occupation, Nationality, DIN and Term	Age (in years)	Other Directorships
1.	**RAdm Vipin Kumar Saxena, IN (Retired)** *Designation*: Chairman & Managing Director *Address:* 11 New Road, Alipore, Kolkata – 700 027, West Bengal, India *Occupation:* Service *Nationality:* Indian *DIN:* 07696782 *Term:* Five (5) years with effect from March 01, 2017 (the date of assumption of charge) in the first instance or till the date of his superannuation or until further orders, whichever is the earliest.	56	Nil
2.	**Sarvjit Singh Dogra** *Designation*: Director (Finance) & CFO Whole Time Director *Address:* 27, Chetla Central Road, Flat 2B, 2nd Floor, Kolkata - 700 027, West Bengal, India *Occupation:* Service *Nationality:* Indian *DIN:* 07052300 *Term:* Five (5) years with effect from December 31, 2014 (the date of assumption of charge) in the first instance or till the date of his superannuation or until further orders, whichever is the earliest.	58	Nil
3.	**Asit Kumar Nanda** *Designation:* Director (Personnel) Whole Time Director *Address:* Shantikunj, P-374, Nalini Ranjan Road, New Alipore, Kolkata - 700 053, West Bengal, India *Occupation:* Service *Nationality:* Indian *DIN:* 07506042 *Term:* Five (5) years with effect from May 3, 2016 (date of assumption of charge) in the first instance or till the date of his superannuation or until further orders, whichever is the earliest.	58	Nil
4.	**Cmde Sanjeev Nayyar, IN (Retired)** *Designation:* Director (Shipbuilding) Whole Time Director *Address:* Flat No. 18D, Tower D (Cedar), South City Residence, 375, Prince Anwar Shah Road, Kolkata – 700 068 West Bengal, India *Occupation:* Service	56	Nil

S. No.	Name, Designation, Address, Occupation, Nationality, DIN and Term	Age (in years)	Other Directorships
	Nationality: Indian *DIN:* 07973950 *Term:* With effect from December 16, 2017 (date of assumption of charge) till the date of his superannuation or until further orders, whichever is earlier.		
5.	**Ashwani Kumar Mahajan** *Designation:* Government Nominee Director *Address:* D-09, HUDCO Place Extension, Andrews Ganj, New Delhi – 110 049, India *Occupation:* Service *Nationality:* Indian *DIN:* 07483427 *Term:* With effect from April 2, 2016 till further orders from the Government.	55	Bharat Dynamics Limited (Director)
6.	**Bharat Bhushan** *Designation:* Part-Time Non-Official (Independent) Director *Address:* C-11, Ahinsa Vihar, Sector-9, Rohini, New Delhi - 110 085, India *Occupation:* Professional *Nationality:* Indian *DIN:* 00262278 *Term:* Three (3) years with effect from September 15, 2017 (date of notification of their appointment) or till further orders from the Government, whichever is earlier.	52	Nil
7.	**Kanwaljit Deol** *Address:* A-78, NSG Society, P6, Greater Noida – 201310, Uttar Pradesh, India *Designation:* Part-Time Non-Official (Independent) Director *Occupation:* Retired IPS Officer *Nationality:* Indian *DIN:* 03192289 *Term:* Three (3) years with effect from September 15, 2017 (date of notification of appointment) or till further orders from the Government, whichever is earlier.	63	Nil
8.	**Dr. Ajai Bhandari** *Address:* Suraj Kunj Building, Sector-5, Shimla -171009, Himachal Pradesh, India *Designation:* Part-Time Non-Official (Independent) Director *Occupation:* Retired IAS Officer *Nationality:* Indian *DIN:* 00322233 *Term:* Three (3) years with effect from March 9, 2018 (date of notification of their appointment) or till further orders from the Government, whichever is earlier.	64	Nil
9.	**RAdm Inder Paul Singh Bali, IN (Retired)** *Address:* C-1/11, Bapanagar, Zakir Hussain Marg, New Delhi-110 001, India *Designation:* Part-Time Non-Official (Independent) Director *Occupation:* Indian Navy Retired *Nationality:* Indian *DIN:* 07912223 *Term:* Three (3) years with effect from March 9, 2018 (date of notification of their	58	Nil

S. No.	Name, Designation, Address, Occupation, Nationality, DIN and Term	Age (in years)	Other Directorships
	appointment) or till further orders from the Government, whichever is earlier.		
10.	**Dr. Biswapriya Roychoudhury** *Address:* Fulbari, Manaskamana Road, English Bazar, Malda, West Bengal-732101 *Designation:* Part-Time Non-Official (Independent) Director *Occupation:* Doctor (Homeopathy) *Nationality:* Indian *DIN:* 08200896 *Term:* Three (3) years with effect from August 15, 2018 (date of allotment of DIN) or till further orders from the Government, whichever is earlier.	56	Nil

All the Directors of our Company are Indian nationals and none of the Directors are related to each other.

Brief Biographies of the Directors

Rear Admiral Vipin Kumar Saxena, IN (Retired)

RAdm Vipin Kumar Saxena, IN (Retired), aged fifty-six (56) years and having an experience of over thirty-three (33) years was appointed as the Chairman & Managing Director of our Company with effect from March 1, 2017 and is responsible for the overall management of our Company. Prior to joining our Company, he has put in over thrity-one (31) years of commissioned service in the Indian Navy since March 05, 1985 after completing Bachelor of Engineering (Electrical) from Jabalpur University. He also holds a Master of Science degree in Defence Studies from Madras University. He has varied experience and exposure of working in various organisations of the Indian Navy ranging from operational appointment on-board frontline warships, naval dockyards, warship acquisitions & construction programmes and project management at apex level for mega infrastructure project of the Indian Navy. As Principal Director (Ship Production) at Naval Headquarters, New Delhi he has handled various aspects of shipbuilding while managing multiple major contracts for construction of a number of warships both at Indian Shipyards (DPSUs & private) and foreign shipyards.

Sarvjit Singh Dogra

Sarvjit Singh Dogra, aged fifty-eight (58) years and having an experience of over thirty-two (32) years was appointed as Director (Finance) of our Company with effect from December 31, 2014 and heads the finance function of our Company. He is a qualified fellow member of the Institute of Costs Accountants of India. He has served in the Fertilizer Corporation of India Limited as Grade II - Accounts Officer. Thereafter, he has served in National Aluminum Company Limited, a Navratna CPSE under the Ministry of Mines, GoI, prior to joining our Company.

Asit Kumar Nanda

Asit Kumar Nanda, aged fifty-eight (58) years and having an experience of over thirty-three (33) years was appointed as Director (Personnel) of our Company with effect from May 03, 2016 and heads the human resource function of our Company. He holds a Bachelors' Degree in Law from Sambalpur University and a Masters' Degree in Social Work (Specialisation in Personnel Management & Industrial Relations) from Devi Ahilya Vishwavidhyalya, Indore. He is also credited with holding a Post-Graduate Diploma in human resource management from Indira Gandhi National Open University. He has worked for over three decades in the field of Human Resources Management in Central Public Sector Undertakings viz. ITI Limited, Hindustan Aeronautics Limited & BEML Limited both at the manufacturing & corporate level. Prior to joining our Company, he was working as CGM (HR) in BEML Limited.

Commodore Sanjeev Nayyar, IN (Retired)

Cmde Sanjeev Nayyar, IN (Retired), aged fifty-six (56) years and having an experience of over thirty-six (36) years, assumed charge as Director (Shipbuilding) of our Company with effect from December 16, 2017 and heads the shipbuilding division of our Company. Prior to joining GRSE, he has put in over thirty-five (35) years of commissioned service in the Indian Navy from July 1, 1982. He holds a Bachelor of Science and a Bachelor of Technology degree in Mechanical Engineering from Jawaharlal Nehru University, Delhi. He went on to obtain a Master of Technology degree in Design of Mechanical Equipment from IIT, Delhi, and a Master of Management Studies from Osmania University, Hyderabad.

Ashwani Kumar Mahajan

Ashwani Kumar Mahanjan, aged fifty-five (55) years and having an experience of over twenty-eight (28) years was appointed as a Government Nominee Director of our Company with effect from April 02, 2016. He holds a degree in Bachelor of Medicine and Bachelor of Surgery, from Medical College, Amritsar. He is a cadre of the Indian Revenue Service (IRS) and has previously worked in the Income Tax Department. Presently, he is working as Additional Financial Advisor & Joint Secretary, DDP.

Bharat Bhushan

Bharat Bhushan, aged fifty-two (52) years and having an experience of twenty-eight (28) years in the practice of chartered accountancy, was appointed as a Part-Time Non-Official (Independent) Director of our Company with effect from September 15, 2017. He holds a degree in Bachelor of Commerce from Punjabi University and is a Fellow Member of the Institute of Chartered Accountants of India. Presently, he is a Partner in Chandiwala Virmani & Associates since 2004. He also has post-qualification certification in Information Systems Audit.

Kanwaljit Deol

Kanwaljit Deol aged sixty-three (63) years and having an experience of thirty-eight (38) years was appointed as a Part-Time Non-Official (Independent) Director of our Company with effect from September 15, 2017. She holds a Masters Honours degree in Physics from Panjab University and a Bachelors' degree in Law from University of Delhi. She was appointed into the Indian Police Service in 1977 and assigned to the Union Territories cadre. During thirty-eight (38) years of service in the police she has been posted in Delhi, Goa and Arunachal Pradesh, and has received training in various aspects of policing, vigilance, road traffic and transport, and human rights in India and abroad.

She also served as Additional Secretary in charge of Parliament Security in the Lok Sabha. In 2010 she headed the police force of the state of Arunachal Pradesh as its Director General of Police. In December 2012 she was appointed as Director General in charge of investigations with the National Human Rights Commission, New Delhi, until her retirement on October 31, 2014.

Dr. Ajai Bhandari

Dr. Ajai Bhandari, Indian Administrative Services (Retired) aged sixty-four (64) years and having an experience of thirty-six (36) years in various executive capacities in middle and senior levels under the State Government of Himachal Pradesh. He was appointed as Part-Time Non-Official (Independent) Director of our Company with effect from March 9, 2018. He holds a Ph.D. in Life Sciences and Masters' in Science (Botany) degree from the Himachal Pradesh University. He was Secretary to the State Government and held the Secretary level posts. He served as Managing Director and Chief Executive Officer of various Publice Sector Undertakings of the State. He also served in various positions in financial, power, legislative, developmental and other sectors in the State.

RAdm Inder Paul Singh Bali, IN (Retired)

Inder Paul Singh Bali, aged fifty-eight (58) years and having an experience of over thirty-four (34) years in the Indian Navy and Ministry of Defence, was appointed as a Part-Time Non-Official (Independent) Director of our Company with effect from March 9, 2018. During his career, he has held many positions at senior management level in administration, policy formulation & execution, technology evaluation & implementation, management of production work centers as well as management of marine infrastructure in the Navy. He holds a degree in Bachelor of Engineering (Electrical) from NITSRI and a Bachelor of Engineering degree in Industrial Engineering from the Institution of Electronics and Telecommunication Engineers, India. He is alumnus of Naval War College (Mumbai). He also holds a Master of Technology degree in Communication & Radar Engineering from IIT, Delhi. He was decorated with the prestigious Ati Vishisht Seva Medal (AVSM) and Vishisht Seva Medal (VSM) awards by the President of India for professional excellence and outstanding contribution to the Service.

Dr. Biswapriya Roychoudhury

Dr. Biswapriya Roychoudhury, aged fifty-six (56) years was appointed as a Part-Time Non-Official (Independent) Director of our Company for a term of three (3) years with effect from August 15, 2018. He is a homeopathic doctor by profession.

Confirmation from Directors

None of our Directors have been identified as a willful defaulter (as defined in the SEBI ICDR Regulations). None of the Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the past five (5) years. Further, none of the Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s).

Understanding with major shareholders, customers, suppliers or others pursuant to which Director(s) were appointed

As per Article 194 of the Articles of Association, the Chairman & Managing Director and the Government representatives on the Board of Directors shall be appointed by the President of India and the terms and conditions of his appointment shall be determined by the President, subject to the provisions of the Act. Other members of the Board of Directors shall be appointed or reappointed by the President of India in consultation with the Chairman & Managing Director of the Board of Directors. The Directors appointed shall be entitled to hold office for such period as the President of India may determine. An Individual may be appointed or re-appointed by the President as the Chairman of our Company as well as the Managing Director of our Company at the same time. Except as stated above, none of our Directors or Key Management Personnel have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

Borrowing powers of the Board

Subject to the applicable provisions of the Companies Act, 2013 and as per Articles of Association of our Company, the Board is authorized to borrow up to an aggregate amount of its paid-up capital and free reserves for the purpose of the business of our Company.

Details of Appointment and Term of the Directors

Sr. No.	Name of Director	Ministry of Defence, Government of India Order No. and Date	Date of Appointment of Director	Term
1.	RAdm Vipin Kumar Saxena, IN (Retired)	Letter No. 2(12)/ 2015/GRSE/D (NS-II) dated Jan 19, 2017	March 01, 2017	Appointed as Chairman & Managing Director for a period of five (5) years with effect from March 01, 2017 (the date of assumption of charge) in the first instance or till the date of his superannuation or until further orders whichever is the earliest.
2.	Sarvjit Singh Dogra	Letter No. 2(13)/ 2013/GRSE/D (NS-II) dated December 12, 2014	December 31, 2014	Appointed as Director (Finance) for a period of five (5) years with effect from December 31, 2014 (the date of assumption of charge) in the first instance or till the date of his superannuation or until further orders whichever is the earliest.
3.	Asit Kumar Nanda	Letter No. 2(2)/ 2015/GRSE/D (NS-II) dated March 3, 2016	May 03, 2016	Appointed as Director (Personnel) for a period of five (5) years with effect from May 3, 2016 (date of assumption of charge) in the first instance or till the date of his superannuation or until further orders whichever is the earliest.
4.	Cmde Sanjeev Nayyar, IN (Retired)	Letter No. 2(14)/ 2015/GRSE/D(NS-II) dated November 01, 2017	December 16, 2017	Appointed as Director (Shipbuilding) with effect from December 16, 2017 (date of assumption of charge) till the date of his superannuation or until further orders whichever is earlier.
5.	Ashwani Kumar	F. No. 14(8)/	April 02, 2016	Appointed as a Government Nominee

	Mahajan	2016/IFDP-II dated March 9, 2016		Director on the Board of our Company with effect from April 2, 2016 till further orders from the Government.
6.	Bharat Bhushan	PC No. 11(57)/ 2017/Misc/D (NS) dated September 15, 2017	September 15, 2017	Appointed as Part-Time Non-Official (Independent) Director for a period of three (3) years with effect from September 15, 2017 (date of notification of their appointment) till further orders from the Government.
7.	Kanwaljit Deol	PC No. 11(57)/ 2017/Misc/D (NS) dated September 15, 2017	September 15, 2017	Appointed as Part-Time Non-Official (Independent) Director for a period of three (3) years with effect from September 15, 2017 (date of notification of appointment) till further orders from the Government.
8.	Dr. Ajai Bhandari	PC No. 11(57)/ 2017/Misc/D(NS) dated March 9, 2018	March 9, 2018	Appointed as Part-Time Non-Official (Independent) Director for a period of three (3) years with effect from the (date of notification of their appointment) till further orders from the Government.
9.	RAdm Inder Paul Singh Bali, IN (Retired)	PC No. 11(57)/ 2017/Misc/D(NS) dated March 9, 2018	March 9, 2018	Appointed as Part-Time Non-Official (Independent) Director for a period of three (3) years with effect from the (date of notification of their appointment) till further orders from the Government.
10.	Dr. Biswapriya Roychoudhury	PC No. 11(57)/ 2017/Misc/D(NS) dated July 25, 2018	August 15, 2018	Appointed as Part-Time Non-Official (Independent) Director for a period of three (3) years with effect from the (date of allotment of DIN) till further orders from the Government.

Except for the Whole Time Directors who are entitled to statutory benefits and post-retirement medical benefits on completion of tenure of their employment with our Company, no Director is entitled to any benefit on termination of their directorship with our Company.

Remuneration of the Directors

A. Chairman & Managing Director and Whole Time Directors:

The following table sets forth the remuneration paid by our Company to the Chairman & Managing Director and existing Whole Time Directors for the Fiscal 2018:

(₹ in million)

Name of Director	Total remuneration
RAdm Vipin Kumar Saxena, IN (Retired)	3.27
Sarvjit Singh Dogra	4.13
Asit Kumar Nanda	2.89
Cmde Sanjeev Nayyar, IN (Retired) (1)	1.10
Cmde Ratnakar Ghosh (2)	3.31

(1) From December 16, 2017, being the date of his appointment
(2) Up to July 1, 2017, being the date of his retirement

The Government Nominee Directors of our Company derive their salary, benefits and facilities from the Government and is, therefore, not paid by our Company.

B. Part-Time Non-Official (Independent) Director

Part-Time Non-Official (Independent) Directors are paid sitting fees for attending each meeting of the Board and its committees thereof. They are also subject to the maximum amount as prescribed under the Companies Act. Presently, our Company, pursuant to the Board resolution dated December 12, 2012 is paying up to ₹20,000 for attending each Board Meeting and ₹15,000 for attending each Audit Committee meeting/meeting of the Sub Committees of the Board to Part-Time Non-Official (Independent) Directors.

Details of the terms and conditions of appointment of the Chairman & Managing Director and Whole Time Directors:

The MoD prescribes the terms and conditions of appointment of the Chairman & Managing Director as well as the Whole Time Directors. Our Company prescribes the terms and conditions of employment for each of the Whole Time Directors in consonance with the terms and conditions prescribed by MoD.

RAdm Vipin Kumar Saxena, IN (Retired)

RAdm Vipin Kumar Saxena**,** IN (Retired) is the Chairman & Managing Director of our Company. He was appointed w.e.f March 01, 2017, pursuant to the MoD Order No. 2(12)/2015/GRSE/D(NS-II) dated January 19, 2017. The current terms and conditions of his employment were prescribed by MoD vide Order No. 2(12)/2015/GRSE/D(NS-II) dated May 02, 2017 and revised by Presidential Directive vide Order No. 11(110)/2017/GRSE/D(NS) dated January 9, 2018. Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	For a period of five (5) years with effect from March 1, 2017 i.e. from the date of assumption of charge of the post or till the date of his superannuation or until further orders whichever is the earliest.
Pay	₹213,830/- per month in the scale of ₹180,000 - 3% - ₹320,000.
Headquarters	Kolkata
Dearness allowance	It will be paid in accordance with the new IDA Scheme as spelt out in the DPEs OM dated August 03, 2017, August 04, 2017 and September 07, 2017.
Housing	As per the rates indicated in DPE's OM dated August 03, 2017, August 04, 2017 and September 07, 2017.
Annual increment	Annual increment @ 3% of basic pay on the anniversary date of his appointment in the scale and further increments on the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of the scale one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two (2) year period from the date he reaches the maximum of his pay scale provided he gets performance rating of "Good" or above. He will be granted a maximum of three (3) such stagnation increments.
Conveyance	Entitled to the facility of staff car as per instructions contained in DPE's O.M. No. 2(23)/11-DPE(WC)-G-V/13 dated January 21, 2013 except para 1(G) which has been withdrawn by further O.M. of DPE dated November 4, 2013. The recovery for private use/non-duty runs of Staff car (AC/ Non-AC) would be ₹2,000/- per month. The ceiling on non-duty journeys by Staff Car will be permitted up to 1,000 KM/PM (Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Hyderabad) and 750 KM/PM (all other cities).
Performance related payment	Eligible for approved performance related pay as per DPE's OM dated November 26, 2008; February 9, 2009; April 2, 2009 and September 11, 2013.
Other benefits and perquisites/ superannuation	The Board of Directors will decide on the allowances and perks subject to maximum ceiling of 35% of his basic pay as indicated in DPE's OM dated August 03, 2017, August 04, 2017 and September 07, 2017. Eligible for superannuation benefits based on approval schemes as per DPE's OMs dated August 03, 2017, August 04, 2017 and September 07, 2017 and DDP's letter No. 8(12)/2012/D(Coord/DDP) dated November 11, 2013.
Leave	Subject to the leave rules of the CPSE.
Restriction on joining private commercial undertakings after retirement/ resignation	RAdm Vipin Kumar Saxena, IN (Retired) after retirement/resignation from the service of our Company shall not accept any appointment or post, whether advisory or administrative, in any firm or company whether in India or Foreign, with one (1) year from the date of his retirement/resignation, without prior approval of the Government as per DPE OM No. 2(22)/99-GM-GL-91 dated May 15, 2008 and DPE OM No. 2(22)/99-GM dated June 3, 2008. In respect of any other items, concerning him which is not covered in preceding paras, he will be governed by the relevant rules/instructions of CPSE/ Government. The issues with the concurrence of the Finance Division vide their Dy. No. 330/IFDP-II dated May 1, 2017.

Conduct, discipline and appeal rules	The conduct, discipline and appeal Rules framed by CPSE in respect of their non-workmen category of staff would also mutatis mutandis apply to him with the modification that the Disciplinary Authority in his case would be the President of India. The Government also reserves the right not to accept his resignation, if the circumstances so warrant, i.e. the disciplinary proceedings are pending, or a decision has been taken by the competent authority to issue charge sheet to him.

Sarvjit Singh Dogra

Sarvjit Singh Dogra is the Director (Finance) & CFO (Whole Time Director) of our Company. He was appointed w.e.f December 31, 2014, pursuant to the MoD Order No. 2(13)/2013/GRSE/D (NS-II) dated December 12, 2014. The current terms and conditions of his employment were prescribed by MoD vide Order No. 2(13)/2013/GRSE/D (NS-II) dated February 18, 2015 and revised by Presidential Directive vide Order No. 11(110)/2017/GRSE/D(NS) dated January 9, 2018. Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	For a period of five (5) years with effect from December 31, 2014 i.e. from the date of assumption of charge of the post or till the date of his superannuation or until further orders whichever is the earliest.
Pay	₹200,850/- per month in the scale of ₹160,000 - ₹290,000.
Headquarters	Kolkata.
Dearness allowance	It will be paid in accordance with the new IDA Scheme as spelt out in the DPEs OM dated August 03, 2017, August 04, 2017 and September 07, 2017.
Housing	As per the rates indicated in DPE's OM dated August 03, 2017, August 04, 2017 and September 07, 2017.
Annual increment	Annual increment @ 3% of basic pay on the anniversary date of his appointment in the scale and further increments on the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of the scale one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two (2) year period from the date he reaches the maximum of his pay scale provided he gets performance rating of "Good" or above. He will be granted a maximum of three (3) such stagnation increments.
Conveyance	Entitled to the facility of staff car as per instructions contained in DPE's O.M. No. 2(23)/11-DPE(WC)-G-V/13 dated January 21, 2013 except para 1(G) which has been withdrawn by further O.M. of DPE dated November 4, 2013.
Performance related payment	Eligible for approved performance related pay as per DPE's OM dated November 26, 2008; February 9, 2009; April 2, 2009 and September 11, 2013.
Other benefits and perquisites/ superannuation	The Board of Directors will decide on the allowances and perks subject to maximum ceiling of 35% of his basic pay as indicated in DPE's OM dated August 03, 2017, August 04, 2017 and September 07, 2017. Eligible for superannuation benefits based on approval schemes as per DPE's OMs dated August 03, 2017, August 04, 2017 and September 07, 2017 and DDP's letter No. 8(12)/2012/D(Coord/DDP) dated November 11, 2013.
Leave	Subject to the leave rules of the CPSE.
Restriction on joining private commercial undertakings after retirement/ resignation	Sarvjit Singh Dogra after retirement/resignation from the service of our Company shall not accept any appointment or post, whether advisory or administrative, in any firm or company whether in India or Foreign, with one (1) year from the date of his retirement/resignation, without prior approval of the Government.
Conduct, discipline and appeal rules	The conduct, discipline and appeal Rules framed by CPSE in respect of their non-workmen category of staff would also mutatis mutandis apply to him with the modification that the Disciplinary Authority in his case would be the President of India. The Government also reserves the right not to accept his resignation, if the circumstances so warrant, i.e. the disciplinary proceedings are pending, or a decision has been taken by the competent authority to issue charge sheet to him.

Asit Kumar Nanda

Asit Kumar Nanda is the Director (Personnel) (Whole Time Director) of our Company. He was appointed w.e.f. May 3, 2016, pursuant to the MoD Order No. 2(2)/2015/GRSE/D(NS-II) dated March 3, 2016. The current terms and conditions of his employment were prescribed by MoD vide Order No. 2(2)/ 2015/GRSE/D(NS-II) dated November 28, 2016 and as revised by Presidential Directive vide Order No. 11(110)/2017/GRSE/D(NS) dated January 9, 2018. Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	For a period of five (5) years with effect from May 3, 2016 i.e. from the date of assumption of charge of the post or till the date of his superannuation or until further orders whichever is the earliest.
Pay	₹169,010/- per month in the scale of ₹160,000 - ₹290,000.
Headquarters	Kolkata.
Dearness allowance	It will be paid in accordance with the new IDA Scheme as spelt out in the DPEs OM dated August 03, 2017, August 04, 2017 and September 07, 2017.
Housing	As per the rates indicated in DPE's OM dated August 03, 2017, August 04, 2017 and September 07, 2017.
Annual increment	Annual increment @ 3% of basic pay on the anniversary date of his appointment in the scale and further increments on the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of the scale one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two (2) year period from the date he reaches the maximum of his pay scale provided he gets performance rating of "Good" or above. He will be granted a maximum of three (3) such stagnation increments.
Conveyance	Entitled to the facility of staff car as per instructions contained in DPE's O.M. No. 2(23)/11-DPE(WC)-G-V/13 dated January 21, 2013 except para 1(G) which has been withdrawn by further O.M. of DPE dated November 4, 2013. The recovery for private use/non-duty runs of Staff car (AC/ Non-AC) would be ₹2,000 per month. The ceiling on non-duty journeys by Staff Car will be permitted up to 1,000 KM/PM (Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Hyderabad) and 750 KM/PM (all other cities).
Performance related payment	Eligible for approved performance related pay as per DPE's OM dated November 26, 2008; February 9, 2009; April 2, 2009 and September 11, 2013.
Other benefits and perquisites/ superannuation	The Board of Directors will decide on the allowances and perks subject to maximum ceiling of 35% of his basic pay as indicated in DPE's OM dated August 03, 2017, August 04, 2017 and September 07, 2017. Eligible for superannuation benefits based on approval schemes as per DPE's OMs dated August 03, 2017, August 04, 2017 and September 07, 2017 and DDP's letter No. 8(12)/2012/D(Coord/DDP) dated November 11, 2013.
Leave	Subject to the leave rules of the CPSE.
Restriction on joining private commercial undertakings after retirement/ resignation	Asit Kumar Nanda after retirement/resignation from the service of our Company shall not accept any appointment or post, whether advisory or administrative, in any firm or company whether in India or Foreign, with one (1) year from the date of his retirement/resignation, without prior approval of the Government as per DPE OM No. 2(22)/99-GM-GL-91 dated May 15, 2008 and DPE OM No. 2(22)/99-GM dated June 3, 2008. In respect of any other items, concerning him which is not covered in preceding paras, he will be governed by the relevant rules/instructions of CPSE/ Government. This issues with the concurrence of the Finance Division vide their Dy. No. 813/IFDP-II dated November 25, 2016.
Conduct, discipline and appeal rules	The conduct, discipline and appeal Rules framed by CPSE in respect of their non-workmen category of staff would also mutatis mutandis apply to him with the modification that the Disciplinary Authority in his case would be the President of India. The Government also reserves the right not to accept his resignation, if the circumstances so warrant, i.e. the disciplinary proceedings are pending, or a decision has been taken by the competent authority to issue charge sheet to him.

Cmde Sanjeev Nayyar, IN (Retired)

Cmde Sanjeev Nayyar, IN (Retired) is the Director (Shipbuilding) (Whole Time Director) of our Company. He was appointed with effect from December 16, 2017, pursuant to the MoD Order No. 2(14)/2015/GRSE/D(NS-II) dated November 01, 2017. The terms and conditions of his employment is yet to be issued by the MoD.

Details of service contracts entered into by the directors with the issuer providing for benefits upon termination of employment

Except for the appointment letters issued by the MoD, our Directors and KMPs have not entered into any service contract in relation to their appointment and remuneration.

Shareholding of the Directors

The Articles of Association do not require the Directors to hold any qualification shares in our Company.

Except for RAdm Vipin Kumar Saxena, IN (Retired), Chairman & Managing Director and Ashwani Kumar Mahajan, Government Nominee Director, who hold ten (10) Equity Shares each in our Company as Nominees of the President of India, none of our other Directors holds any Equity Shares.

Bonus or profit-sharing plan of the Directors

The Chairman & Managing Director and the Whole Time Directors are eligible for approved performance related pay as per DPE's O.M.s dated November 26, 2008, February 9, 2009 and April 2, 2009.

Interests of Directors

The Whole Time Directors may be regarded as interested to the extent of the remuneration (including performance related pay) payable to them for services rendered as Whole Time Directors of our Company and to the extent of other reimbursements of expenses payable to them as per their terms of appointment.

The Part-Time Non-Official (Independent) Director are paid sitting fees for attending the meetings of the Board and committees of the Board and to the extent of other reimbursements of expenses payable as per their terms of appointment.

The Government Nominee Director is not entitled to remuneration or sitting fee or any other remuneration from our Company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested as a member by any person either to induce him to become, or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

Except as stated in *"Financial Statements – Related party disclosure as per AS 18"* on page 270, the Directors of our Company do not have any other interest in the business of our Company.

None of our Directors are interested in any transaction of our Company in acquisition of land, construction of building and supply of machinery. Further, none of our Directors are related to an entity from whom our Company has acquired land or proposes to acquire land.

No amount or benefit has been paid or given within the two (2) preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

Some of the Directors also hold Equity Shares in our Company as nominee shareholders of the President of India to comply the minimum number of shareholders as per the Companies Act.

Further, the Directors of our Company have no interest in any property acquired by our Company within two (2) years of the date of this Red Herring Prospectus or proposed to be acquired by our Company.

Our Directors do not have any interest in appointment of the BRLMs, Registrar to this Offer, Banker to this Offer or any such intermediaries registered with SEBI.

As on date, no relatives of any of the Directors have been appointed to any office or place of profit in our Company. No proceedings/ investigations have been initiated by SEBI against any of our Directors.

None of the sundry debtors of our Company is related to our Directors or our Promoter, in any way.

Changes in the Board in the last three (3) years

The changes in the Board in the last three (3) years are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation	Reason
1.	Dr. Biswapriya Roychoudhury	Part-Time Non-Official (Independent) Director	August 15, 2018	-	Appointment
2.	RAdm Inder Paul Singh Bali, IN (Retired)	Part-Time Non-Official (Independent) Director	March 9, 2018	-	Appointment
3.	Dr. Ajai Bhandari	Part-Time Non-Official (Independent) Director	March 9, 2018	-	Appointment
4.	Cmde Sanjeev Nayyar, IN (Retired)	Director (Shipbuilding) Whole Time Director	December 16, 2017	-	Appointment
5.	Kanwaljit Deol	Part-Time Non-Official (Independent) Director	September 15, 2017	-	Appointment
6.	Bharat Bhushan	Part-Time Non-Official (Independent) Director	September 15, 2017	-	Appointment
7.	Ajay Bhattacharya	Part-Time Non-Official (Independent) Director	August 20, 2014	August 20, 2017	End of Tenure
8.	Cmde M Jitendran, IN (Retired)	Part-Time Non-Official (Independent) Director	July 23, 2014	July 23, 2017	End of Tenure
9.	Swapan Kumar Mukherjee	Part-Time Non-Official (Independent) Director	July 23, 2014	July 23, 2017	End of Tenure
10.	Cmde Ratnakar Ghosh, IN (Retired)	Director (Shipbuilding)	May 23, 2011	July 01, 2017	Retirement
11.	RAdm Vipin Kumar Saxena, IN (Retired)	Chairman & Managing Director	March 01, 2017	-	Appointment
12.	RAdm Anil Kumar Verma, IN (Retired)	Chairman & Managing Director	November 1, 2011	January 1, 2017	Retirement
13.	Asit Kumar Nanda	Director (Personnel) Whole Time Director	May 03, 2016	-	Appointment
14.	Ramesh Chandra Nautiyal	Director (Personnel)	July 1, 2013	May 1, 2016	Retirement
15.	Ashwani Kumar Mahajan	Government Nominee Director	April 02, 2016	-	Appointment
16.	Bharat Khera	Government Nominee Director	December 8, 2014	March 03, 2016	Nomination withdrawn by appointing authority (GoI)
17.	VAdm Ashok Vishwanath Subhedar	Government Nominee Director	June 18, 2014	March 03, 2016	Nomination withdrawn by appointing authority (GoI)

Corporate Governance

In addition to the applicable provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance for Central Public Sector Enterprises with respect to corporate governance, provisions of the SEBI Listing Regulations will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges.

Our Chairman & Managing Director is an executive Director. Our Company currently has ten (10) Directors, of which four (4) are executive Directors, one (1) is Government Nominee Director and five (5) are Part-Time Non-Official (Independent) Directors out of which one is a woman Director.

Pursuant to MCA notification dated June 5, 2015, the Central Government has exempted/ modified the applicability of certain provisions of the Companies Act, 2013 in respect of Government Companies. In accordance with this notification, the DPE Guidelines on Corporate Governance for CPSE and pursuant to our Articles, matters pertaining to, among others, appointment, remuneration and performance evaluation of our Directors are determined by the President of India. Further, our Statutory Auditor is appointed by the Comptroller and Auditor General of India. Accordingly, in so far as the aforestated matters are concerned, the terms of reference of our HR, Nomination and Remuneration Committee and Audit Committee only allow these committees to take on record the actions of the President of India or the Comptroller and Auditor General of India, as the case may be.

Other than as described above, our Company is in compliance with corporate governance norms prescribed under SEBI Listing Regulations, including in relation to the composition of its committees, such as the Audit Committee; Stakeholders Relationship Committee; HR, Nomination and Remuneration Committee; CSR & Sustainability Committee and Risk Management Steering Committee, policy on related party transactions, whistle blower policy (including setting up of vigil mechanism), policy on preservation of documents, familiarisation program for part-time non-official (independent) directors, policy on code of conduct and policy for determining materiality of an event/information for making adequate disclosure of such an event/ information before the stock exchanges and for identification of material subsidiaries.

The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. Our Company's executive management provides the Board with detailed reports on its performance periodically.

The details of the Audit Committee, HR, Nomination & Remuneration Committee, Risk Management Steering Committee, CSR & Sustainability Committee and IPO Committee are given below:

In terms of the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, our Company has constituted/ reconstituted the following Board-level committees:

(a) Audit Committee;

(b) HR, Nomination and Remuneration Committee;

(c) CSR & Sustainability Committee; and

(d) Stakeholders Relationship Committee.

a) **Audit Committee**

The Audit Committee was re-constituted pursuant to the circular resolution adopted on March 20, 2018. The Committee presently comprises of the following members:

Name of the Directors	Position in the Committee	Designation
Bharat Bhushan	Chairman	Part-Time Non-Official (Independent) Director
Kanwaljit Deol	Member	Part-Time Non-Official (Independent) Director
RAdm Inder Paul Singh Bali, IN (Retired)	Member	Part-Time Non-Official (Independent) Director
Cmde Sanjeev Nayyar, IN (Retired)	Member	Director (Shipbuilding)

Our Director (Finance) is a permanent special invitee on our Audit committee and our Company Secretary is the secretary of the Audit Committee.

Scope and terms of reference: The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013, Regulation 18(3) of the SEBI Listing Regulations and the guidelines on corporate governance on Central Public Sector Enterprises issued by the DPE.

Terms of reference for the Audit Committee are as follows:

1. To assist the Board in its oversight functions relating to:
   a) quality and integrity of disclosures contained in the audited and unaudited financial statements;
   b) compliance with legal and regulatory requirements;
   c) qualifications, experience, performance and independence of external auditors;
   d) integrity of the internal controls established from time to time; and
   e) investments of our Company.

2. To investigate into any matter in relation to the items specified in Section 177 of the Companies Act, 2013 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of our Company and seek external professional advice, if necessary.

3. To investigate any activity within its terms of reference.

4. To seek information from any source including employees.

5. To obtain outside legal or other professional advice, if necessary.

6. To secure attendance of outsiders with relevant expertise, if it considers necessary.

7. To protect whistle blowers.

8. Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

9. Reviewing with the management, the quarterly / half yearly financial statements before submission to the Board for approval.

10. Reviewing with the management, annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
    a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (3)(c) of Section 134 of the Companies Act,2013;
    b) Changes, if any, in accounting policies and practices and reasons for the same;
    c) Major accounting entries involving estimates based on the exercise of judgment by management;
    d) Significant adjustments made in the financial statements arising out of audit findings;
    e) Compliance with accounting standards issued by the Institute of Chartered Accountants of India;
    f) Compliance with legal requirements relating to financial statements;
    g) Disclosure of any related party transaction; and
    h) Qualifications in the draft audit report.

11. **Audit(s)**

    (i) Internal Audit:

    a) Reviewing, with the management, performance of internal auditors (external firms) and adequacy of internal control systems.
    b) Reviewing the adequacy of internal audit (in house) function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of such audit.
    c) Discussion with internal auditors on any significant findings and follow up thereon.
    d) Recommending to the Board appointment and fixation of fees for Internal Auditors for Audit and other services if any.

(ii) Statutory Audit & Branch Audit:

a) Discussion with Statutory Auditors & Branch Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

b) Discussion with Statutory Auditors & Branch Auditors on any significant findings and follow up thereon.

c) Recommending to the Board the fixation of Statutory and Branch Audit Fees.

d) Approval of payment to statutory auditors for any other services (other than audit) rendered by them.

(iii) Cost Audit & Tax Audit:

Recommending to the Board, the appointment, re-appointment and if required, replacement or removal of cost auditors and tax auditors and fixation of Audit fees and other terms of appointment.

12. Reviewing and monitoring the auditors' independence and performance and effectiveness of audit process.

13. Review the Cost Audit Report along with full information and explanation on every reservation or qualification contained therein and recommend the report to the Board for consideration

14. Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.

15. Review with the independent auditors the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.

16. Consider and review the following with the independent auditors and management:

    a) The adequacy of internal controls including computerized information system controls and security, and

    b) Related findings and recommendations of the Independent auditor and internal auditor, together with the management responses.

17. Consider and review the following with the management, internal auditor and the independent auditor:

    a) Significant finding during the year, including the status of previous audit recommendations

    b) Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

18. **Government audit**: To review the follow up action on the audit observations of the C&AG audit.

19. Reviewing the findings of any internal investigations by the internal auditors/statutory auditors/other agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

21. To review the functioning of the Whistle Blower Mechanism.

22. To review the follow-up action taken on the recommendations of committee on public undertakings (COPU) of the Parliament.

23. Review and pre-approve all related party transactions in our Company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions.

24. Review our Company's financial policies, commercial policies and risk management policies.

25. Evaluation of internal financial controls and risk management system.

26. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in this offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.

27. Scrutiny of inter-corporate loans and investments.

28. Valuation of undertakings or assets of our Company, wherever it is necessary.

29. Approval or any subsequent modification of transactions of our Company with related parties.

30. Review the following information:
    a) The management discussion and analysis of financial condition and results of operations;
    b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
    c) Management letter / letters of internal control weaknesses issued by the statutory auditors;
    d) Internal audit reports relating to internal control weaknesses;
    e) The appointment, removal and terms of remuneration of internal auditors/chief internal auditor; and
    f) Certification / declaration of financial statements by the chief executive/chief finance officer.

31. To call for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and to discuss any related issue with the internal and statutory auditors and the management of our Company.

32. Carrying out such other functions as may be specifically referred to the Committee by our Company's Board of Directors and/or other Committees of Directors.

(b) HR, Nomination and Remuneration Committee

The HR, Nomination and Remuneration Committee was re-constituted pursuant to a circular resolution adopted on March 20, 2018. It was renamed as HR, Nomination and Remuneration Committee by circular resolution adopted on November 01, 2017.

The Committee presently comprises of the following members:

Name of the Directors	Position in the Committee	Designation
Kanwaljit Deol	Chairman	Part-Time Non-Official (Independent) Director
Bharat Bhushan	Member	Part-Time Non-Official (Independent) Director
Dr. Ajai Bhandari	Member	Part-Time Non-Official (Independent) Director

Our Director (Personnel) is a permanent special invitee on the HR, Nomination and Remuneration Committee and our Company Secretary is the secretary of the HR, Nomination and Remuneration Committee.

Scope and terms of reference:

Terms of reference for the HR, Nomination and Remuneration Committee are as follows:

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

2. To examine all the proposals related to HR issue and give its recommendations.

3. The recommendations of the “HR, Nomination and Remuneration Committee” are placed before the Board of Directors for approval.

(c) CSR & Sustainability Committee

The CSR & Sustainability Committee was re-constituted on February 9, 2018. It presently comprises of the following members:

Name of the Directors	Position in the Committee	Designation
Kanwaljit Deol	Chairman	Part-Time Non-Official (Independent) Director
Cmde Sanjeev Nayyar, IN (Retired)	Member	Director (Shipbuilding)
Asit Kumar Nanda	Member	Director (Personnel)

Our Company Secretary is the secretary of CSR & Sustainability Committee

Scope and terms of reference:

Terms of reference for the CSR & Sustainability Committee are as follows:

1. Formulate and recommend to the Board, a Corporate Social Responsibility and Sustainability Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule - VII of the Companies Act, 2013.

2. Recommend amount of expenditure to be incurred on CSR activities.

3. Monitor the Corporate Social Responsibility and Sustainability Policy of the Company and its effective implementation from time to time.

(d) Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted pursuant to the Board Resolution passed on November 14, 2017. It presently comprises of the following members:

Name of the Directors	Position in the Committee	Designation
Bharat Bhushan	Chairman	Part-Time Non-Official (Independent) Director
Kanwaljit Deol	Member	Part-Time Non-Official (Independent) Director
Sarvjit Singh Dogra	Member	Director (Finance)
Asit Kumar Nanda	Member	Director (Personnel)

Scope and terms of reference:

The Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

Apart from the abovementioned committees our Company has also constituted the following Committees:

(a) Risk Management Steering Committee

Pursuant to the Risk Management Policy of our Company approved vide a Board resolution dated August 25, 2014, the Risk Management Steering Committee was constituted vide C&MD’s Ty Order No. 19/15 dated May 5, 2015, which currently consists of:

Name of the Directors	Position in the Committee	Designation
Cmde Sanjeev Nayyar, IN (Retired)	Chairman	Director (Shipbuilding)
Asit Kumar Nanda	Member	Director (Personnel)
Sarvjit Singh Dogra	Member	Director (Finance)
Arun Ratan Pal	Member	CGM (ERP)

The terms of reference of the risk management steering committee of our Company include the following:

(i) Lead the Risk management initiative within the Company.

(ii) Set standards for risk documentation and monitoring.

(iii) Recommend training programs for staff with specific risk management responsibilities.

(iv) Review and approve the risk management report including selection of critical risks to be put before the Board.

(v) The Risk Management Steering Committee shall be responsible for reviewing the risk appetite of the company on a yearly basis and revising the same based on changes in internal/ external business environment and stakeholder expectations.

(b) IPO Committee

In addition to above committees, our Board has also constituted an IPO Committee pursuant to a resolution dated November 14, 2017, which currently consists of:

Name of the Directors	Position in the Committee	Designation
RAdm Vipin Kumar Saxena, IN (Retired)	Chairman	Chairman & Managing Director
Ashwani Kumar Mahajan	Member	Government Nominee Director
Sarvjit Singh Dogra	Member	Director (Finance)

The terms of reference of the IPO Committee of our Company include the following:

(i) Approve the Restated/ Audited Financial Statements for inclusion in the DRHP and/ or this RHP and/ or the Prospectus as the case may be in connection with this Offer.

(ii) Approve, adopt and file the DRHP, RHP and the Prospectus for this Offer, with SEBI, the RoC, of the State in which the Corporate Office of the Company is located and/or the Stock Exchanges, as the case may be, and to make any corrections or alterations therein.

(iii) Finalise, approve, execute and deliver or arrange the delivery of this Offer Agreement, Syndicate Agreement, Underwriting Agreement, Share Escrow Agreement, certificates, Registrar Agreement and all other documents, agreements and instruments as may be required or desirable in relation to this Offer and any amendments, supplements, notices or corrigenda thereto, together with any summaries thereto, as may be required or desirable in connection with this Offer of the Equity Shares by the Company;

(iv) Open with the Bankers to this Offer such account as are required by the regulations issued by SEBI.

(v) Open and operate bank accounts of the Company in such name and style as may be decided for the handling/ collecting/ refund for this Offer and to authorize one or more officers of the CPSE to execute all documents/ deeds as may be necessary for this Offer;

(vi) Make applications to the RBI and such other authorities as may be required for the purpose of Allotment of Equity Shares to Non-Resident Investors.

(vii) Approve all actions required to dematerialize the Equity Shares of the Company;

(viii) Do all such acts, deeds, matters and things and execute all such other documents etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, to Allot the Equity Shares to the successful Allottees as permissible in law, issue of share certificates in accordance with the relevant rules;

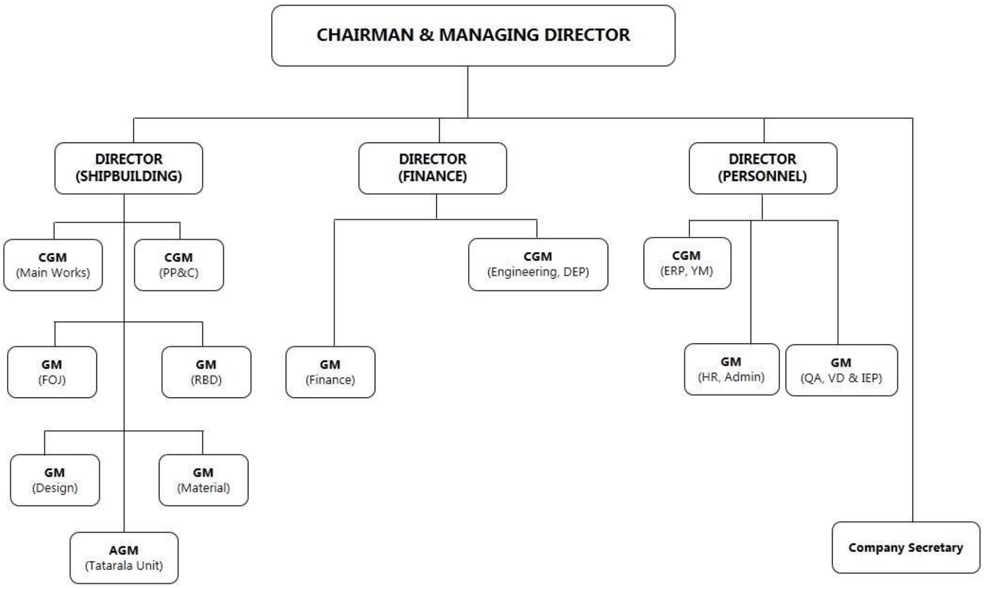
(ix) Make applications for listing of the Equity Shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned Stock Exchange(s).

(x) Take all action as may be necessary or authorized in connection with this Offer;

(xi) Seek the admission of the Company's Equity Shares into the CDSL and the NSDL;

(xii) Seek, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned Government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the IPO.

ORGANIZATION STRUCTURE OF OUR COMPANY



Key Management Personnel and Senior Management Personnel

The following persons are the Key Management Personnel of our Company:

1. RAdm Vipin Kumar Saxena, IN (Retired), Chairman & Managing Director;

2. Sarvjit Singh Dogra, Director (Finance) & CFO;

3. Asit Kumar Nanda, Director (Personnel);

4. Cmde Sanjeev Nayyar, IN (Retired), Director (Shipbuilding); and

5. Sandeep Mahapatra, Company Secretary and Compliance Officer.

In addition to the persons mentioned above, the following persons are Senior Management Personnel of our Company:

1. Arup Ratan Pal, CGM (ERP, YM)

2. Dumpala Vijayam, CGM (Engineering, DEP)

3. Cmde PR Hari, IN (Retired), CGM (PP & C)

4. Dibyendu Maitra, CGM (Main Works Unit)

5. Siddhartha Ray, GM (Finance)

6. Captain Jagmohan, IN (Retired), GM (Design)

7. Venkatesh Murthy, GM (Material)

8. Abhaya Kumar Mahapatro, GM (HR & Administration)

9. Commander Soumya Choudhury, IN (Retired) GM (FOJ)

10. Commander Bhaskar Sengupta, IN (Retired), GM (QA, VD and IE&P)

11. DIG (Retired) Subrato Ghosh, GM (Rajabagan Dockyard)

12. Commander Bhubaneshwar Mishra, IN (Retired), AGM In-charge (Taratala Unit)

All Key Management Personnel and Senior Management Personnel are permanent employees of our Company.

For details of RAdm Vipin Kumar Saxena, IN (Retired), Sarvjit Singh Dogra, Asit Kumar Nanda and Cmde Sanjeev Nayyar, IN (Retired) see *"Our Management – Brief biographies of the Directors"* on page 175.

Sandeep Mahapatra

Sandeep Mahapatra was appointed as a Company Secretary of our Company with effect from November 23, 2007. He was designated as the Compliance Officer of the Company for the purposes of SEBI Listing Regulations with effect from July 21, 2017. He is a member of the Institute of Company Secretaries of India. He also holds a degree in Master of Commerce and Bachelor of Law from Utkal University, Bhubaneswar. Prior to joining our Company, he worked as the Company Secretary of Bilati (Orissa) Limited from February 1, 1996 to September 30, 2007. He holds an experience of more than twenty-one (21) years in the Secretarial and Legal functions.

Brief Profiles of our Senior Management Personnel

Arup Ratan Pal

Arup Ratan Pal is the CGM (ERP & YM) of our Company. He has been associated with our Company since March 6, 2006. He holds a bachelor's degree in Electrical Engineering from Jadavpur University and Post Graduate Diploma in Information Technology and Management from All India Management Association. He has over twenty-two (22) years of experience and was in the past associated with Suzlon Windfarm Services Limited, Alstom Projects India Limited, ABB Limited and NTPC Limited.

Dumpala Vijayam

Dumpala Vijayam is the CGM (Engg. & DEP) of our Company. He has been associated with our Company since October 25, 2011. He holds a bachelor's degree in Mechanical Engineering from Kakatiya University and a Post Graduate Diploma in Industrial Engineering from the National Institute of Industrial Engineering (formerly known as National Institute for Training in Industrial Engineering). He has over twenty-eight (28) years of experience and was in the past associated with BEML Limited, Bharat Dynamics Limited, Hindustan Aeronautics Limited and The General Electric Company of India Limited.

Cmde PR Hari, IN (Retired)

Cmde PR Hari is the CGM (PP & C) of our Company. He has been associated with our Company since December 31, 2016. He holds a Bachelors' degree in Mechanical Engineering from Jawaharlal Nehru University, New Delhi, Degree of Master of Science in Defence and Strategic Studies from the University of Madras. He has over twenty-eight (28) years of experience and was in the past associated with the Indian Navy as a Cmde.

Dibyendu Maitra

Dibyendu Maitra is the CGM (Main Works) of our Company. He has been associated with our Company since April 13, 1982. He holds a Bachelors' degree in Mechanical Engineering from the University of Calcutta. He is also an associate member of the Institute of Cost and Works Accountants of India.

Siddhartha Ray

Siddhartha Ray is the GM (Finance) of our Company. He has been associated with our Company since August 20, 2007. He holds Bachelors' degree in Statistics from the University of Calcutta and he is also an associate member of the Institute of Cost and Works Accountants of India. He has over twenty-one (21) years of experience and was in the past was associated with TIL Limited, The Jay Engineering Works Limited, Tirupati Jute Industries Private Limited and Steinhaus (India) Private Limited.

Captain Jagmohan, IN (Retired)

Captain Jagmohan is the GM (Design) of our Company. He has been associated with our Company since April 4, 2016. He holds Bachelors' degree in Naval Architecture and Shipbuilding from the Cochin University of Science and Technology, a diploma in Naval Construction from the IIT, Delhi and holds Masters' Degree in Ocean Engineering from the IIT, Kharagpur. He has over twenty-six (26) years of experience and was in the past associated with the Indian Navy as a Captain.

Venkatesh Murthy

Venkatesh Murthy is the GM (Material) of our Company. He has been associated with our Company since May 9, 2016. He holds a Bachelors' degree in Mechanical Engineering from the University of Mysore. He has over twenty-three (23) years of experience and in the past, was associated with BEML Limited.

Abhaya Kumar Mahapatro

Abhaya Kumar Mahapatro is the GM (HR & Administration) of our Company. He has been associated with our Company since May 11, 2016. He holds a Bachelor's (Honours) degree in Chemistry Hons from Berhampur University, Masters' degree in Arts from Berhampur University and a diploma in Training and Development from Indian Society for Training and Development. He has over twenty-six (26) years of experience and in the past, was associated with Ferro Scrap Nigam Limited, Heavy Engineering Corporation Limited and United Bank of India.

Commander Soumya Choudhury, IN (Retired)

Commander Soumya Choudhury is the GM (FOJ) of our Company. He has been associated with our Company since November 12, 2007. He holds a Bachelors' degree in Electrical Engineering from the University of North Bengal and Post Graduate Diploma in Operations Management from India Management Association. He has over twenty-four (24) years of experience and in the past, has been associated with Indian Navy as a Commander.

Commander Bhaskar Sengupta IN (Retired)

Commander Bhaskar Sengupta is the GM (QA, VD and IE&P) of our Company. He has been associated with our Company since January 18, 2010. He holds a Bachelor (Honours) degree in Naval Architecture from IIT, Kharagpur, a Diploma in Naval Construction from the IIT, Delhi and a Certificate in Master of Business Administration (Part Time) from Faculty of Management Studies, University of Delhi. He has over twenty-one (21) years of experience and in the past, has been associated with Indian Navy as a Commander.

DIG (Retired) Subrato Ghosh

Subrato Ghosh is the GM (Rajabagan Dockyard) of our Company. He has been associated with our Company since October 3, 2016. He holds a Bachelors' degree in Mechanical Engineering from Dayalbagh Educational Institute (Deemed University), Agra, a Masters' degree in Engineering (Mechanical Marine Engineering) from the University of Pune and holds a Masters' degree in Business Administration from Jamia Millia Islamia, New Delhi. He has over twenty-nine (29) years of experience and in the past, has been associated with Indian Coast Guard and NCCBM.

Commander Bhubaneshwar Mishra, IN (Retired)

Bhubaneshwar Mishra is the AGM In-charge (Taratala Unit) of our Company, having joined our Company on January 17, 2013. He is qualified in Basic Engineering course from the Naval College of Engineering, Lonavala. He holds a post graduate diploma in Management from Jamnalal Bajaj Institute of Management Studies, University of Mumbai in collaboration with college of Naval Warfare at Karanja in the year 2007. Prior to joining our Company, he was associated with the Indian Navy.

Remuneration of the KMPs

In addition to as disclosed under "*Our Management – Remuneration of the Directors*" on page 178, Sandeep Mahapatra, our Company Secretary and Compliance Officer has received a compensation of ₹1.77 million in FY 2018 (including compensation received in all capacities, coverage under bonus/ profit sharing plan) and an amount of ₹0.48 million is accrued for the year and no benefits in kind were granted by our Company for services rendered.

Service Contracts

Except for the appointment letters and subsequent office orders issued by our Company, our KMPs have not entered into any service contract in relation to their appointment and remuneration.

Bonus or profit-sharing plan for the Key Management Personnel

Our Company has formulated the 'Performance Related Payment Scheme' which is in accordance with the DPE orders on pay-revision dated November 26, 2008, February 9, 2009, and April 2, 2009, which stipulate the procedures on performance management system.

Changes in the KMPs in the last three (3) years

S. No.	Name of the KMP	Designation	Date of change	Reason
1.	Cmde Sanjeev Nayyar, IN (Retired)	Director (Shipbuilding)	December 16, 2017	Appointment
2.	Cmde Ratnakar Ghosh	Director (Shipbuilding)	July 1, 2017	Retirement
3.	RAdm Vipin Kumar Saxena, IN (Retired)	Chairman & Managing Director	March 1, 2017	Appointment
4.	RAdm Anil Kumar Verma	Chairman & Managing Director	January 1, 2017	Retirement
5.	Asit Kumar Nanda	Director (Personnel) Whole Time Director	May 3, 2016	Appointment
6.	Ramesh Chandra Nautiyal	Director (Personnel) Whole Time Director	May 1, 2016	Retirement

Shareholding of the KMPs

Except for RAdm Vipin Kumar Saxena, IN (Retired) Chairman & Managing Director who holds ten (10) Equity Shares in our Company as nominee of the President of India, none of our KMPs holds any Equity Shares in our Company.

Contingent and deferred compensation payable to the Directors/ KMPs

There are contingent or deferred compensation payable to the Directors/ KMPs, which form part of their remuneration.

Interests of the KMPs

None of the Key Management Personnel except for RAdm Vipin Kumar Saxena, IN (Retired) Chairman & Managing Director who holds ten (10) Equity Shares in our Company as nominee of the President of India have any interest in our Company other than to the extent of remuneration and benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except statutory benefits upon termination of their employment in our Company, resignation or superannuation, as the case may be, and certain post-retirement benefits, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation.

Payment or benefits to officers of our Company (non-salary related)

No non-salary amount or benefit has been paid or given to any officer of our Company in the last two (2) years or is intended to be paid, other than their remuneration for the services rendered in the ordinary course of their employment.

Employee Stock Option Scheme

Our Company does not have any scheme of employee stock option or employee stock purchase scheme.

Relationships among KMP

None of the KMPs are related to each other.

Family relationship of Directors with the KMP

None of the KMPs are related to the Directors of our Company.

Loans taken by Directors/ KMP

Our Directors/ Key Managerial Personnel have not taken any loan from our Company.

OUR PROMOTER AND PROMOTER GROUP

Our Promoter is the President of India, acting through the Ministry of Defence. Our Promoter, along with its nominees, currently holds 100% of the pre-Offer paid-up Equity Share capital of our Company. Assuming the sale of all Offered Shares, after this Offer, our Promoter shall hold 74.50% of the post-Offer paid-up Equity Share capital of our Company. As our Promoter is the President of India, acting through the Ministry of Defence, disclosures on the Promoter Group (defined in Regulation 2(zb) of the SEBI ICDR Regulations), as specified in Schedule VIII of the SEBI ICDR Regulations have not been provided.

OUR GROUP COMPANIES

As on the date of this Red Herring Prospectus, we do not have any 'Group Companies', since there are no companies disclosed as related parties in the Restated Financial Statements of our Company prepared in accordance with Accounting Standard 18/ Ind-AS 24 issued by the Institute of Chartered Accountants of India, and there are no companies that are considered material by our Board for identification as 'Group Companies', in accordance with the provisions of the SEBI ICDR Regulations.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the last five (5) Fiscal Years, pursuant to the requirements under Accounting Standard 18 "*Related Party Disclosures*", issued by the Institute of Chartered Accountants of India, see "*Restated Financial Statements – Note 32 of Annexure VI– Restated Statement of Related Party Transactions*" on page 270.

DIVIDEND POLICY

Subject to the provisions of the Articles of Association and the Companies Act, the declaration and payment of dividend is recommended by the Board and approved by the Shareholders, at their discretion. DIPAM, by an OM (F. No. 5/2/2016-Policy) dated May 27, 2016, issued "Guidelines on Capital Restructuring of Central Public Sector Enterprises" ("**CPSE Capital Restructuring Guidelines**"). In accordance with CPSE Capital Restructuring Guidelines, with effect from Fiscal Year 2016, our Company is required to pay a minimal annual dividend of 30% of its PAT or 5% of its net worth, whichever is higher, unless an exemption is provided in accordance with the CPSE Capital Restructuring Guidelines.

The amount of dividend paid our Company, will depend on a number of factors, including but not limited to the future expansion plans and capital requirements, profit earned during the fiscal year, utilization towards reserves and surpluses, liquidity and applicable taxes including dividend distribution tax payable by our Company.

For further details on dividend paid by our Company, refer to "*Financial Statements- Annexure VI A- Statement of Dividend Paid*" on page 343 and "*Financial Statements – Annexure X – Restated Summary Statement of Dividend Paid*" on page 292.

The dividend and dividend tax paid by our Company during the last five (5) fiscals as per our Restated Financial Statements are given below:

	Fiscal 2018	**Fiscal 2017**	**Fiscal 2016**	**Fiscal 2015**	**Fiscal 2014**
Face value of Equity Shares (in ₹ per Equity Share)	10	100	100	100	100
Dividend declared (in ₹ million)	507.97	540.76	532.21	247.68	247.68
Total Dividend per Equity Share (in ₹)	44.36	43.68	42.98	20.00	20.01
Rate of Dividend (%)	44.36	43.68	42.98	20.00	20.01
Dividend Tax	104.41	110.09	108.34	50.42	42.09

The amounts distributed as dividends in the past are not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future. For further details, see "*Risk Factors*" on page 46. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not decrease in the future. Future dividends will depend on guidelines issued by DPE, our profits, revenues, capital requirements, contractual restrictions and overall financial position of our Company.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Particulars	Page nos.
Restated Financial Statements for FY 2017-18, 2016-17, 2015-16 and 2014-15 (Proforma) in Ind-AS	205
Restated Financial Statements FY 2013-14 and FY 2012-13 in Indian GAAP.	293

Independent Auditor's Report on Restated Financial Statements in connection with the Initial Public Offering of Garden Reach Shipbuilders & Engineers Limited

To

The Board of Directors
Garden Reach Shipbuilders & Engineers Limited,
43/46, Circular Garden Reach, Kolkata,
West Bengal- 700 024, India

Dear Sirs,

1. We have examined, the attached Restated Financial Statements of Garden Reach Shipbuilders & Engineers Limited (the "Company"), which comprises the Restated Summary Statement of Assets and Liabilities as at March 31, 2018, 2017, 2016, 2015, 2014 and 2013, the Restated Summary Statements of Profit and Loss (including other comprehensive income) and Restated Summary Statement of changes in equity for each of the years ended March 31, 2018, 2017, 2016 and 2015 and the Restated Summary Statements of Profit and Loss for years ending March 31, 2014 and 2013 and Restated Summary Statement of Cash Flows for each of the years ended March 31, 2018, 2017, 2016, 2015, 2014 and 2013 respectively, and the Summary of Significant Accounting Policies (collectively, the "**Restated Financial Statements**") as approved by the Board of Directors of the Company prepared in terms of the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("**the Act**") read with Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 ("**the Rules**"); and

   b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations").

   The preparation of the Restated Financial Statements is the responsibility of the management of the Company for the purpose set out in paragraph 10 below. The management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Statements. The management is also responsible for identifying and ensuring that the Company complies with the Rules and ICDR Regulations.

2. We have examined such Restated Financial Statements taking into consideration:

   (i) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 27th September, 2017 in connection with the proposed Initial Public Offering (IPO) of the Company by offer for sale of equity shares of the Company by the President of India, acting through the Ministry of Defence, Government of India, each at such price, arrived at through book building process (hereinafter referred to as the "**Offer**");

   (ii) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India ("**ICAI**"), to the extent applicable ("**The Guidance Note**").

3. The Restated Financial Statements have been compiled by the Management from the:

   a. Audited financial statements of the Company as at and for the year ended March 31, 2018, prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 which have been approved by the Board of directors at their meeting held on June 22, 2018.

   b. Audited financial statements of the Company as at and for the year ended March 31, 2017 which include the comparative Ind-AS financial statements as at and for the year ended March 31, 2016, prepared in accordance with the Indian Accounting Standards ("**Ind AS**") notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 which have been approved by the Board of directors at their meeting held on July 29, 2017.

c. Audited financial statements of the Company as at and for the years ended March 31, 2015, 2014 and 2013, prepared in accordance with the accounting standards notified under the section 133 of the Companies Act, 2013, ("**Indian GAAP**") which have been approved by the Board of directors at their meetings held on August 25, 2015, 15th July, 2014 and 29th June, 2013.

d. The Restated Financial Statements also contains the proforma Ind-AS financial statements as at and for the year ended March 31, 2015. These proforma Ind AS financial statements have been prepared by making restatement and Ind-AS adjustments to the Indian GAAP financial statements as at and for the year ended March 31, 2015 which has been approved by the Board of directors at their meeting held on 25thAugust, 2015 as described in Note 1 to Annexure VI.

Audit for the financial year ended March 31, 2013 was conducted by previous auditor, N.K. Poddar & Co., Chartered Accountants and accordingly reliance has been placed on the audited statements of accounts and audit report thereon issued by them for the said year.

We did not audit the financial statements of 1 branch for the financial years ended 31st March, 2018, 2017, 2016 and 2015 whose total assets, total revenues, and net cash flows and net losses, included in the Restated Financial Statements, for the relevant years is tabulated below:

Year	Total assets (₹ in Million)	Total Revenue (₹ in Million)
2014-15	778.74	94.95
2015-16	389.82	187.87
2016-17	307.35	37.23
2017-18	316.81	58.16

These financial statements have been audited by other firm of Chartered Accountants whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in these Restated Financial Statements are based solely on the report of other auditor.

4. In accordance with the requirements of Section 26 of Part I of Chapter III of the Act read with, the Rules, the ICDR Regulations and the Guidance Note, we have examined the following summarized financial statements of the Company contained in the Restated Financial Statements of the Company which have been arrived after making adjustments and regrouping /reclassifications, which in our opinion were appropriate, and have been fully described in Annexure V and Annexure IV A: Notes on Material Adjustments to the Restated Summary Statements and based on our examination, we report that :

(i) The proforma financial information as at and for the year ended March 31, 2015 are prepared after making proforma adjustments as mentioned in Note 1(b) of Annexure V.

(ii) The Restated Summary Statement of Assets and Liabilities of the Company, as at March 31, 2018, 2017, 2016 and 2015 under Ind-AS, as set out in Annexure-I and as at and for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-IA to this report have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure V and Annexure IV A: Notes on Material Adjustments to the Restated Summary Statements.

(iii) The Restated Summary Statement of Profit and Loss (including other comprehensive income) of the Company, for each of the years ended March 31, 2018, 2017, 2016 and 2015 under Ind-AS, as set out in Annexure-II and the Restated Summary Statement of Profit and Loss for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-IIA to this report have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure V and Annexure IV A: Notes on Material Adjustments to the Restated Summary Statements.

(iv) The Restated Summary Statement of changes in equity of the Company, for the period ended September 30, 2017 and each of the years ended March 31, 2018, 2017, 2016 and 2015 under Ind-AS, as set out in Annexure-III to this report.

(v) The Restated Summary Statement of Cash Flows of the Company, for the years ended March 31, 2018, 2017, 2016 and 2015 under Ind-AS, as set out in Annexure-IV and for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-III A to this report have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure V and Annexure IV A: Notes on Material Adjustments to the Restated Summary Statements.

5. Based on the above and according to the information and explanations given to us, we further report that the Restated Financial Statements of the Company, as attached to this report and as mentioned in paragraph 5 above, read with Notes on Material Adjustments to the Restated Summary Statements (Annexure V and Annexure IV A) and Significant Accounting Policies and Notes forming part of the Restated Financial Statements (Annexure VI and Annexure VA) as described in paragraph 6 (i) and (ii) and paragraph 7 (i) and (ii) have been prepared in accordance with the Act, the Rules, and the ICDR Regulations and :

i) adjustments have been made for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods except that there have been certain changes/modifications in the accounting policies in 2013-14 which does not have any material financial effect and which do not require corrective adjustments in the Restated Financial Statement. The same has been disclosed in the notes to the Restated Financial Statement (Refer Note 5 of Annexure IVA and Note 29.20(i) of Annexure VA);

ii) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;

iii) there are no qualifications in the Auditor's Report which require any adjustments. However, subject to our remarks in para 8 of IV A to the Restated Financial Statement remarks/comments in the Companies (Auditors Report) Order, 2003 issued by the Central Government of India under sub-section (4A) of section 227 of the Companies Act, 1956/ Companies (Auditors Report) Order, 2015/ Companies (Auditors Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (together referred to as 'CARO') and Audit Comment to the Directions/Sub-Directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act,2013 which do not require any corrective adjustments in the financial information have been disclosed in Annexure V and Annexure IV A to the Restated Financial Statements;

iv) there are no extra-ordinary items that needs to be disclosed separately in the Restated Financial Statements in the respective financial years/period other than presented;

v) there are no revaluation reserves which need to be disclosed separately in the Restated Standalone Financial Information in the respective financial years/period.

6. We have also examined the following Restated Financial Statements of the Company set out in the Annexures prepared by the Management and approved by the Board of Directors on August 21, 2018 for the years ended March 31, 2018, 2017, 2016 and 2015.

(i) Notes on Material Adjustments to the Restated Summary Statements as enclosed in Annexure V;

(ii) Significant Accounting Policies and Notes forming part of the Restated Financial Statements as enclosed in Annexure VI;

(iii) Statement of Related parties and Related Party transactions as enclosed in Note 33 to Annexure VI;

(iv) Restated Summary Statement of Earnings per equity share as enclosed in Note 37 to Annexure VI;

(v) Restated Statement of Net- Worth and Accounting Ratios as enclosed in Annexure VII;

(vi) Statement of Capitalisation as enclosed in Annexure VIII;

(vii) Restated Statement of Tax Shelter as enclosed in Annexure IX;

(viii) Statement of Dividend paid as enclosed in Annexure X.

According to the information and explanations given to us, in our opinion, the Restated Financial Information contained in Annexures I to IV and the above Restated Other Financial Information contained in Annexures V to X accompanying this report, read with the Summary of Significant Accounting Policies and Notes forming part of the Restated Financial Statements disclosed in Annexure VI, are prepared after making adjustments and regroupings or reclassifications as considered appropriate and have been prepared in accordance with Section 26 of Part I of Chapter III of the Act read with the Rules, and the ICDR Regulations and the Guidance Note.

7. We have also examined the following Restated Financial Statements of the Company set out in the Annexures prepared by the Management and approved by the Board of Directors on August 21, 2018 for the years ended March 31, 2014 and 2013, proposed to be included in the RHP.

(i) Notes on Material Adjustments to the Restated Summary Statements as enclosed in Annexure IV A;

(ii) Significant Accounting Policies and Notes forming part of the Restated Financial Statements as enclosed in Annexure V A;

(iii) Restated Summary Statement of Related parties and Related Party transactions as enclosed in Note 29.17 to Annexure VA;

(iv) Restated Summary Statement of Earnings per equity share as enclosed in Note 29.18 to Annexure VA;

(v) Restated Statement of Net- Worth and Accounting Ratios as enclosed in Annexure VIA;

(vi) Restated Statement of Tax Shelter as enclosed in Annexure VIIA;

(vii) Statement of Dividend paid as enclosed in Annexure VIIIA.

According to the information and explanations given to us, in our opinion, the Restated Financial Statement contained in Annexures I A to III A and the above Restated Other Financial Information contained in Annexures IV A to VIII A accompanying this report, read with Significant Accounting Policies and Notes forming part of the Restated Financial Statements, disclosed in Annexure V A, are prepared after making adjustments and regroupings or reclassifications as considered appropriate and have been prepared in accordance with Section 26 of Part I of Chapter III of the Act read with the Rules, and the ICDR Regulations and the Guidance Note.

8. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or the Previous Auditors of the Company, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10. Our report is intended solely for use of the Management for inclusion in this Offer document to be filed with Securities and Exchange Board of India, Registrar of Companies, West Bengal and concerned Stock Exchanges in connection with the proposed Initial Public Offering of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For G. P. Agrawal & Co.
Chartered Accountants

Firm Registration Number: 302082E

(Ajay Agrawal)
Partner
Membership No. 17643
Place: Kolkata

Date: 21st August, 2018

ANNEXURE I

Restated Summary Statement of Assets and Liabilities

(₹ in million)

Particulars	Note No. of Annexure VI	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
ASSETS					
(1) Non-current assets					
(a) Property, plant and equipment	3	3,829.61	3,529.51	3,406.92	3,600.61
(b) Capital work-in-progress	4	160.28	231.84	222.76	112.07
(c) Intangible assets	5	62.06	53.90	30.12	56.78
(d) Financial assets	-		-	-	-
(i) Investments	6(a)	0.04	0.04	0.04	0.04
(ii) Trade and other receivables	6(b)	3.80	12.03	20.29	66.92
(iii) Loans	6(c)	-	-	-	-
(iv) Other financial assets	6(d)	12,584.89	7,812.29	6,734.06	2,579.26
(e) Non-current tax assets	7	855.73	949.74	238.56	512.20
(f) Other non-current assets	8	83.95	193.68	149.84	237.76
Total non-current assets		**17,580.36**	**12,783.03**	**10,802.59**	**7,165.64**
(2) Current assets					
(a) Inventories	9	5086.58	4,858.89	6,545.57	8,412.56
(b) Financial assets					
(i) Trade and other receivables	10(a)	2,033.68	1,988.58	1,538.31	1,585.07
(ii) Cash and cash equivalents	10(b)	118.93	118.51	262.48	140.51
(iii) Bank balances other than (ii) above	10(c)	10,102.58	16,084.10	18,262.50	17,200.00
(iv) Other financial assets	10(d)	4,722.42	7,024.88	5,722.52	3,666.77
(c) Other current assets	11	2,954.13	2,804.59	1,401.16	1,835.63
(d) Assets classified as held for sale	12	3.65	3.77	3.78	3.57
Total current assets		**25021.97**	**32,883.32**	**33,736.32**	**32,844.11**
TOTAL ASSETS		**42,602.33**	**45,666.35**	**44,538.91**	**40,009.75**
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	13(a)	1,145.52	1,238.40	1,238.40	1,238.40
(b) Other equity	13(b)	9,013.85	9,593.04	10,128.15	8,829.84
Total equity		**10,159.37**	**10,831.44**	**11,366.55**	**10,068.24**
Liabilities					
(1) Non-current liabilities					
(a) Financial liabilities					
Trade payables	14	78.02	79.59	83.95	79.57
(b) Provisions	15	94.01	117.07	81.24	80.72
(c) Deferred tax liabilities (net)	16	171.29	174.66	164.72	230.94
Total non-current liabilities		**343.32**	**371.32**	**329.91**	**391.23**
(2) Current liabilities					
(a) Financial liabilities					
(i) Borrowings	17(a)		250.00	-	-
(ii) Trade payables	17(b)	6,888.25	3,679.56	5,285.36	5,079.14
(iii) Other financial liabilities	17(c)	215.48	355.67	449.38	1,490.56
(b) Other current liabilities	18	23,636.45	28,688.25	26,367.28	22,317.30
(c) Provisions	19	1,359.46	1,490.11	740.43	663.28
Total current liabilities		**32,099.64**	**34,463.59**	**32,842.45**	**29,550.28**
TOTAL EQUITY AND LIABILITIES		**42,602.33**	**45,666.35**	**44,538.91**	**40,009.75**

Note: The above statement should be read with Notes on Material Adjustments to the Restated Summary Statements appearing in Annexure V and Significant Accounting Policies and Notes forming part of the Restated Financial Statements in Annexure VI.
The accompanying notes are an integral part of the Restated Financial Information.

As per our report attached

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

(CA. Ajay Agrawal)
Partner
Membership No. 17643

Kolkata, dated August 21, 2018

For and on behalf of the Board of Directors

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

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

S. Mahapatra
Company Secretary

ANNEXURE II

Restated Summary Statement of Profit and Loss

(₹ in million)

Particulars	Note No. of Annexure VI	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015 (Proforma)
I. INCOME					
Revenue from operations	20	13,465.16	9,293.22	16,645.86	15,684.88
Other income	21	1,792.34	2,169.90	1,914.70	609.55
Total income		**15,257.50**	**11,463.12**	**18,560.56**	**16,294.43**
II. EXPENSES					
Cost of materials consumed	22(a)	5,815.08	3,398.50	8,269.79	7,650.00
Purchase of products for resale (B & D spares)		1,415.67	1,146.05	1,864.40	1,518.16
Changes in inventories of work-in-progress and scrap	22(b)	(13.35)	80.30	(5.62)	16.87
Sub-contracting charges		1,370.51	1,072.48	1,241.94	1,215.73
Excise duty		19.00	75.48	65.04	57.38
Employee benefits expense	23	2,985.98	2,857.84	2,917.35	2,913.45
Finance costs	24	76.92	91.19	43.98	57.68
Depreciation and amortisation expense	25	289.56	266.52	277.98	271.06
Other expenses - project related	26	726.61	505.82	508.34	441.01
Other expenses	27	1,293.99	1,767.76	861.92	1,251.44
Total expenses		**13,979.97**	**11,261.94**	**16,045.12**	**15,392.78**
Profit before tax		**1,277.53**	**201.18**	**2,515.44**	**901.65**
Tax expense					
- Current tax		453.40	87.80	908.84	318.31
- Deferred tax		(43.93)	(1.27)	(37.85)	66.07
Total tax expense		**409.47**	**86.53**	**870.99**	**384.38**
Profit for the year		**868.06**	**114.65**	**1,644.45**	**517.27**
Other comprehensive income Items that will not be reclassified to profit or loss					
Re-measurements of post-employment benefit obligations		116.06	3.45	(73.46)	(90.57)
Income tax relating to above items		(40.56)	(1.20)	25.42	31.34
Other comprehensive income/(loss) for the year, net of tax		75.50	2.25	(48.04)	(59.23)
Total comprehensive income for the year		**943.56**	**116.90**	**1,596.41**	**458.04**
Earnings per equity share:					
(Nominal value per share ₹10 (31 March 2017- ₹100; 31 March 2016- ₹100; 31 March 2015 (Proforma)- ₹100)	36				
Basic and diluted earnings per share		**7.14**	**0.93**	**13.33**	**4.25**

Note: The above statement should be read with Notes on Material Adjustments to the Restated Summary Statements appearing in Annexure V and Significant Accounting Policies and Notes forming part of the Restated Financial Statements in Annexure VI.

The accompanying notes are an integral part of the Restated Financial Information.

As per our report of even date attached

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

For and on behalf of the Board of Directors

(CA. Ajay Agrawal)
Partner
Membership No. 17643

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

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

Kolkata, dated August 21, 2018

S. Mahapatra
Company Secretary

ANNEXURE III

Restated Statement Summary Statement of Changes in Equity

A. Equity share capital *(₹ in million)*

Particulars	Amount
As at April 1, 2014	1,238.40
Changes in equity share capital	-
Balance as at March 31, 2015 (Proforma)	1,238.40
As at April 1, 2015	1,238.40
Changes in equity share capital	-
Balance as at March 31, 2016	1,238.40
As at April 1, 2016	1,238.40
Changes in equity share capital	-
As at March 31, 2017	1,238.40
As at April 1, 2017	1,238.40
Changes in equity share capital	(92.88)
As at March 31, 2018	1,145.52

B. Other equity

Reserve and surplus *(₹ in million)*

Particulars	Corporate social responsibility (CSR) reserve	Capital Redemption Reserve	General reserve	Retained earnings	Total other equity
Balance as at 1 April,2014	20.73		1,374.69	6,924.23	8,319.65
Restatement adjustments			(17.00)	214.04	197.04
	20.73		1,357.69	7,138.27	8,516.69
Balance as at 1 April, 2014	20.73	-	1,357.69	7,138.27	8,516.69
Profit for the year (a)	-	-	-	517.27	517.27
Other comprehensive income for the year (b)	-	-		(59.23)	(59.23)
Total comprehensive income for the year (a + b)	**20.73**	**-**	**-**	**458.04**	**458.04**
Dividend paid		-	-	(144.89)	(144.89)
Expenses on account of CSR activities		-	-	-	-
Transfer to General Reserve				(43.45)	(43.45)
Transfer from Retained earnings	0.16		43.45		43.61
Transfer to CSR				(0.16)	(0.16)
Balance as at 31 March, 2015	**20.89**	**-**	**1,401.14**	**7,407.81**	**8,829.84**
Balance as at 1 April, 2015	20.89	-	1,401.14	7,407.81	8,829.84
Profit for the year (a)	-	-	-	1,644.45	1,644.45
Other comprehensive income for the year (b)	-	-	-	(48.04)	(48.04)
Total comprehensive income for the year (a + b)	-	-	-	1,596.41	1,596.41
Dividend paid		-	-	(298.10)	(298.10)
Expenses on account of CSR activities		-	-	-	-
Ttransfer to General Reserve				(160.72)	(160.72)
Transfer from Retained earnings			160.72		160.72
Balance as at 31 March, 2016	20.89	-	1,561.86	8,545.40	10,128.15
Balance as at 1 April, 2016	20.89	-	1,561.86	8,545.40	10,128.15
Profit for the year (a)	-	-	-	114.65	114.65
Other comprehensive income for the year (b)	-	-	-	2.25	2.25
Total comprehensive income of the year(a+b)	20.89	-	-	116.90	116.90

Dividend paid	-	-	-	(640.55)	(640.55)
Expenses on account of CSR activities	(11.47)	-	-	-	(11.47)
Balance as at 31 March, 2017	9.42	-	1,561.86	8,021.75	9,593.03
Balance as at 1 April, 2017	9.42	-	1,561.86	8,021.75	9,593.03
Profit for the year (a)	-	-	-	868.06	868.06
Other comprehensive income for the year (b)	-	-	-	75.50	75.50
Total comprehensive income for the year (a + b)	-	-	-	943.56	943.56
Dividend paid	-	-	-	(650.84)	(650.83)
Utilised on Buy Back of Shares (Refer Note 13 (b))	-	-	(862.49)	-	(862.49)
Transfer to\from Capital redemtion reserve\General reserve		92.88	(92.88)		-
Expense on account of CSR activities	(9.42)	-	-	-	(9.42)
Balance as at 31 March, 2018	-	**92.88**	**606.49**	**8,314.47**	**9,013.85**

The accompanying notes 1 to 51 are an integral part of the Financial Information.

As per our report of even date attached

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

For and on behalf of the Board of Directors

(CA. Ajay Agrawal)
Partner
Membership No. 17643

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

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

Kolkata, dated August 21, 2018

S. Mahapatra
Company Secretary

ANNEXURE IV

Restated Summary Statement of Cash Flow

(₹ in million)

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2018	Year Ended 31 March 2017	Year Ended 31 March 2017	Year Ended 31 March 2016	Year Ended 31 March 2016	Year Ended 31 March 2015 (Proforma)	Year Ended 31 March 2015 (Proforma)
A. Cash flow from operating activities:								
Profit before taxation		1,277.53		201.18		2,491.46		901.66
Adjustments for -								
Interest income		(1,700.52)		(2,020.58)		(1,686.84)		(331.69)
Depreciation & amortisation expense		289.56		266.52		277.98		271.06
Retirement of Assets - (Profit) / Loss		(2.36)		(1.37)		1.12		0.01
Finance cost		76.92		91.19		10.24		17.02
Unrealized loss/ (gain) on foreign exchange fluctuation		19.58		(18.45)		(7.79)		(103.79)
Reversal of written down value of inventories		(2.81)		(9.22)		(6.22)		(22.62)
Allowance for doubtful debts		3.31		33.46		0.11		-
Liabilities no longer required written back		(74.90)		(90.68)		(164.06)		-
Operating profit before working capital changes		**(113.67)**		**(1,542.52)**		**916.00**		**731.65**
Adjustments for changes in working capital:								
(Increase)/Decrease in Trade and Other receivables	(40.19)		(475.47)		93.28		(12,467.12)	
(Increase)/Decrease in Other financial assets	(2,470.14)		(742.47)		(1,921.27)		(701.52)	
(Increase)/Decrease in Other non-current assets	109.73		(11.46)		5.95		(157.85)	
(Increase)/Decrease in Other current assets	(149.54)		(1,403.45)		434.50		(1,822.10)	
(Increase)/Decrease in Inventories	(227.68)		1,590.23		1,873.20		6,803.32	
Increase/(Decrease) in Trade payables	3,273.79		(1,527.50)		375.78		6,909.77	
Increase/(Decrease) in Provisions	(157.07)		641.05		86.19		419.07	
Increase/(Decrease) in Other financial liabilities	140.19		21.78		(1,041.17)		1,531.22	
Increase/(Decrease) in Other current liabilities	(1,474.49)	(995.42)	2,327.94	420.66	4,045.93	3,952.39	469.16	983.95
Cash generated from/ (used in) operations		(1,109.11)		(1,121.85)		4,868.39		1,715.60
Taxes paid (net of refunds)		368.96		(790.32)		(638.15)		(641.11)
Net cash from/(used in) operating activities		**(740.15)**		**(1,912.17)**		**4,230.24**		**1,074.49**
B. Cash flow from investing activities								
Purchase of fixed assets (including intangibles and capital work in progress		(501.78)		(422.14)		(169.83)		(234.63)
(Increase) /Decrease of		1,512.82		1,132.40		(5,927.80)		-

Investments in Bank Deposits, FD								
Interest received		1,662.67		1,557.91		1,265.16		335.28
Net cash from/ (used in) investing activities		**2,673.71**		2268.17		(4,832.47)		100.65
C. Cash flow from financing activities:								
Proceeds from Short term Borrowings		(250.00)		250.00		0.00		-
Proceed/ (Repayment) of Long term Borrowings				(18.26)		4.50		(25.28)
Interest and other borrowing cost paid		(76.92)		(91.18)		(2.20)		(14.02)
Buy Back of shares (including Tax)		(955.37)						
Dividend paid		(540.76)		(532.21)		(247.68)		(123.84)
Dividend tax paid		(110.09)		(108.34)		(50.42)		(21.05)
Net cash from/ (used in) financing activities		(1,933.15)		(499.99)		(295.80)		(184.37)
Net Increase/ (Decrease) in cash and cash equivalents		0.42		(143.99)		(898.03)		990.95
Opening cash and cash equivalents		118.49		262.48		1160.51		169.55
Closing cash and cash equivalents (Refer note 10(a))		118.90		118.49		262.48		1160.51

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard - 7 on Cash Flow Statement as notified under the Companies (Indian Accounting Standards) Rules, 2015.
2. Cash and cash equivalents do not include any amount which is not available to the Company for its use.
3. Cash and cash equivalents as at the Balance sheet date consists of:

(₹ in million)

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2017	Year Ended 31 March 2016	Year Ended 31 March 2015 (Proforma)
Balances with banks				
Current accounts	118.75	117.92	261.86	139.99
Fixed Deposits (Original Maturity upto 3 months)	-	-	-	1,020.00
Cash in hand	0.18	0.59	0.62	0.52
Cash and cash equivalents	118.93	118.52	262.48	1,160.51

4. The figure in brackets represent cash outflow from respective activities.
5. As break up of Cash and cash equivalents is also available in Note No. 10(b), reconciliation of items of Cash and cash equivalents as per Cash Flow Statement with the respective items reported in the Balance Sheet is not required and hence not provided.

The accompanying notes 1 to 51 are an integral part of the Financial Information.

As per our report of even date attached

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

(CA. Ajay Agrawal)
Partner
Membership No. 17643
Kolkata, dated August 21, 2018

For and on behalf of the Board of Directors

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

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

S. Mahapatra
Company Secretary

ANNEXURE V

Notes on Material Adjustments to the Restated Summary Statements

Notes on material adjustments Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits of the Company:

(₹ in million)

Particulars	2017-18	2016-17	2015-16	2014-15
Total Comprehensive income as per Audited Accounts	943.56	116.90	1,596.41	453.30*
Adjustments:-				
Depreciation and amortisation (See Note (a) below)	-	-	-	4.75
Restated total Comprehensive income as per Restated Accounts	943.56	116.90	1596.41	458.05

*arrived at after making Ind-AS adjustments to the audited IGAAP financials

Depreciation and amortization

Pursuant to the notification of Schedule II of the Companies Act, 2013 ("the 2013 Act") by the Ministry of Corporate Affairs effective from 1 April 2014, the Management has internally reassessed and changed, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the 2013 Act. Consequently, the carrying amount as at 1st April 2014 is being depreciated over the revised remaining useful life of the asset under the previous GAAP.

The same has been adjusted in the respective years and in the balance brought forward in the Statement of Profit and Loss as at 1st April 2012.

Ind-AS adjustments

The Proforma Financial Information of the Company as at and for the year ended 31 March 2015 is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated 31 March 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind-AS 101) as initially adopted on its Ind-AS transition date (i.e. 1 April 2015) while preparing the proforma Financial Information for the FY 2014-15 and accordingly suitable restatement adjustments in the accounting heads has been made in the proforma Financial Information. The proforma Ind-AS Financial Information have been prepared by making Ind-AS adjustments to the audited Indian GAAP financial statements as at and for the year ended 31 March 2015 as described in this Note. The impact of Ind-AS 101 on the equity under Indian GAAP as at 31 March 2015 and the impact on the profit or loss for the year ended 31 March 2015 due to the Ind- AS principles applied on proforma basis during the year ended 31 March 2015 and cash flow statement can be explained as under:

(₹ in million)

Particulars	As at 31 March 2015 (Proforma)
Total Equity under Previous GAAP (Audited)	9,677.47
Restatement Adjustments	8.10
Total Equity under previous GAAP (restated)	9,685.57
Adjustments:	
Effect of reversal of revenue and cost on account of equipment not yet fitted	(32.91)
Effect of employee benefit as per actuarial report	96.26
Effect of fair valuation of liability on account of liquidated damages	75.30
Dividends (including dividend distribution tax) not recognised as liability until declared	298.10
under Ind-AS	
Accounting for adjustment of prior period transactions	4.75
Tax effect on above adjustments	(58.81)
Total adjustments	382.69

Total Comprehensive Income reconciliation for the year ended 31 March 2015 – Proforma

(₹ in million)

Particulars	Year ended 31 March 2015 (Proforma)
Balance of profit after tax for the year 31 March 2015 under IGAAP	434.53
Restatement Adjustments	4.75
Profit as per Restated GAAP	439.28
Adjustments:	
Effect of reversal of revenue and cost on account of equipment not yet fitted	(32.91)
Employee benefit expense recognised in accordance with Ind-AS after considering impact of Plan asset	186.83
Effect of fair valuation of liability on account of liquidated damages recovered	(17.21)
Tax effect on Ind-AS proforma adjustments	(58.71)
Total adjustments	78.00
Profit after tax as per Ind-AS	517.28
Other comprehensive income (Net of Tax)	(59.22)
Total comprehensive income as per Ind-AS	458.05

Effect of Ind-AS adoption on the Restated Summary statement of Cash Flows for the Year ended 31 March, 2015

There are no material adjustments to the statement of cash flows as reported under Previous GAAP.
Notes to Proforma adjustments:

i) Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind-AS, such dividends are recognised when the same is approved by the shareholders in the general meeting.

ii) Under the previous GAAP, revenue and corresponding cost in relation to unexecuted work under the project recorded as provision. However, under Ind-AS such revenue and corresponding cost as on the reporting date is deferred.

iii) Under the previous GAAP, interest free security deposits are recorded at their transaction value. Under Ind-AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued the security deposits under Ind-AS. Difference between fair value of security deposits and the carrying value (transaction value) as per Previous GAAP has been recognised as advance operating lease rental.

iv) Under Ind-AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year.

v) Under Ind-AS, all financial liabilities are required to be recognised at fair value. Accordingly, the Company has fair valued the liquidated damages recovered to be passed on to Navy under Ind-AS.

vi) Prior period adjustments due to errors, having material impact on the financial affairs of the Company, are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2) Reconciliation of total equity as on 31 March 2015 (Proforma) from Ind-AS to Restated Ind-AS

(₹ in million)

Particulars	Amount
Equity as per Ind-AS as on 31 March 2015	10,060.14
Adjustments:-	
Depreciation and amortisation (See Note 1(a) above)	8.10
Restated equity as per Ind-AS as on 31 March 2015	10,068.24

3) Changes in Accounting Policies:

During the year ended 31 March 2018, the Company changed its accounting policy for revenue recognition with respect to Modification Jobs whereby revenue against completed Modification Jobs is now recognised on the basis of Work Done Certificate issued by appropriate authority and for which Modification Cost for Approval is submitted to the customer, duly recommended by onsite representative of the customer. Prior to this change in policy, revenue in respect of Modification Jobs was accounted for in the year in which final approval was received.

The impact of the change in method was reflected in the Audited Financial Statements for the year ended 31 March 2018. The Company has reflected the impact of the change for year ended 31 March 2017, 31 March 2016 and 31 March 2015 in the Restated Financial Statements of the respective years.

4) Material Regrouping

Appropriate adjustments have been made in the Restated Financial Statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities, receipts and payments in order to bring them in line with the groupings as per the audited financial statement of the Company as at and for the six (6) months ended 30th September 2017 prepared in accordance with Schedule III to the Companies Act, 2013 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

5) Non adjusting items

(a) Companies (Auditor's Report) Order

Remarks / comments included in the Annexure to Auditors' Reports in terms of Companies (Auditor's Report) Order, 2016 for the year ended 31 March 2017, Companies (Auditor's Report) Order, 2015 for the year ended 31 March 2016 and Companies (Auditor's Report) Order, 2003, as amended, for the years ended 31 March 2015, which do not require any corrective adjustment in the Restated Summary Statements are as follows:

For the year ended 31 March, 2018

Sl. No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in million)	Forum where the dispute is pending
1	West Bengal Value Added Tax Act, 2003	Value Added Tax	2007-08	50.68	West Bengal Taxation Tribunal
2	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2004-05	0.88	Commercial Tax Tribunal, Jharkhand
3	Central Sales Tax Act,1956	Central Sales Tax	2004-05	1.75	Commercial Tax Tribunal, Jharkhand
4	Central Sales Tax Act,1956	Central Sales Tax	2009-10	18.83	Commissioner of Commercial Taxes, Jharkhand
5	Central Sales Tax Act, 1956	Central Sales Tax	2012-13	28.37	Revision petition and stay petition filed before the Commissioner of Commercial Taxes, Ranchi.
6	Central Sales Tax Act,1956	Central Sales Tax	2010-11	120.19	Commissioner of Commercial Taxes
7	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2010-11	76.80	Commissioner of Commercial Taxes
8	Central Excise Act, 1944	Central Excise	2001-02 to 2005-06	1.79	Commissioner of Central Excise (Appeals)
9	Central Excise Act, 1944	Central Excise	2011-12	7.55	CESTAT
10	Central Excise Act, 1944	Central Excise	2016-17	10.65	Commissioner of Central Excise
11	Finance Act,1994	Service Tax	2003-04 to 2007-08	12.13	CESTAT

12	Income Tax Act, 1961	Income Tax	2009-10	1.86	Deputy Commissioner of Income Tax (Rectification)
13	Income Tax Act, 1961	Income Tax	2008-09	35.29	Commissioner of Income Tax (Appeal)
14	Income Tax Act, 1961	Income Tax	2011-12	11.14	Commissioner of Income Tax (Appeal)
15	Income Tax Act, 1961	Income Tax	2013-14	0.07	Commissioner of Income Tax (Appeal)
16	Income Tax Act, 1961	Income Tax	2014-15	0.19	Commissioner of Income Tax (Appeal)
	Total			**378.17**	

For the year ended 31 March, 2017:

Clause (vii) (b)

The disputed statutory dues aggregating to ₹378.17 million as on 31st March 2017 that have not been deposited on account of matters pending before appropriate authorities are as under:

SL No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in million)	Forum (Where the dispute is pending)
1	West Bengal Value Added Tax Act, 2003	Value Added Tax	2007-08	50.68	West Bengal Taxation Tribunal
2	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2004-05	0.88	Commercial Tax Tribunal, Jharkhand
3	Central Sales Tax Act,1956	Central Sales Tax	2004-05	1.75	Commercial Tax Tribunal, Jharkhand
4	Central Sales Tax Act,1956	Central Sales Tax	2009-10	18.83	Commissioner of Commercial Taxes, Jharkhand
5	Central Sales Tax Act 1956 (Jharkhand)	Central Sales Tax	2012-13	28.37	Revision petition and stay petition filed before the Commissioner of Commercial Taxes, Ranchi.
6	Central Sales Tax Act,1956	Central Sales Tax	2010-11	120.19	Commissioner of Commercial Taxes
7	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2010-11	76.80	Commissioner of Commercial Taxes
8	Central Excise Act, 1944	Central Excise	2001-02 to 2005-06	1.79	Commissioner of Central Excise (Appeals)
9	Central Excise Act, 1944	Central Excise	2011-12	7.55	CESTAT
10	Central Excise Act, 1944	Central Excise	2016-17	10.65	Commissioner of Central Excise
11	Finance Act,1994	Service Tax	2003-04 to 2007-08	12.13	CESTAT
12	Income Tax Act, 1961	Income Tax	2009-10	1.86	Deputy Commissioner of Income Tax (Rectification)
13	Income Tax Act, 1961	Income Tax	2008-09	35.29	Commissioner of Income Tax (Appeal)
14	Income Tax Act, 1961	Income Tax	2011-12	11.14	Commissioner of Income Tax (Appeal)
15	Income Tax Act, 1961	Income Tax	2013-14	0.07	Commissioner of Income Tax (Appeal)
16	Income Tax Act, 1961	Income Tax	2014-15	0.19	Commissioner of Income Tax (Appeal)
	Total			**378.17**	

For the year ended 31 March, 2016: Clause (i) (c)

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following cases where title deeds were not made available to us for our verification –

Sl. No.	No. of Cases	Leasehold / Freehold	Gross Block as on 31st March, 2016	Net Block as on 31st March, 2016	Remarks
1	3	Leasehold Land at Belur Unit and FOJ unit	Nil	Nil	As explained to us, Lease agreement has expired and renewal is under process.
2	1	Land at 61 Park	Nil	Nil	As explained, the said land was allotted to the Company by Govt. of India without any cost. However, documents of title were not made available to us for our verification.
3	1	Land at DEP, Ranchi	Nil	Nil	Refer Note No. 29 (6) (c) to financial statements.

Clause (vii) (b)

The disputed statutory dues aggregating to ₹411.24 million as on 31st March 2016 that have not been deposited on account of matters pending before appropriate authorities are as under:

SL No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in million)	Forum (Where the dispute is pending)
1	West Bengal Value Added Tax Act, 2003	Value Added Tax	2007-08	50.68	West Bengal Taxation Tribunal
2	West Bengal Value Added Tax Act, 2003	Value Added Tax	2011-12	12.35	Appeal not filed yet
3	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2004-05	0.88	Commercial Tax Tribunal, Jharkhand
4	Central Sales Tax Act,1956	Central Sales Tax	2004-05	1.75	Commercial Tax Tribunal, Jharkhand
5	Central Sales Tax Act,1956	Central Sales Tax	2007-08	7.91	Commercial Tax Tribunal, Jharkhand
6	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2009-10	36.61	Commissioner of Commercial Taxes
7	Central Sales Tax Act,1956	Central Sales Tax	2009-10	5.88	Commissioner of Commercial Taxes
8	Central Sales Tax Act 1956 (Jharkhand)	Central Sales Tax	2012-13	28.37	Revision petition and stay petition to be filed before the Commissioner of Commercial Taxes, Ranchi.
9	Central Excise Act, 1944	Central Excise	2001-02 to 2005-06	1.79	Commissioner of Central Excise (Appeals)
10	Central Sales Tax Act,1956	Central Sales Tax	2010-11	120.19	Commissioner of Commercial Taxes
11	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2010-11	76.80	Commissioner of Commercial Taxes
12	Central Excise Act, 1944	Central Excise	2011-12	7.56	CESTAT
13	Finance Act,1994	Service Tax	2003-04 to 2007-08	12.13	CESTAT
14	Income Tax Act, 1961	Income Tax	2009-10	1.86	Deputy Commissioner of Income Tax (Rectification)
15	Income Tax Act, 1961	Income Tax	2008-09	35.28	Commissioner of Income Tax (Appeal)
16	Income Tax Act, 1961	Income Tax	2011-12	11.13	Commissioner of Income Tax (Appeal)

17	Income Tax Act, 1961	Income Tax	2013-14	0.07	Commissioner of Income Tax (Appeal)
	Total			**411.24**	

For the year ended 31 March, 2015:

Clause (vii) (b)

The disputed statutory dues aggregating to ₹259.22 million as on 31st March 2015 that have not been deposited on account of matters pending before appropriate authorities are as under:

SL No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in million)	Forum (Where the dispute is pending)
1	West Bengal Value Added Tax Act, 2003	Value Added Tax	2007-08	50.68	West Bengal Taxation Tribunal
2	West Bengal Value Added Tax Act, 2003	Value Added Tax	2011-12	20.35	Additional Commissioner of Commercial Taxes
3	Central Sales Tax Act, 1956	Central Sales Tax	2011-12	1.83	Additional Commissioner of Commercial Taxes
4	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2004-05	0.88	Commercial Tax Tribunal, Jharkhand
5	Central Sales Tax Act,1956	Central Sales Tax	2004-05	1.75	Commercial Tax Tribunal, Jharkhand
6	Central Sales Tax Act,1956	Central Sales Tax	2007-08	7.91	Commercial Tax Tribunal, Jharkhand
7	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2009-10	36.61	Commissioner of Commercial Taxes
8	Central Sales Tax Act,1956	Central Sales Tax	2009-10	5.88	Commissioner of Commercial Taxes
9	Central Excise Act, 1944	Central Excise	2001-02 to 2005-06	1.79	Central Excise and Service Tax Appellate Tribunal
10	Central Excise Act, 1944	Central Excise	2011-12	7.55	Central Excise and Service Tax Appellate Tribunal
11	Finance Act,1994	Service Tax	2003-04 to 2007-08	12.13	Central Excise and Service Tax Appellate Tribunal/Income Tax Appellate Tribunal
12	Income Tax Act, 1961	Income Tax	2007-08	51.57	Commissioner of Income Tax (Appeal)
13	Income Tax Act, 1961	Income Tax	2008-09	35.28	Commissioner of Income Tax (Appeal)/Income Tax Appellate Tribunal
14	Income Tax Act, 1961	Income Tax	2009-10	1.86	Commissioner of Income Tax (Appeal)
15	Income Tax Act, 1961	Income Tax	2010-11	12.02	Commissioner of Income Tax (Appeal)
16	Income Tax Act, 1961	Income Tax	2011-12	11.13	Commissioner of Income Tax (Appeal)
		Total		**259.22**	

b) Audit Comment to the Directions/Sub-Directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013

Remarks / comments included in the Annexure to Auditors' Reports in terms of aforesaid directions, which do not require any corrective adjustment in the Restated Summary Statements are as follows:

For the year ended 31 March, 2017:

The company has clear title/lease deeds for freehold and leasehold land respectively except for the following area of freehold and leasehold land for which title/lease deeds are not available:

Sl. No.	Leasehold / Freehold	Area of Land	Remarks
1	Leasehold Land at Belur Unit	5.29 Acres	Lease agreement has expired and renewal is under process.
2	Leasehold Land at FOJ unit	3,539.47 Sq. Mtrs.	Lease agreement has expired and renewal is under process. The area for land has been taken from the expired agreement.
3	Leasehold Land at FOJ unit	2,140.00 Sq. Mtrs.	Lease agreement has expired and renewal is under process. The area for land has been taken from available correspondences between the Company and the lessor.
4	Leasehold Land at Taratala Unit	13,721.68 Sq. Mtrs.	Lease agreement not presented for our verification. The area has been taken from letter granting lease to the Company from the lessor.
5	Land at 61 Park Unit	32 Bighas, 6 Cottahs	The said land was allotted to the Company by Govt. of India without any cost. Although mutation is in the name of the Company, documents of title were not made available to us for our verification. The area has been taken from available correspondences between the Company and the lessor.
6	Land at DEP, Ranchi	62 Acres	Title deed of land is not held in the name of the Company.

For the year ended 31 March, 2016:

A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) are as follows:

I. PENDING INCOME TAX CASES:

Assessment Year	Period of Pendency	Reasons for pendency
1997-98	9 Years	At the time of giving effect to ITAT's order, Department charged higher interest u/s 220(2) and disallowed TDS of ₹0.09 million. A rectification petition u/s 154 was filed before Assessing Officer along with Indemnity Bond for ₹0.09 Million for refund of TDS. Modified effect order is awaited even after persuasions.
2001-02	13 Years	In the assessment, TDS (₹3.40 million) has been disallowed. A rectification petition u/s154 was filed before Assessing Officer along with Indemnity Bond for ₹3.40 million for refund of TDS. Modified effect order is awaited even after persuasions.
2004-05	11 Years	In the assessment, TDS of ₹1.40 million has been disallowed. A rectification petition u/s154 was filed before Assessing Officer along with Indemnity Bond for ₹1.40 Million for refund of TDS. Modified effect order is awaited even after persuasions.
2007-08	5 Years	GRSE's Return was not selected for scrutiny assessment. Accordingly intimation u/s 143(1) along with a refund of ₹1.53 million has been received. Rectification petition was filed before Assessing Officer so as to include ₹15.72 Million in the "opening stock" for A.Y. 2007-08, which was added to "closing stock" for A.Y.2006-07. As a result profit will be reduced to the extent of ₹15.72 million. Rectification petition was rejected by the Assessing Officer. Appeal was filed before CIT(A) against the order of AO. CIT(A) passed the Order in GRSE's favour on 22.04.2015. Effect order is awaited. Department has gone to Tribunal on July 2015 against the order of CIT(A). GRSE filed a cross objection against the Appeal by the Tribunal on August 2015.

Audit Comment to the Directions/Sub-Directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013 (Contd.)

Assessment Year	Period of Pendency	Reasons for pendency
2008-09	5 Years	In the assessment A.O. disallowed Provision for Liquidated damages of ₹329.40 Million and added ₹11.90 million in the closing stock on account of slow moving and obsolete inventory and raised demand of ₹140 million in spite of the fact that ITAT has allowed such "Provision for Liquidated Damages" as deductible expenses in two occasions. GRSE filed appeal before CIT(A) but the same was also rejected by CIT(A). Against the order of CIT(A) GRSE filed appeal before ITAT and finally ITAT passed order in favour of GRSE dated 31.03.2014. Effect order was given on 31.12.2015 by the AO.Income tax authority filed appeal before High Court against the order of the ITAT, Kolkata.
2013-14	May 2016	Assessment completed and order passed u/s143(3) dated 30/01/2016 with NIL demand. As per order AO disallowed ₹0.59 million delayed deposit of employees contribution to ESI and not allowed credit of TDS to the extent of ₹2.38 million for non-appearance in 26AS due to non-filing of TDS Return by the deductors. GRSE filed a rectification petition u/s 154 and also filed an appeal before CIT (A) in May 2016. No date of hearing has been fixed for both Appeal and Rectification petition filed by GRSE.

Pending Central Excise and Service Tax Cases:

Financial Year	Period of Pendency (in No. of years)	Reason for pendency
Excise Duty		
March 2002 to May 2005	5 Years	Cases related to E.D. Exemption certificates issued by Indian Navy, benefits of which were denied by C.E. Authorities. Reply against SCN issued by C.E. Department has been submitted. Commissioner passed order and reduced the demand from 2.60 million to 1.79 million. Against the order of Commissioner GRSE filed appeal before CESTAT on 25/11/2011.Additional Commissioner passed the order on 09.04.2016 without considering the issue, referred to him for denovo adjudication by the Hon'ble Tribunal. Appeal was filed before the Commissioner of Central Excise (Appeal-I) on 08.06.2016. Total claim of ₹1.79 million has been considered as contingent liability.
March 2002 to May 2005	5 Years	Central Excise Department denied the ED Exemption and demanded duties ₹0.88 million against supply of goods to shipbuilders without payment of duties as per the ED Exemption certificate issued by Indian Navy to the shipbuilders. Based on the appeal of GRSE, Commissioner of Central Excise (Appeal) issued order in favour of GRSE/Central Excise Dept. filed appeal before CESTAT against the order for further clarification. Hon'ble CESTAT remanded the case to Deputy Commissioner of Central Excise. No date of personal hearing has yet been fixed.
2011 -12	1 year	Central Excise authority issued show cause notice alleging that GRSE had wrongly taken credit in the Return but not utilized Cenvat credit in violation of Rules and demanded the credit amount taken wrongly and reversed subsequently amounting ₹7.55 million. GRSE submitted reply against the show cause notice but Commissioner of Central Excise did not accept the reply and in the order confirmed the demand. GRSE filed appeal before CESTAT against the order of the Commissioner on 24/03/2015. Total demand of ₹7.55 million has been considered as contingent liability.
Service Tax		
Service tax on import of service prior to 18/04/2006	7 years	Commissioner of Service Tax has confirmed demand of service tax against Foreign Technicians' fees amounting to ₹12.13 million towards Service Tax including penalties and interest. The case is pending before CESTAT. Hearing for grant of stay from recovery of demand before CESTAT has been completed and vide order dated 19/12/2011 CESTAT granted unconditional stay from collection of the demand till dispose of the main issue. The said amount has been considered as contingent liabilities.

PENDING SALES TAX CASES:

Financial Year	Period of Pendency (in No. of years)	Reasons for pendency
FY 2004-05	7 years	Assessing Officer enhanced the Gross Turn over by 10% at since there is a difference in Turnover in the Annual Return and Quarterly Returns. Turnover was enhanced by ₹17.5

Financial Year	Period of Pendency (in No. of years)	Reasons for pendency
(Under JVAT Act & CST Act)		million under CST and ₹10.0 million under JVAT. Appeal filed before Jt. Commissioner of Commercial Taxes (Appeal) on June 2009 who has also confirmed the enhancement. Revision petition filed before the Commercial Taxes, Tribunal in August 2010. Awaiting for Final order of the Tribunal. Tax Involved ₹2.62 million (₹1.74 million under CST and ₹0.88 million under JVAT).
F.Y. 2007-08 (Under VAT Act)	4 years	Assessment completed and order received. The Assessing Authority wrongly considered the following items as taxable turnover: Cost Plus Sales for ₹389.80 million (specifically excluded under W.B. VAT Act) due to wrong interpretation of the Annual Accounts of the Company, Labour Charge for ₹27.04 million (exempted); and Excess consideration of Sale of Capital Goods for ₹31.11 million. Appeal has been preferred before the ACCT. The ACCT acknowledged the excess consideration of sale on account of sale of capital goods for ₹31.11 million and the same has been set right in his Order. However, the other points in dispute remaining the same, appeal has been filed before the West Bengal Taxation Tribunal on 12.04.2012. Tax Involved ₹50.68 million. Date of hearing not yet fixed.
FY 2009-10 Under JVAT Act & CST Act)	1year	Audit Objection was raised on the declared the value as declared in the Road Permit as suppression of Sales & Purchase and demanded interest on differential Sales tax. Revision /Appeal filled before Commissioner of Commercial Tax, Ranchi on June 2015. Tax Involved ₹42.49 million (₹36.61 million under JVAT and ₹5.88 million under CST).
FY 2010-11 Under JVAT Act & CST Act)	1 year	AO considered the value as declared in the Road Permit (inward & out ward) as suppression of Sales & Purchase as per Section 40 (2) of JVAT Act & demanded differential Sales Tax on the turnover of ₹1,232.40 million. A revision petition along with stay petition also filed before Commissioner of Commercial Taxes, Ranchi on August 2015. Date of hearing fixed on 29.06.2016. Tax involved ₹196.99 million (₹76.80 million under JVAT and ₹120.19 million under CST Act).
F.Y. 2011-12 (Under VAT Act)	1 year	The case was under Audit and assessment completed with a demand of ₹20.30 million. The demand raised by the Assessing Authority on account of i) disallowance of labour charges of ₹107.20 million and considered the same under works contract, ii) disallowance of exemption on account of export to Bhutan amounting ₹36.5 Million, iii) imposition of purchase tax of ₹2.65 million, iv) imposed interest of ₹3.98 million. Appeal has been filed before Additional Commissioner on 12/01/2015. The Appellate Authority in his appeal order has reduced the original demand of ₹20.35 million to ₹12.35 million but disallowed the labour charges by treating the same as works contract and partially disallowed Export Sales of ₹15.29 million Appeal is being filed with the Appellate and Revisional Authority shortly.
F.Y. 2012-13 (Under CST Act)	-	AO disallowed sale of DG sets as High Sea Sale for ₹202.26 million and imposed tax@14% amounting to ₹28.37 million. Notice of demand was received on 29.05.2016. Revision petition and stay petition to be filed before the Commissioner of Commercial Taxes, Ranchi shortly.

Pending Legal Cases:

Number of Cases	Period of Pendency (Years)	Reasons for Pendency
01	06	Certificate Case against KPCL – Recovery Process, as required in law, has already commenced – Awaiting disposal upon hearing.
01	13	Case 1 – Petition filed for setting aside a “Nil” arbitration award between the company and ICAR. Hearing Concluded – Judgement Reserved.
02	18	Case 1 – Winding up petition before Delhi High Court against ET&T – Awaiting final order. Case 2- Petition filed by IEG Consultant for setting aside of an arbitration award in favour of GRSE. Awaiting disposal upon final hearing. – Talks for amicable settlement initiated.
01	05	Petition filed by ESAB India Ltd. For setting aside of the Arbitral Award made and passed in favour of GRSE. Awaiting disposal upon peremptory hearing.
01	22	Suit filed against Chokhani Shipyards before High Court at Calcutta. Not yet been listed for final hearing.

Number of Cases	Period of Pendency (Years)	Reasons for Pendency
01	02	Before the Court of Subordinate Judge – I, Ranchi. GRSE –Vs- HEC. Suit filed by GRSE for a declaration that GRSE has acquired irrevocable license coupled with interest in land in lawful possession of GRSE by setting up Diesel Engine Plant Vis-à-vis HEC and for permanent injunction upon HEC.- Hearing in progress.
04	04	CCL Vs. GRSE- 4 Nos Writ Petitions filed by Central Coalfield Ltd. before Jharkhand High Court. Challenging the Appellate Awards passed in favour of GRSE. Matter pending at pre-admission stage.
01	05	Petition filed by KPCL in the District Court at Pune for an interim stay on recovery of claim by GRSE- Petitioners are yet to move the petition.

Pending Arbitration Matters:

In High Court at Kolkata

Number of Cases	Period of Pendency (Years)	Reasons for Pendency
01	23	Smt. Sabita Mondal –Vs-GRSE Ltd. (10470/93) Claimed for Compassionate appointment. Awaiting disposal upon hearing.
01	21	R. K. Bitthar Vs. GRSE Ltd. Claimed for additional increment. Dismissed for default on 28 September 2015.
01	19	Shri Dwijendra Narayan Singh – Vs- GRSE Ltd. Demand for reinstatement. Awaiting disposal upon hearing.
01	9	GRSE –Vs- 2ndLabour Court On the matter of appropriate Govt. and interim relief. The case is pending. Awaiting disposal upon hearing.
01	7	Bablu Naskar – Vs – Anand Kumar Gupta &Ors. GRSE is an added Respondents. The case has been dismissed on 06 May 2016.
01	7	Md. Israil – Vs – Sita Ram Yadav & Ors GRSE is an added Respondents. Awaiting disposal upon hearing. The case has been dismissed.
01	7	Debasish Chakraborty Petnr. – Vs – GRSE Ltd. Claim for employment Awaiting disposal upon hearing.
01	7	Ashim De Chowdhury – Vs - GRSE Ltd. Claim for employment Awaiting disposal upon hearing. The case has been disposed of.
01	7	GRSE Ltd. Workmen's Union & Ors. – Vs – GRSE Ltd. CCA Matter, Awaiting disposal upon hearing.
01	20	Sri Pradip Ganguly Vs. GRSE Claim for reinstatement. Company's appeal was not allowed. Filed SLP at Supreme Court. On the ground of determination of Appropriate Government under ID Act. The Matter is pending before Hon'ble Supreme Court.

In High Court at Eranakulam, Kerala

Number of Cases	Period of Pendency (Years)	Reasons for Pendency
01	7	Claim for compassionate appointment. The Case has been dismissed.

In Supreme Court of India

Number of Cases	Period of Pendency (Years)	Reasons for Pendency
01	15	Safai Karmachari Andolan & Ors – Vs.- UOI & Ors GRSE is an added respondent. The Case has been disposed of.
01	2	Kolkata High Court - Vs.-GRSE High Court upheld the judgement of 2nd Labour Court that State Govt. is appropriate Govt. Company appealed to Supreme Court against this order of High Court. The case is pending.

Pending Arbitration Matters:

Number of Cases	Period of Pendency (Years)	Reasons for Pendency
01	5	Case: Arbitration between KPCL – Vs – GRSE.KPCL referred the dispute for adjudication there arbitration. Arbitrator was appointed. KPCL questioned the appointment and moved before the High Court fir appointment of an arbitrator by High Court. Later on the petition was withdrawn. Arbitration hearings commenced. Pleadings filed by both the parties and witness action is in progress.
01	3	Surya Alloy Industries Ltd. – Vs – GRSE. Surya Alloy claimed refund of LD deducted plus interest. Pleading completed. Hearing commenced.
02	2 2	Synco Industries Vs. GRSE – Synco has claimed refund of LD and charges for additional work done. Witness action completed. Arguments have commenced VRT Ltd. Vs. GRSE – VRT has claimed a sum of ₹8.60 million towards its dues. Disputed by GRSE and has made a counter claim. Witness action complete. Arguments to commence.

Monitoring mechanism for expenditure on all legal cases (foreign and local) is as per delegation of Financial authority.

For the year ended 31 March, 2015:

A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) are as follows:

PENDING INCOME TAX CASES:

Assessment Year	Period of Pendency	Reasons for pendency
1997-98	8 Years	At the time of giving effect to ITAT's order, Department charged higher interest u/s 220(2) and disallowed TDS of ₹0.09 million. A rectification petition u/s154 was filed before Assessing Officer along with Indemnity Bond for ₹0.09 million for refund of TDS. Modified effect order is awaited even after persuasions.
2001-02	12 Years	In the assessment, TDS (₹3.40 million) has been disallowed. A rectification petition u/s154 was filed before Assessing Officer along with Indemnity Bond for ₹3.40 million for refund of TDS. Modified effect order is awaited even after persuasions.
2004-05	10 Years.	In the assessment, TDS of ₹1.40 million has been disallowed. A rectification petition u/s154 was filed before Assessing Officer along with Indemnity Bond for ₹1.40 million for refund of TDS. Modified effect order is awaited even after persuasions.
2007-08	4 Year	GRSE's Return was not selected for scrutiny assessment. Accordingly intimation u/s 143(1) along with a refund of ₹1.53 million has been received. Rectification petition was filed before Assessing Officer so as to include ₹15.72 million in the "opening stock" for A.Y. 2007-08, which was added to "closing stock" for A.Y.2006-07. As a result profit will be reduced to the extent of ₹15.72 million. Rectification petition was rejected by the Assessing Officer. Appeal was filed before CIT(A) against the order of AO.
2008-09	4 Years	In the assessment A.O. disallowed Provision for Liquidated damages of ₹329.40 million and added ₹11.90 million in the closing stock on account of slow moving and obsolete inventory and raised demand of ₹140 million in spite of the fact that ITAT has allowed such "Provision for Liquidated Damages" as deductible expenses in two occasions. GRSE filed appeal before CIT(A) but the same was also rejected by CIT(A). Against the order of CIT(A) GRSE filed appeal before ITAT and Finally ITAT passed order in favour of GRSE dated 31.03.2014. Effect order is awaited. Income tax authority filed appeal before High Court against the order of the ITAT, Kolkata.
2008-09	1 Year	Commissioner of Income-tax, Kolkata-1, Kolkata vide its order dated 26/03/2013 passed u/s 263 set aside the assessment order and directed for fresh assessment. The CIT referred to two issues – (1) applicability of Section 43B in respect of unpaid balance of Excise duty as shown in Tax Audit Report and (2) treatment of Stores-in-transit vis-à-vis consumption of materials. In pursuance of the above-mentioned order u/s 263 the Assessing officer commenced fresh assessment proceedings and passed order u/s143 (3) /263 dated 31/03/2014. In the order Assessing officer held that there would not be any applicability of Section 43B and did not make any adjustment in respect of the unpaid balance of Excise duty as shown in Tax audit report. In respect of second issue relating to the valuation of stores-in-transit for the purpose of

Assessment Year	Period of Pendency	Reasons for pendency
		determination of the value of the consumption of raw material, Assessing officer added back ₹1517 million as alleged excess value of the consumption of raw materials. Appeal was filed before CIT(A) on 15/05/2014 against the order passed by AO u/s143(3)/263 dated 31/03/2014. Also appeal was filed before ITAT against the order of the Commissioner of Income-tax dated 26/03/2013. No date of hearing has been fixed till date.
2009-10	1 Year	Commissioner of Income-tax, Kolkata-1, Kolkata vide its order dated 26/03/2013 passed u/s 263 set aside the assessment order and directed for fresh assessment. The CIT referred to the following issue: Turnover and interest income as stated in Profit & Loss Account is less than the accrued income as per TDS claimed in the Return which resulted under assessment of income of ₹462 million. GRSE filed appeal before ITAT against the order of CIT on 02/05/2014. No date of hearing has been fixed by ITAT against the appeal filed by GRSE against the order passed by CIT u/s 263 dated 21/02/2014
2009-10	1 month	In the assessment A.O. disallowed Leave encashment of ₹29.50 million, added ₹16.70 million towards Profit on Sale of Retired Assets as short term capital gain, disallowed claim of advance tax of ₹50 million & TDS of ₹17.3 million due to non -appearance in the system of Income-tax department. GSRE filed appeal before Commissioner of Income Tax (Appeal) against the order of Assessing officer on 15/02/2012. GRSE has also filed stay petition for recovery of demand and also filed rectification petition u/s.154 for rectification of the said mistakes on 15/02/2012. CIT(A) in his order dated 10/01/2013 allowed profit on sale of retired assets by directing AO to reduce the total sale proceeds from WDV of the Block of Assets relating to Plant & Machinery and recomputed the depreciation for the AY 2009-10. As per order allowable depreciation reduced only to the extent of ₹2.54 million, hence net tax liability increased to ₹ 0.87 million as against ₹5.68 million as per order of AO. CIT(A) in his order dismissed GRSE's appeal for allowing provision for leave encashment as an allowable expenses and GRSE preferred no further appeal against the order of CIT(A). Effect of CIT(A)'s order given in full on 28.03.2015 without considering credit on account of TDS for ₹6.86 million due to non- appearance in 26AS for not filing of TDS Return by the deductors and after considering full credit of advance tax of ₹50 million paid in appeal effect order. Further ITAT, Kolkata in his order for AY 2008-09 dated 28.03.2015 directed to increase opening stock by ₹11.90 million which was added in the closing stock of AY 2008-09 by AO, hence taxable income of AY 2009-10 will reduced by ₹11.90 million. Effect of ITAT's order is yet to be given.
2010-11	2 Year	Rectification petition was filed for wrong computation of dividend tax payable and for allowing short credit of TDS for ₹5.22 million.
2011-12	1 Year	Assessment completed u/s 143(3) with a demand of ₹7.25 million. In the assessment A.O. added ₹34.80 million towards delayed deposit of employees P.F. Contribution after due date as per P.F. Rules but before filing of Income tax Return. A.O. also disallowed TDS of ₹2.15 million. GRSE filed appeal before CIT (A) and also filed rectification petition u/s154.
2012-13	Appeal filed in 2015	Assessment completed u/s 143(3) with a demand of ₹7.96 million. In the assessment A.O. added ₹34.30 million towards delayed deposit of employees P. F. Contribution and ESI contribution after due date as per P.F. and ESI Rule but before filing of Income tax Return. A.O. also disallowed TDS of ₹2.33 million. GRSE filed appeal before CIT(A) and also filed rectification petition u/s154.

Pending Central Excise and Service Tax Cases:

Period of Pendency (in No. of years)	Reason for pendency
Excise Duty	
4 Years	Cases related to E.D. Exemption certificates issued by Indian Navy, benefits of which were denied by C.E. Authorities. Reply against SCN issued by C.E. Department has been submitted. Commissioner passed order and reduced the demand from ₹2.60 million to ₹1.79 million. Against the order of Commissioner GRSE filed appeal before CESTAT on 25/11/2011. No date of hearing has been fixed by CESTAT till date. Total claim of ₹1.79 Million has been considered as contingent liability.

4 Years	Central Excise Department denied the ED Exemption and demanded duties ₹0.88 million against supply of goods to shipbuilders without payment of duties as per the ED Exemption certificate issued by Indian Navy to the shipbuilders. Based on the appeal of GRSE, Commissioner of Central Excise (Appeal) issued order in favour of GRSE. Central Excise Dept. filed appeal before CESTAT against the order for further clarification. Hon'ble CESTAT remanded the case to Deputy Commissioner of Central Excise. No date of personal hearing has yet been fixed.
Appeal filed in 2014-15	Central Excise authority issued show cause notice alleging that GRSE had wrongly taken credit in the Return but not utilized Cenvat credit in violation of Rules and demanded the credit amount taken wrongly and reversed subsequently amounting ₹7.55 million. GRSE submitted reply against the show cause notice but Commissioner of Central Excise did not accept the reply and in the order confirmed the demand. GRSE filed appeal before CESTAT against the order of the Commissioner on 24/03/2015. Total demand of ₹7.55 million has been considered as contingent liability.
Service Tax	
6	Commissioner of Service Tax has confirmed demand of service tax against Foreign Technicians' fees amounting to ₹12.13 million towards Service Tax including penalties and interest. The case is pending before CESTAT. Hearing for grant of stay from recovery of demand before CESTAT has been completed and vide order dated 19/12/2011 CESTAT granted unconditional stay from collection of the demand till dispose of the main issue. The said amount has been considered as contingent liabilities.

PENDING SALES TAX CASES:

Financial Year	Reasons for pendency
FY 2004-05 (Under JVAT Act & CST Act)	Assessing Officer enhanced the Gross Turn over by 10% at since there is a difference in Turnover in the Annual Return and Quarterly Returns. Turnover was enhanced by ₹17.50 million under CST and ₹10 million under JVAT. Appeal filed before Jt. Commissioner of Commercial Taxes, (Appeal) on June 2009 who has also confirmed the enhancement. Revision petition filed before the Commercial Taxes, Tribunal in August 2010. Awaiting for Final order of the Tribunal. Tax Involved ₹2.63 million (₹1.75 million under CST and ₹0.88 million under JVAT)
F.Y. 2007-08 (Under VAT Act)	Assessment completed and order received. The Assessing Authority wrongly considered the following items as taxable turnover: 1. Cost Plus Sales for ₹389.81 million (specifically excluded under W.B. VAT Act) due to wrong interpretation of the Annual Accounts of the Company, 2. Labour Charge for ₹27.04 million (exempted); and 3. Excess consideration of Sale of Capital Goods for ₹31.11 million. Appeal has been preferred before the ACCT. The ACCT acknowledged the excess consideration of sale on account of sale of capital goods for ₹31.11 million and the same has been set right in his Order. However, the other points in dispute remaining the same, appeal has been filed before the West Bengal Taxation Tribunal. Tax Involved ₹50.68 million. Date of hearing not yet fixed.
FY 2004-05 (Under CST Act)	Departmental auditors raised an audit objection stating that there was an under assessment of tax to the tune of ₹7.93 million on the grounds that Diesel engine falls under a different schedule for application of tax rate. Petition was filed by GRSE before the DCCT and DCCT passed a favourable order. The departmental auditor setting aside the revised assessment order placed the draft audit Para before JCCT (Administration). JCCT (Administration) supported the views of the auditors and directed DCCT to re-review the original /revised assessment order. DCCT, on the directions of JCCT, uphold the audit observations and directed that the original assessment order / revised assessment order be treated as revised /reviewed. Revised assessment order was passed by DCCT with a notice of Demand of ₹7.91 million. GRSE's appeal before JCCT (Appeals) was dismissed DCCT directed GRSE to pay the amount. GRSE has filed a stay petition before DCCT to keep the demand in abeyance till filing of the revision petition before the Tribunal. DCCT has recovered Tax amount on 30.03.15. Appeal was filed in Tribunal on May 2015. Tax Involved ₹7.91 million under CST.
FY 2009-10 Under JVAT Act & CST Act)	Audit Objection was raised on the declared the value as declared in the Road Permit as suppression of Sales & Purchase and demanded interest on differential Sales tax. Revision /Appeal filled before Commissioner of Commercial Tax, Ranchi on June 2015. Tax Involved ₹42.49 million. (₹36.61 million under JVAT and ₹5.88 million under CST).
F.Y. 2011-12 (Under VAT Act)	The case was under Audit and assessment completed with a demand of ₹20.30 million. The demand raised by the Assessing Authority on account of i) disallowance of labour charges of ₹107.20 million and considered the same under works contract, ii) disallowance of exemption on account of export to Bhutan amounting ₹36.50 million, iii) imposition of purchase tax of ₹2.65 million, iv) imposed interest of ₹3.98 million. Appeal has been filed before Additional Commissioner on 12/01/2015.
F.Y. 2011-12 (Under CST	The case was under Audit and assessment completed with a demand of ₹1.83 million. The demand raised by the Assessing Authority on account of i) disallowance of deduction of freight of ₹10.30

Financial Year	Reasons for pendency
Act)	million, ii) imposition of tax on service charges of ₹0.85 million, iii) imposed interest of ₹0.45 million. Appeal has been filed before Additional Commissioner on 12/01/2015.

III. Pending Legal Cases:

Number of Cases	Period of Pendency (Years)	Reasons for Pendency
01	05	Certificate Case against KPCL – Recovery Process, as required in law, has already commenced – Awaiting disposal upon hearing.
01	06	Writ Petition filed by Western Marine – Yet to be listed for hearing. The Writ Petitioner is also not pursuing the matter for disposal. There is no privity of contract between GRSE and Western Marine.
02	08	Case 1 – Criminal case for eviction of a retired officer from company's accommodation. Awaiting disposal upon final hearing. Case 2 – Petition filed by Elastolan Engineers for setting aside of an arbitration award in favour of GRSE. Awaiting disposal upon final hearing.
01	09	Execution case filed against Sarkar Enterprise for recovery of amount awarded in Arbitration. Attachment order passed on 29/3/12 and writ of attachment issued and served on 20.08.2013.
01	10	Execution case filed against Bronson Marine for recovery of amount awarded in Arbitration. Awaiting order for transfer of the execution order to a different court for attachment of property of the judgment debtor.
02	12	Case 1 – Petition filed for setting aside a "Nil" arbitration award between the company and ICAR. Awaiting disposal upon final hearing. Case 2 – Criminal Case filed against Hydra Impex, Chennai under Negotiable Instrument Act for dishonor of cheque. Process delayed for non-availability of whereabouts of the accused.
02	17	Case 1 – Winding up petition before Delhi High Court against ET&T – Awaiting final order. Case 2- Petition filed by IEG Consultant for setting aside of an arbitration award in favour of GRSE. Awaiting disposal upon final hearing.
04	19	Case 1- Petition filed for setting aside of an arbitral award made in favour of IEG Consultant. Awaiting disposal upon final hearing. Case 2 – Three cases were filed before Employees Insurance Court by GRSE against ESI Corporation, alleging wrong determination of contribution and interest. Awaiting disposal upon final hearing.
01	04	Petition filed by ESAB India Ltd. For setting aside of the Arbitral Award made and passed in favour of GRSE. Awaiting disposal upon peremptory hearing.
01	20	Suit filed against Peerless Hospital for specific performance and beach of contract. Hearing held up due to delay in service process.
01	21	Suit filed against Chokhani Shipyards before High Court at Calcutta. Not yet been listed for final hearing.
01	19	Sri Pradip Ganguly Vs. GRSE Claim for reinstatement. Company's appeal was not allowed. Filed SLP at Supreme Court. On the ground of determination of Appropriate Government under ID Act.

In High Court at Kolkata

Number of Cases	Period of Pendency (Years)	Reasons for Pendency
01	22	Smt. Sabita Mondal –Vs-GRSE Ltd. (10470/93) Claimed for Compassionate appointment. Awaiting disposal upon hearing.
01	20	R.K.Bitthar Vs. GRSE Ltd. Claimed for additional increment. Awaiting disposal upon hearing.
01	18	Shri Dwijendra Narayan Singh – Vs- GRSE Ltd. Demand for reinstatement. Awaiting disposal upon hearing.
01	8	GRSE –Vs- 2nd Labour Court. On the matter of appropriate Govt. and interim rerlief. The case is pending. Awaiting disposal upon hearing.
01	6	Bablu Naskar – Vs – Anand Kumar Gupta & Ors. GRSE is an added Respondents. Awaiting disposal upon hearing.

01	6	Md. Israil – Vs – Sita Ram Yadav & Ors GRSE is an added Respondents. Awaiting disposal upon hearing.
01	6	Debasish Chakraborty Petnr. – Vs – GRSE Ltd. Claim for employment Awaiting disposal upon hearing.
01	6	Ashim De Chowdhury – Vs - GRSE Ltd. Claim for employment Awaiting disposal upon hearing.
01	6	GRSE Ltd. Workmen's Union & Ors. – Vs – GRSE Ltd. CCA Matter, Awaiting disposal upon hearing.

In High Court at Eranakulam, Kerala

Number of Cases	**Period of Pendency (Years)**	**Reasons for Pendency**
01	6	Claim for compassionate appointment. Awaiting disposal upon hearing.

In Supreme Court of India

Number of Cases	**Period of Pendency (Years)**	**Reasons for Pendency**
01	14	Safai Karmachari Andolan & Ors – Vs.- UOI &Ors GRSE is an added respondent. Awaiting disposal upon hearing.
01	1	Kolkata High Court Vs. GRSE High Court upheld the judgement of 2nd Labour Court that State Govt. is appropriate Govt. Company appealed to Supreme Court against this order of High Court.
01	2 year	Before PMA. Heavy Engineering Corporation – Vs – GRSE. HEC claimed eviction of GRSE from the land occupied by DEP at Ranchi with damages, alternatively to pay Lease – rent. Heard on the issues of non-maintainability of reference of HEC and rejection of claim of HEC. Order is awaited.
01	4 Year	Case: Arbitration between KPCL – Vs – GRSE.KPCL referred the dispute for adjudication there arbitration. Arbitrator was appointed. KPCL questioned the appointment and moved before the High Court fir appointment of an arbitrator by High Court. Later on the petition was withdrawn. Arbitration hearings commenced. Pleadings filed by both the parties and hearing is in progress.
01	2 year	Before the Court of Subordinate Judge – I, Ranchi. GRSE –Vs- HEC. Suit filed by GRSE for a declaration that GRSE has acquired irrevocable license coupled with interest in land in lawful possession of GRSE by setting up Diesel Engine Plant Vis-à-vis HEC and for permanent injunction upon HEC.
01	2 year	Surya Alloy Industries Ltd. – Vs – GRSE. Surya Alloy claimed refund of LD deducted plus interest. Pleading completed. Hearing commenced.
04	3 year	3 Nos Writ Petitions filed by Central Coalfield Ltd. Challenging the Appellate Awards passed in favour of GRSE. Hearing in progress. Petition filed by KPCL in the District Court at Pune for an interim stay on recovery of claim by GRSE.

ANNEXURE VI

Significant Accounting Policies and Notes forming part of the Restated Financial Information for the years ended 31st March 2018, 2017, 2016 and 2015 (Proforma)

Notes forming part of Financial Information

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

I. Background

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

The Restated Summary Statement of Assets and Liabilities of the Company as at 31st March 2018,2017, 2016 and 2015 (Proforma) and the related Restated Summary Statement of Profit and Loss, Restated Summary Statement of Changes in Equity and Restated Summary Statement of Cash Flows for the years ended 31st March 2018, 2017, 2016, and 2015 (Proforma) (hereinafter collectively referred to as "Restated Financial Information") have been prepared specifically for inclusion in this Offer Document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed Initial Public Offering (IPO) of its equity shares. These Restated Financial Information have been prepared in accordance with Indian Accounting Standards ("Ind-AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These Restated Financial Information have been prepared to comply in all material respects with the requirements of Part I of Chapter III to the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI regulations") as amended from time to time. The Proforma Financial Information of the Company as at and for the year ended 31st March 2015, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated 31st March 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind-AS 101) as initially adopted on its Ind-AS transition date (i.e. 1st April 2015) while preparing proforma Financial Information for the FY 2014-15 and accordingly suitable restatement adjustments in the accounting heads have been made in the proforma Financial Information. This proforma Ind-AS Financial Information have been prepared by making Ind-AS and restatement adjustments to the Audited Indian GAAP Financial Information as at and for the year ended 31st March 2015.

(a) Basis of preparation

(i) Statement of compliance

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

The accounting policies are applied consistently to all the periods presented in the Financial Information.

(ii) Historical cost convention

The Financial Information have been prepared on a historical cost basis, except for the following:

a) certain financial assets and liabilities that are measured at fair value;

b) assets held for sale - measured at lower of carrying amount or fair value less cost to sell;

c) defined benefit plans - plan assets measured at fair value.

(iii) Current versus Non-current classification:

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

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

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

An asset is classified as current when it is:

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

All other assets are classified as non - current.

A liability is classified as current when it is:

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

All other liabilities are treated as non - current.

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

(iv) Rounding of amounts

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

(v) Functional and Presentation Currency:

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

(b) Property, plant and equipment

I. Property, plant and equipment are shown at cost, less accumulated depreciation and impairment, if any. Capital works executed internally are valued at prime cost plus appropriate overheads. No charges for supervision are levied on civil capital projects.

i. Cost means purchase price considered as cash price after deducting trade discount, rebates and adding duties, non-refundable taxes and costs directly attributable to make the asset available for intended use.

ii. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Cost includes cost of replacing part of the plant and equipment for long-term construction projects, if the recognition criteria are met.

iii. Expenses capitalised also include applicable borrowing costs, if any.

iv. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

v. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

vi. Loose tools are charged to Statement of Profit and Loss, on issue from stores, if the cost of the individual items does not exceed ₹5,000.

II. Transition to Ind AS

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

III. Retirement of assets

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

IV. Jointly Funded Assets

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

Transition to Ind AS

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

V. **Depreciation methods, estimated useful lives and residual values:**

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

Asset Class	Description	Years
Plant & equipment	Hand power tools like grinders, chippers, drilling machines; Fastening tools like bottle screws, clamps & slings, hoist /chain-pulley blocks, hooks, shackles, Measuring and testing devices	08
Plant & equipment	Miscellaneous tools /tackles and accessories thereof; Welding Torches, Gas Torches, Portable Electrode Ovens, Masks & helmets; Small instruments, measurements /control devices	05
Plant & equipment	Goliath Crane (250 Ton Capacity)(Refer Note 47)	25
Furniture & fixture	All electronic /electrical gadgets like refrigerator, MW/ other ovens, TV sets/entertainment systems/ Geyser/Water heater, Water purifiers & coolers, Air coolers, Electronic Medical gadgets/instruments, Canteen gadgets/utilities, Communication equipment	05

i. In respect of additions/extensions forming an integral part of the existing assets, depreciation is provided over residual life of the respective asset. Significant additions which are required for replacement/ performed at regular interval are depreciated over the useful life of the respective item of PPE.

ii. Depreciation on property, plant and equipment :

1. Commences when the assets are ready for intended use and is provided on straight line method over the respective useful life of the asset.

2. Depreciation is recognised so as to write off the cost of assets (other than free hold land and properties under construction less their residual values) over their respective useful life.

3. The residual value is considered at the rate of 5% of the original cost of the respective assets except computers & IT peripherals.

4. Computer & peripherals (excluding servers & network equipment) are fully depreciated over their useful life.

iii. The estimated useful life, residual value and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

iv. An item of Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

v. Depreciation begins when the asset is available for use. It ceases at the earlier of the date that the asset is classified as held for sale as per Ind AS 105 and the date of derecognition of the asset.

vi. In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life of the assets.

vii. Air Conditioners have been classified under the head furniture & fixtures and useful life is considered as applicable to furniture & fixtures under Schedule II to Companies Act, 2013.

viii. Depreciation on second hand assets –

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

(c) Non-current assets held for sale

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

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

(d) Borrowing Costs:

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

(e) Impairment of Assets:

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

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

(f) Intangible Assets:

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

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

Transition to Ind AS

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

(g) Research and Development

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

(h) Inventories

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

i. (a) Raw materials, stores and spares: Valued at weighted average rates.

(b) Inplant items: At standard cost.

ii. Equipment for specific projects: At cost.

iii. Stores in transit and non-stock items: At cost.

Note:

a) Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location. Cost includes taxes and duties and is net of credit under CENVAT and VAT, where applicable.

b) In-plant items are valued at standard cost for convenience taking into account normal level of activity and are regularly reviewed.

iv. Obsolete, slow-moving and defective inventories are identified at the time of physical verification and where necessary provision is made for such inventories. Project specific stores not moving for 4 years and more from the date of delivery of a vessel are valued at 50% on review. Such valuation at 50% on review is also made in respect of materials not held for any specific project which do not move for 4 years or more from the date of receipt.

v. All items of jobs in progress other than the Construction Contracts and Ship Repair Contracts are valued at lower of cost and net realisable value. Materials, if any, held by the contractors for processing are treated as part of work-in-progress.

vi. Scrap: Valued at estimated net realisable value.

vii. Inter-transfer items (Pending final transfer): At cost, limited to transfer price.

(i) Revenue Recognition

A. Construction Contracts

a. Revenue is recognized and accounted for if there is no significant uncertainty in collection of the amount of consideration.

b. When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The estimated cost of each contract is determined based on management estimate of cost to be incurred till final completion of the vessel and includes cost of material, services and other related overheads.

c. Determination of estimated cost to complete the contract is required for computing revenue as per Ind - AS 11 on 'Construction Contracts'. The estimates are revised periodically.

d. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

e. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

f. When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognized only to the extent of contract cost incurred that are likely to be recoverable.

g. Revenue Recognition for Modification Jobs: In case of modification jobs, revenue against completed Modification jobs are recognised on the basis of Work Done Certificate issued by appropriate authority and for which Modification Cost for Approval is submitted to the customer, duly recommended by onsite representative of customer.

h. When contract costs incurred till date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the amount due to customers for contract work. Amounts received before the related work is performed are included in the statement of financial position as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included under trade and other receivables.

i. Unbilled Revenue: When work for the project has been incurred but the bill towards the same is yet to be issued, the same is recognized as unbilled income. Unbilled income being a contractual commitment to receive cash according to the terms of the contract after the invoice is issued, is treated as a Financial Asset.

B. Sale of goods

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

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

i. The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
ii. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
iii. The amount of revenue can be measured reliably;

iv. It is probable that the economic benefits associated with the transaction will flow to the Company; and

v. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

C. Interest income

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

D. Revenue from services

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

E. Insurance claims

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

(j) Foreign currency transactions:

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange difference

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

(k) Grants/Subsidy

i. Capital grants / Subsidies

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

ii. Revenue grants / Subsidies

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

(l) Cash Flow Statement

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

(m) Cash and Cash Equivalents

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

(n) Segment Reporting:

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

(o) Financial Instruments

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

Financial Assets

Classification

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

Initial recognition and measurement:

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

Financial Assets measured at amortised cost:

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

Financial Assets measured at fair value through Other Comprehensive Income (FVTOCI)

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in Other Comprehensive Income.

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

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

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Company determines whether there has been a significant increase in credit risk.

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

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

Derecognition of Financial Assets

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

Financial Liabilities

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

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

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

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

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

(p) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

(q) Leases

Leases of Property, plant and equipment where the Company, as lessee, has assumed substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

(r) Employee Benefits

I. Short-term obligations

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

II. Other long-term employee benefit obligations

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

III. Post-employment obligations

The Company operates the following post-employment schemes:

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

Gratuity

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

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Post-Retirement Medical Scheme

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

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

Provident Fund and Pension scheme

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

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

(s) Dividend to Equity Shareholders

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

(t) Provision for Current & Deferred Tax

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income, in which case it is recognized in Equity or in Other Comprehensive Income, as applicable.

i. Current tax

Current tax comprises of the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

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

ii. Deferred tax

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

Deferred tax assets and liabilities are offset only if:

a. Entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

b. Deferred tax assets and the deferred tax liabilities relate to the income taxes levied by the same taxation authority.

(u) Earnings per share

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

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

(v) Provision, Contingent Liabilities and Contingent Assets

i. Provisions for legal claims, warranties, discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

ii. Provision for liquidated damages is made in the accounts separately as per the contractual provision/proportionate liability basis keeping in view the delay caused by the factors beyond the control of the Company.

iii. Provision for guarantee liability in respect of delivered ships is made on the basis of actuarial estimates. Such provision for all other products is made, as applicable, on the basis of management estimates.

iv. Contingent Assets are not recognised but disclosed in the Financial Information when economic inflow is probable.

v. Contingent Liabilities are not recognised but are disclosed in the notes.

vi. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period on the basis as detailed below. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A. In non-tax civil cases

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

a. In the arbitration cases where the Company has not contested or does not intend to contest the adverse outcome of arbitral award, the liability is not treated as contingent and full provision is considered.

b. Where an adverse award/ decision is given by the arbitrator or by the trial court and an appeal is preferred by the Company or intended to be preferred, provision is made as follows:-

i. After the claim is disposed of by the Arbitrator - 25% of the amount in dispute.

ii. After the claim is disposed of by Higher Appeal Court - 50% of the amount in dispute, until disposal by the final appeal court. Revision petition, larger bench of the same court is considered as part of the relevant appeal process in the said court.

c. Full provision of the disputed claim is considered in the case of an award/ decision where the Company does not proceed to contest the appellate award.

d. No provision is made in case of demands raised by Government department/ statutory authority/ by Commissioner or Tribunal set up by such Government department/ statutory authority if the said demand is contested within the set-up of such Government department/ statutory authority.

B. In taxation cases

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

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

III. Recent accounting pronouncement

Appendix B to Ind AS 21, foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April, 2018. The Company is evaluating the requirement of the amendment and the impact on the Financial Information.

Ind AS 115

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11," Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April, 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transaction. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April, 2018.

The standard permits two possible methods of transition:

- Retrospective approach – Under this approach, the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

The Company is evaluating the requirement of the amendment and the impact on the Financial Information.

Note 3: Restated Summary Statement of Property, plant and equipment 2017-18

(₹ in million)

Particulars	Carrying Amount	Depreciation and Amortisation	Net carrying Amount

	a	b	c	d = (a + b - c)	e	f	g	h=(e+f-g)	i=(d-h)
	Opening as at 1 April, 2017	**Addition**	**Deductions/ Adjustments**	**Balance as at 31 March 2018**	**Balance as at 1 April, 2017**	**Charge for the year**	**Deductions/ Adjustments**	**Balance as at 31 March 2018**	**As at 31 March 2018**
Land - Freehold	512.57	-	-	512.57	-	-	-	-	512.57
Building - Freehold	218.16	170.40	-	388.54	20.57	13.44	-	34.01	354.55
Plant & equipment	1,678.99	252.65	(1.71)	1,929.93	210.92	117.45	(0.54)	327.83	1,602.10
Electrical installations	21.82	38.83	-	60.65	5.82	3.58	-	9.40	51.25
Docks & jetties	488.09	-	-	488.09	62.62	38.19	-	100.81	387.28
Furniture & fixtures	47.83	25.01	-	72.84	8.24	12.08	-	20.32	52.52
Office equipment	34.48	2.35	(0.55)	36.28	4.72	4.07	(0.34)	8.45	27.83
Computer	69.23	81.32	-	150.55	40.11	12.54	-	52.65	97.90
Launch, barges & boats	6.06	-	-	6.06	0.08	0.20	-	0.28	5.78
Vehicles	0.87	2.77	-	3.64	0.27	0.40	-	0.67	2.97
Motor lorries, trailers, mobile cranes etc.	4.62	-	(0.06)	4.56	1.11	0.54	-	1.65	2.91
Sub-total (1)	3,082.72	573.34	(2.32)	3,653.74	354.46	202.49	(0.88)	556.07	3,097.67
Assets jointly funded by GRSE & Indian Navy									
Building	451.65	-	-	-	-	-	-	-	-
Less: Funded by Navy	322.47	-	-	-	-	-	-	-	-
Building funded by GRSE (a)	129.18	-	-	129.18	10.86	5.43	-	16.29	112.89
Plant & Equipment	332.03	-	-	-	-	-	-	-	-
Less: Funded by Navy	86.10	-	-	-	-	-	-	-	-
Plant & equipment funded by GRSE (b)	245.93	-	-	245.93	45.24	22.62	-	67.86	178.07
Dock & Jetties	3,389.47	-	-	-	-	-	-	-	-
Less: Funded by Navy	2,824.01	-	-	-	-	-	-	-	-
Dock & jetties funded by GRSE (c)	565.46	-	-	565.46	83.21	41.24	-	124.45	441.01
Sub-total (a+b+c) (2)	940.57	-	-	940.57	139.31	69.29	-	208.60	731.97
Total property, plant and equipment (1+2)	4,023.29	573.34	(2.32)	4,594.31	493.77	271.78	(0.88)	764.67	3,829.64

Notes:

Current year deductions include adjustment for scrapping of assets valued ₹0.17 million (Deemed cost ₹0.49 million) and retired assets valued ₹0.55 million (Deemed cost ₹1.12 million) out of which ₹0.2 million has been transferred to retired assets and balance transferred to Loss on retirement of assets. Further, it also includes assets valued ₹0.73 million (Deemed cost ₹0.73 million) retired and sold during the year. Scrapping of assets and retired assets in 2016-17 were ₹0.10 million (Deemed cost ₹0.15 million) and ₹0.07 million (Deemed cost ₹1.60 million) respectively.

Jointly funded assets - Plant & Machinery as at 31 March, 2018 of ₹178.07 million (₹200.69 million as at 31 March, 2017) also includes Electrical installation of New Dry Dock valued ₹71.51 lakh (31 March, 2017: ₹84.42 million).

Property, plant and equipment as at 31 March, 2018 include modern hull shop, a new dry dock, inclined berth, paint cell and other miscellaneous facilities which have been created under modernisation of infrastructure development. These assets have been jointly funded by the Indian Navy to the tune of ₹3,232.58 million (original cost).

Assets as at 31 March, 2018 at exclusively funded by Navy (original Cost) not included in fixed assets is ₹80.12 million.

Building as at 31 March, 2018 includes ₹9.60 million (original cost) (31 March, 2017: ₹8.09 million) being one third share of the Company in Delhi Shipyard House. The building is jointly held by Garden Reach Shipbuilders and Engineers Limited, Mazagon Dock Shipyard Limited and Goa Shipyard Limited.

Note 3: Restated Summary Statement of property, plant and equipment (Contd…)

(₹ in million)

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount
	a	b	c	d = (a+b+c)	e	f	g	h = (e+f+g)	i = (d - h)
	Opening as at 01-Apr-16	Addition	Deductions /Adjustments	Closing as at 31-Mar-17	Balance as at 01-Apr-16	Charge for the year	Deductions /Adjustments	Closing as at 31-Mar-17	As at 31 March, 2017
Land - Freehold	512.57	-	-	512.57	-	-	-	-	512.57
Building - Freehold	200.00	18.15	-	218.15	10.20	10.37	-	20.57	197.58
Plant & equipment	1,524.18	154.9	(0.10)	1,678.98	103.99	106.95	(0.03)	210.91	1,468.07
Electrical installations	19.69	2.13	-	21.82	2.87	2.95	-	5.82	16.00
Docks & jetties	349.95	138.14	-	488.09	29.67	32.95	-	62.62	425.47
Furniture & fixtures	25.89	21.96	(0.02)	47.83	3.34	4.9	-	8.24	39.59
Office equipment	6.15	28.47	(0.14)	34.48	1.60	3.19	(0.06)	4.73	29.75
Computer	65.03	5.69	(1.49)	69.23	20.05	21.55	(1.49)	40.11	29.12
Launchs, barges & boats	0.62	5.44	-	6.06	0.02	0.06	-	0.08	5.98
Vehicles	0.87	-	-	0.87	0.14	0.14	-	0.28	0.59
Motor lorries, trailers, mobile cranes etc.	3.54	1.08	-	4.62	0.62	0.49	-	1.11	3.51
Sub-total (1)	2,708.49	375.96	(1.75)	3,082.70	172.50	183.55	(1.58)	354.47	2,728.23

Building as at 31 March, 2018 includes ₹8.07 million (original cost) being one third share of the Company in Delhi Shipyard House. The building is jointly held by Garden Reach Shipbuilders and Engineers Limited, Mazagon Dock Shipyard Limited and Goa Shipyard Limited. The cost price of the proportionate share to Company is ₹6.73 million and subsequent expenditure borne by the Company during the Financial Year 2016-17 amounted to ₹1.34 million.

Note 3: Restated Summary Statement of Property, plant and equipment (Contd…)

(₹ in million)

Particulars		Gross carrying amount				Accumulated depreciation			Net carrying amount
	a	b	c	d = (a+b+c)	e	f	g	h = (e+f+g)	i = (d - h)
	Opening as at 01-Apr-16	Addition	Deductions/ Adjustments	Closing as at 31-Mar-17	Balance as at 01-Apr-16	Charge for the year	Deductions/ Adjustments	Closing as at 31-Mar-17	As at 31 March, 2017

Assets jointly funded by GRSE & Indian Navy		-	-	-	-	-	-	-	-	-
Building		451.65	-	-	451.65	-	-	-	-	-
Less: Funded by Navy		322.47	-	-	322.47	-	-	-	-	-
Building funded by GRSE (a)		129.18	-	-	129.18	5.43	5.43	-	10.08	118.32
Plant & Equipment		332.03	-	-	332.03	-	-	-	-	-
Less: Funded by Navy		86.10	-	-	86.10	-	-	-	-	-
Plant & equipment funded by GRSE (b)		245.93	-	-	245.93	22.62	22.62	-	45.24	200.69
Dock & Jetties		3389.47	-	-	3389.47	-	-	-	-	-
Less: Funded by Navy		2,824.01	-	-	2,824.01	-	-	-	-	-
Dock & jetties funded by GRSE (c)		565.46	-	-	565.46	41.61	41.61	-	83.22	482.24
Sub-total (a+b+c)	(2)	940.57	-	-	940.57	69.66	69.66	-	138.54	801.25
Total property, plant and equipment (1+2)		3,649.06	375.96	(1.75)	4,023.27	242.16	253.21	(1.58)	493.01	3,529.48

Notes:

(i) Deductions include adjustment for scrapping of assets valued ₹0.10 million (Acquisition value ₹0.49 million) and retired assets valued ₹0.07 million (Acquisition value ₹31.2 million) only. Assets valued ₹0.02 million (Acquisition value ₹0.28 million) donated to ITI, Howrah out of assets retired during the year. Scrapping of assets and retired assets in 2015-16 wereRs.1.19 million (₹0.27 million in 2014-15) andRs.0.32 million (Nil in 2014-15) respectively 2016-17.

ii) Jointly funded assets - Plant & Machinery as at 31 March 2017 of ₹200.69 million (₹223.31 million as at 31 March, 2016 & ₹245.93 million as at 31 March, 2015 (Proforma)) also includes Electrical installation of New Dry Dock valued ₹84.42 million (₹97.32 million as on 31 March, 2016 & ₹110.22 million as on 31 March, 2015 (Proforma)).

(iii) The Property Plant & equipment as at 31 March, 2017 include modern hull shop, a new dry dock , inclined berth, paint cell and other miscellaneous facilities which have been created under modernisation of infrastructure development. These assets have been jointly funded by the Indian Navy to the tune of ₹3,232.58 million (original cost).

(iv) Assets as at 31 March, 2017 exclusively funded by Navy (original Cost) not included in Property Plant & Equipment is ₹80.12 million.

(v) Building as at 31 March, 2017 includes ₹8.07 million (original cost) being one third share of the Company in Delhi Shipyard House. The building is jointly held by Garden Reach Shipbuilders and Engineers Limited, Mazagon Dock Shipyard Limited and Goa Shipyard Limited. The procurement price for the Company for the proportionate share is ₹6.73 million and subsequent expenditure borne by the Company during the

Financial Year 2016-17 amounted to ₹1.34 million.

(₹ in million)

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount
	a	b	c	d= (a+b+c)	e	f	g	h= (e+f+g)	i= (d-h)
	Balance as at 01-Apr-15	Addition	Deductions/ Adjustments	Closing as at 31-Mar-16	Balance as at 01-Apr-15	Charge for the year	Deductions/ Adjustments	Closing as at 31-Mar-16	As at 31-Mar-16
Land - Freehold	512.57	-	-	512.57	-	-	-	-	512.57
Building - Freehold	422.94	-	(0.01)	422.93	222.93	10.2	(0.01)	233.12	189.81
Plant and equipment	2,358.36	32.24	(19.89)	2,370.71	865.44	103.99	(18.9)	950.53	1,420.18
Electrical installations	51.3	4.51	-	55.81	36.11	2.87	-	38.98	16.83
Docks & jetties	559.12	5.43	(6.2)	558.35	214.29	29.67	(5.89)	238.07	320.28
Furniture & fixtures	143.52	2.69	(1.64)	144.57	120.24	3.34	(1.56)	122.02	22.55
Office equipment	26.41	0.86	(2.31)	24.96	21.05	1.6	(2.23)	20.41	4.54
Computer	207.45	4.23	-	211.68	146.65	20.05	-	166.7	44.98
Launchs, barges & boats	7.54	-	-	7.54	6.92	0.02	-	6.94	0.6
Vehicles	1.83	-	-	1.83	0.96	0.14	-	1.09	0.73
Motor lorries, trailers, mobile cranes etc.	13.68	-	(1.24)	12.44	10.08	0.62	(1.18)	9.52	2.92
Sub-total (1)	4,304.72	49.96	(31.29)	4,323.39	1,644.67	172.50	(29.77)	1,787.38	2,536.01

(₹ in million)

Particulars		Gross carrying amount				Accumulated depreciation				Net carrying amount
		a	b	c	d= (a+b+c)	e	f	g	h= (e+f+g)	i= (d-h)
		Balance as at 01-Apr-15	Addition	Deductions/ Adjustments	Closing as at 31-Mar-16	Balance as at 01-Apr-15	Charge for the year	Deductions/ Adjustments	Closing as at 31-Mar-16	As at 31-Mar-16
Assets jointly funded by GRSE & Indian Navy		-	-	-	-	-	-	-	-	-
Building		496.87	-	-	496.87	-	-	-	-	-
Less: Funded by Navy		322.47	-	-	322.47	-	-	-	-	-
Building funded by GRSE (a)		174.40	-	-	174.40	45.23	5.43	-	50.66	123.74
Plant & Equipment		361.11	-	-	361.11	-	-	-	-	-
Less: Funded by Navy		86.1	-	-	86.1	-	-	-	-	-
Plant & equipment funded by GRSE (b)		275.01	-	-	275.01	29.08	22.62	-	51.7	223.31
Dock & Jetties		3,454.07	-	-	3,454.07	-	-	-	-	-
Less: Funded by Navy		2,824.01	-	-	2,824.01	-	-	-	-	-
Dock & jetties funded by GRSE (c)		630.06	-	-	630.06	64.6	41.61	-	106.21	523.86
Sub-total (a+b+c)	(2)	1,079.48	-	-	1,079.48	138.91	69.66	-	208.57	870.91
Total property, plant		5,384.19	49.96	(31.29)	5,402.86	1,783.58	242.14	(29.77)	1,995.95	3,406.92

and equipment (1+2)										

Notes:

3.1 Deductions includes adjustment for Scrapping of assets valued ₹1.19 million (Acquisition value ₹26.74 million) and Retired Assets valued ₹0.32 million (Acquisition value ₹6.47 million) only. Scrapping of Assets and Retired Assets in 2014-15 were ₹0.27 million and nil respectively.

3.2 Jointly funded assets – Plant & Machinery of ₹275.01 million also includes Electrical Installation of New Dry Dock Valued ₹97.32 million.

3.3 Depreciation includes amortisation in case of software.

3.4 The Property Plant & Equipment include modern hull shop, a new dry dock, inclined berth, paint cell and other miscellaneous facilities which have been created under modernisation of infrastructure development. These assets have been jointly funded by the Indian Navy to the tune of ₹3232.58 million.

3.5 Assets exclusively funded by Navy (original Cost) not included in note -10, fixed assets is ₹80.12 million.

3.6 Building include ₹6.73 million (Original Cost) for Delhi Shipyard House being one third share in property jointly held by the company, Mazagon Dock Limited and Goa Shipyard limited.

Note 3: Restated Summary Statement of Property, plant and equipment (Contd…)

(₹ in million)

Particulars	**Gross carrying amount**				**Accumulated depreciation**				**Net carrying amount**	**Deemed cost as at 01-Apr-14**
	a	**b**	**c**	**d= (a+b+c)**	**e**	**f**	**g**	**h= (e+f+g)**	**i= (d-h)**	
	Balance as at 01-Apr-14	**Addition**	**Deductions/ Adjustments**	**Closing as at 31-Mar-15 (Proforma)**	**Balance as at 01-Apr-14**	**Charge for the Year**	**Deductions/ Adjustments**	**Closing as at 31-Mar-15 (Proforma)**	**As at 31-Mar-15 (Proforma)**	
Land - Freehold	512.57	-	-	512.57	-	-	-	-	512.57	512.57
Building - Freehold	388.92	2.47	31.55	422.94	206.92	10.1	5.91	222.93	200.01	182
Plant and equipment	2,268.73	64.8	24.82	2,358.35	728.82	107.95	28.67	865.44	1,492.91	1,539.92
Electrical installations	-	2.31	48.99	51.3	-	10.27	25.84	36.11	15.19	-
Docks & jetties	342.2	214.51	2.4	559.11	192.86	19.15	2.28	214.29	344.82	149.34
Furniture & fixtures	144.68	5.3	(6.46)	143.52	142.74	3.07	(25.57)	120.24	23.28	1.95
Office equipment	30.86	1.84	(6.28)	26.42	2.22	1.79	17.03	21.04	5.38	28.63
Computer	245.09	2.36	(40)	207.45	160.96	22.9	(37.21)	146.65	60.8	84.13
Launchs, barges & boats	7.54	-	-	7.54	6.9	0.02	-	6.92	0.62	0.64
Vehicles	3.11	-	(1.28)	1.83	1.75	0.52	(1.32)	0.95	0.88	1.35
Motor lorries, trailers, mobile cranes etc.	108.39	1.8	(96.51)	13.68	63.12	0.97	(54.01)	10.08	3.6	45.27
Sub-total (1)	4,052.09	295.39	(42.77)	4,304.71	1,506.29	176.74	(38.38)	1,644.65	2,660.06	2,545.79

Note 3: Restated Summary Statement of Property, plant and equipment (Contd…)

(₹ in million)

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount	Deemed cost as at 01-Apr-14
	a	b	c	d= (a+b+c)	e	f	g	h= (e+f+g)	i= (d-h)	
	Balance as at 01-Apr-14	Addition	Deductions /Adjustments	Closing as at 31-Mar-15 (Proforma)	Balance as at 01-Apr-14	Charge for the year	Deductions /Adjustments	Closing as at 31-Mar-15 (Proforma)	As at 31-Mar-15 (Proforma)	
Assets jointly funded by GRSE & Indian Navy										
Building	955.35	-	(458.47)	496.88	-	-	-	-	-	-
Less: Funded by Navy	(633.07)	-	310.6	322.47	-	-	-	-	-	-
Building funded by GRSE (a)	322.28	-	(147.87)	174.41	44.1	5.43	(4.31)	45.22	129.19	278.18
Plant & Equipment Less: Funded by Navy	362.93 (86.1)	- -	(1.82) -	361.11 (86.1)	- -	- -	- -	- -	- -	- -
Plant & equipment funded by GRSE (b)	276.83	-	(1.82)	275.01	11.49	17.68	(0.09)	29.08	245.93	265.34
Dock & Jetties Less: Funded by Navy	2,995.60 -2,513.41	- -	458.47 (310.6)	3,454.07 -2,824.01	-	-	-	-	-	-
					-	-	-	-	-	-
Dock & jetties funded by GRSE (c)	482.19	-	147.87	630.06	21.46	40.88	2.27	64.61	565.46	460.73
Sub-total (a+b+c)	1,081.30	-	(1.82)	1,079.48	77.05	63.99	(2.13)	138.91	940.57	1,004.25
Total property, plant and equipment (1+2)	5,133.39	295.39	(44.59)	5,384.19	1,583.35	240.72	(40.5)	1,783.58	3,600.61	3,550.04

Notes:

3.1 Deductions include adjustment for Scrapping of assets only. Retired assets as on 31.03.2015 is nil (PY-

₹3.57 million, Original cost ₹73.01 million) valued at estimated scrap value being 5% of Original cost.

3.2 The Property Plant & Equipment include modern hull shop, a new dry dock, inclined berth, paint cell and other miscellaneous facilities which have been created under modernisation of infrastructure development. These assets have been jointly funded by the Indian Navy to the tune of ₹3,232.58 million.

3.3 Assets exclusively funded by Navy (original Cost) not included in Note -10, fixed assets is ₹80.12 million.

3.4 Building include ₹6.73 million (Original Cost) for Delhi Shipyard House being one third share in the property jointly held by the company, Mazagon Dock Limited and Goa Shipyard limited.

3.5 The useful life of 250 tonnes Goliath Crane has been considered by the management on the basis of:

a. Past Experiences of useful life of other Goliath Crane with lower capacity.

b. Assessment by our Engineering department depending on the technological advancements and improved maintenance procedures in vogue and

c. Useful life certificate as given by the manufacturer.

Past Experiences of useful life of other Goliath Crane with lower capacity.

Assessment by our Engineering department depending on the technological advancements and improved maintenance procedures in vogue and Useful life certificate as given by the manufacturer.

Note 4: Restated Summary Statement of Capital Work-in-Progress

(₹ in million)

	a	**b**	**c**	**D= (a+b+c)**
Particulars	**Opening as at 1 April 2017**	**Addition**	**Deductions /Adjustments**	**Balance as at 31-Mar-2018**
Plant & equipment	132.14	-	132.14	-
Docks & jetties	17.86	-	-	17.86
Furniture, fixtures, office equipment	0.18	54.33		54.51
Consultancy charges	-	-	-	-
Motor Lorries, Trailer, Cranes	53.91	-	53.91	-
Computer	0.71	10.05	-	10.76
Civil Construction	27.03	50.11	-	77.14
Total capital work-in-progress	**231.83**	**114.49**	**186.05**	**160.27**

(₹ in million)

	a	**b**	**c**	**d= (a+b+c)**
Particulars	**Opening as at 01-Apr-16**	**Addition**	**Deductions /Adjustments**	**Closing as at 31-Mar-17**
Plant & equipment	129.04	3.1	-	132.14
Docks & jetties	92.12	-	(74.26)	17.86
Furniture, fixtures, office equipment	0.03	0.15	-	0.18
Consultancy charges	1.58	-	(1.58)	-
Motor Lorries, Trailer, Cranes	-	53.91	-	53.91
Computer	-	0.71	-	0.71
Building	-	27.03	-	27.03
Total capital work-in-progress	**222.77**	**84.90**	**(75.84)**	**231.83**

(₹ in million)

	a	**b**	**c**	**d= (a+b+c)**
Particulars	**Balance as at 01-Apr-15**	**Addition**	**Deductions /Adjustments**	**Closing as at 31-Mar-16**

Plant & equipment	74.45	54.59	-	129.04
Docks & jetties	36	56.11	-	92.12
Furniture, fixtures, office equipment	0.03	-	(0.003)	0.03
Consultancy charges	1.58	-		1.58
Total capital work-in-progress	**112.07**	**110.7**	**(0.003)**	**222.76**

Note 4: Restated Summary Statement of Capital Work-in-Progress

(₹ in million)

Particulars	a	b	c	d= (a+b+c)
	Balance as at 01-Apr-14	Addition	Deductions /Adjustments	Closing as at 31-Mar-15 (Proforma)
Building	1.94	-	(1.94)	-
Plant & equipment	59.16	15.29	-	74.45
Docks & jetties	114.84	-	(78.84)	36
Furniture, fixtures, office equipment	0.03	-	-	0.03
Softwares	0.35	-	(0.35)	-
Consultancy charges	0.77	0.81	-	1.58
Total capital work-in-progress	**177.09**	**16.1**	**(81.13)**	**112.07**

Note 5: Restated Summary Statement of Intangible assets

(₹ in million)

Particulars	Gross Block				Amortisation			Net Carrying Amount	
	a	b	c	d= (a+b-c)	e	f	g	h=(e+f-g)	i=(d-h)
	Opening as at 01 April, 2017	Addition	Deductions/ Adjustments	Balance as at 31 March, 2018	Balance as at 01 April 2017	Charge for the period	Deductions/ Adjustments	Balance as at 31, March, 2018	As at 31 March 2018
Software (acquired)	103.04	25.94	-	128.98	49.14	17.77	-	66.91	62.06
Total Intangible assets	**103.04**	**25.94**	**-**	**128.98**	**49.14**	**17.77**	**-**	**66.91**	**62.06**

Note 5: Restated Summary Statement of Intangible assets (Contd..)

(₹ in million)

Particulars	Gross Block				Amortisation				Net carrying amount
	a	b	c	d= (a+b+c)	e	f	g	h= (e+f+g)	i= (d-h)
	Opening as at 01-Apr-14	Addition	Deductions /Adjustments	Closing as at 31-Mar-15	Balance as at 01-Apr-14	Charge for the year	Deductions /Adjustments	Closing as at 31-Mar-15	As at 31 March, 2015
Software (acquired)	249.61	4.27	-	253.88	166.76	30.34	-	197.1	56.78
Total Intangible Assets	**249.61**	**4.27**	**-**	**253.88**	**166.76**	**30.34**	**-**	**197.1**	**56.78**

(₹ in million)

Particulars	Gross Block				Amortisation				Net carrying amount
	a	b	c	d= (a+b-c)	e	f	g	h= (e+f-g)	i= (d-h)
	Balance as at 01-Apr-15	Addition	Deductions /Adjustments	Closing as at 31-Mar-16	Balance as at 01-Apr-15	Charge for the year	Deductions /Adjustments	Closing as at 31-Mar-16	As at 31 March, 2016
Software (acquired)	253.88	9.17	(1.93)	261.13	197.1	35.84	(1.93)	231.01	30.12
Total Intangible	**253.88**	**9.17**	**(1.93)**	**261.13**	**197.1**	**35.84**	**(1.93)**	**231.01**	**30.12**

Assets

(₹ in million)

Particulars	Gross Block				Amortisation				Net carrying amount
	a	b	c	d= (a+b+c)	e	f	g	h= (e+f-g)	i= (d-h)
	Opening as at 01-Apr-16	Addition	Deductions /Adjustments	Closing as at 31-Mar-17	Balance as at 01-Apr-16	Charge for the year	Deductions /Adjustments	Closing as at 31-Mar-17	As at 31 March, 2017
Software (acquired)	65.95	37.09		103.04	35.84	13.31	-	49.14	53.90
Total Intangible Assets	**65.95**	**37.09**		**103.04**	**35.84**	**13.31**	-	**49.14**	**53.90**

Note 6: Restated Summary Statement of Financial assets (Non-current)

Note 6(a): Restated Summary Statement of Investments - Non-current

(₹ in million)

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Equity instruments				
Fully Paid up, Unquoted				
At Fair value through Profit and Loss				
6,145 (31 March, 2017: 6,145, 31 March, 2016: 6,145,	0.04	0.04	0.04	0.04
31 March, 2015: 6,145) equity shares of Woodlands				
Multispecialty Hospital Ltd. of ₹10/- each.				
Total investments	0.04	0.04	0.04	0.04
Total non-current investments	**0.04**	**0.04**	**0.04**	**0.04**
Aggregate amount of unquoted investments	0.04	0.04	0.04	0.04

Considering investment amount is not material, management believes that cost of the same will also be equivalent to its fair value as on the reporting date.

Note 6(b): Restated Summary Statement of Trade and other receivables - Non-current

(₹ in million)

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Trade receivables				
Unsecured, considered good	3.80	12.03	20.29	66.92
Unsecured, considered doubtful	114.56	113.76	80.30	80.30
	118.36	125.79	100.59	147.22
Less: Provision for doubtful trade receivable	114.56	113.76	80.30	80.30
Total trade and other receivables - Non-current	**3.80**	**12.03**	**20.29**	**66.92**

Note 6(c): Restated Summary Statement of Loans - Non-current

(₹ in million)

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Unsecured considered doubtful				
Inter corporate deposits	-	20.00	20.00	20.00
Less: Allowance for doubtful deposit	-	(20.00)	(20.00)	(20.00)
Total Loans - Non-current	-	-	-	-

Note 6(d): Restated Summary Statement of Other financial assets (Non - current)

(₹ in million)

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Bank Deposits with maturity more than 12 months	11,810.00	7,341.30	6,295.30	2,450.00
Deposits with electricity board and Others	75.97	75.64	75.16	29.17
Deferred credit recoverable from Navy	78.01	79.59	83.95	79.57
Interest accrued and due on deposits	620.91	341.54	305.43	46.30
Less: Allowance for doubtful interest receivable	-	(25.78)	(25.78)	(25.78)
Total other financial assets (non - current)	**12,584.89**	**7,812.29**	**6,734.06**	**2,579.26**

Note 7: Restated Summary Statement of Non-current tax assets individually

(₹ in million)

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Advance income tax and TDS (Net of provisions for tax)	855.73	949.74	238.56	512.20
Total non-current tax assets	**855.73**	**949.74**	**238.56**	**512.20**

Note 8: Restated Summary Statement of Other non-current assets

(₹ in million)

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Capital advances (Refer Note No. 31)	78.21	48.66	30.77	86.87
Net gratuity plan asset		138.04	111.26	141.58
Advances other than capital advances				
Prepaid expenses (Refer Note 47)	2.91	4.04	4.64	5.85
Advance operating lease rental	1.04	1.15	1.38	1.67
Other advances	1.79	1.79	1.79	1.79
Total other non-current assets	**83.95**	**193.68**	**149.84**	**237.76**

Note 9: Restated Summary Statement of Inventories

(₹ in million)

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Raw materials	4,698.74	4,492.74	5,641.89	7,042.55
Provision for obsolescence	(42.77)	(48.91)	(32.62)	(31.45)
Goods in transit	-	-	-	62.46
	4,655.97	4,443.83	5,609.27	7,073.56
Work in progress	358.37	344.28	870.13	1,270.90
Stores, Spares & Consumables	52.27	50.06	41.13	47.60
Scrap	19.97	20.72	25.04	20.50
Total inventories	5,086.58	4,858.89	6,545.57	8,412.56

Amounts recognised in profit or loss

Reversal of Write-downs of inventories to net realisable value amounted to ₹2.81 million (31 March, 2017 Write-downs of inventories - ₹9.22 million (Gain), 31 March, 2016 - Write-downs of inventories ₹6.22 million (Gain), 31 March, 2015 (Proforma) –Reversal of Write-downs of inventories ₹7.15 million). Are included in ‘revenue from operations in statement of profit and loss (refer note=20)

Note 10: Restated Summary Statement of Financial assets

Note 10(a): Restated Summary Statement of Trade and other receivables – Current

(*₹ in million)*

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 31 March, 2016	As at 31 March 2015 (Proforma)
Unsecured, considered good				
-Trade receivables	2,016.84	1,962.10	1,496.11	1,517.22
-Other receivables	16.84	26.48	42.20	67.85
Total trade and other receivables - Current	**2,033.68**	**1,988.58**	**1,538.31**	**1,585.07**

Note: Included above are following Deferred Receivables:

a. ₹325.95 million [31 March, 2017: ₹327.28 million] on account of last Stage (Stage XV) payment of LCU Contract (Yards 2093 & 2094) [31 March, 2017: Yard 2092] which are contractually due after completion of warranty period of 12 months and upon completion of all D-448 Liabilities & Guarantee Repairs.

b. ₹879.69 million [31 March, 2017: ₹696.53 million] withheld out of Stage XIV payment of P-28 Contract (Yards 3018 & 3019) [31 March, 2017: Yard 3018] by Indian Navy pending settlement of delivery extension case and amendment of contract in this regard.

c. ₹74.59 million [31 March, 2017: ₹1,23.00 million] withheld out of Stage XIV payment of FO-WJFAC Contract (Yards 2109, 2110, 2111 & 2112) [31 March, 2017: Yard 2109, 2110 & 2111] by Indian Navy pending settlement of delivery extension case and amendment of contract in this regard.

Note 10(b): Restated Summary Statement of Cash and cash equivalents

(*₹ in million)*

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Balances with banks - in current accounts	118.75	117.92	261.86	139.99
Cash in hand	0.18	0.59	0.62	0.52
Total cash and cash equivalents	**118.93**	**118.51**	**262.48**	**140.51**

Note 10(c): Restated Summary Statement of Other bank balances

(*₹ in million)*

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Bank Deposits				
- with maturity more than 3 months to 12 months *	7,090.00	11,730.10	12,661.50	16,780.00
Current portion of Bank deposits with original maturity of more than 12 months*	3,012.58	4,354.00	5,601.00	420.00
Total other bank balances	**10,102.58**	**16,084.10**	**18,262.50**	**17,200.00**
* Pledge as security against borrowing.	400	400	-	-
(Refer Note 17(a))				

Note 10(d): Restated Summary Statement of Other financial assets – Current

(*₹ in million)*

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Deposit with Customs and Port trust	0.40	0.40	0.45	0.33
Interest accrued but not due on deposits	467.05	734.35	309.04	148.14
Unbilled revenue	4,244.38	6,279.54	5,402.05	3,508.06
Current portion of deferred credit recoverable from Navy	10.59	10.59	10.98	10.24
Total other financial assets - Current	**4722.42**	**7024.88**	**5,722.52**	**3,666.77**

Note 11: Restated Summary Statement of Other current assets *(₹ in million)*

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Advances recoverable in kind or for value to be received				
- Employees	10.96	12.81	14.91	10.60
- Excise	18.13	32.11	39.02	38.81
- Sales Tax /VAT	40.75	63.99	53.57	29.35
- GST	245.67	-	-	-
- Prepaid expenses	73.38	61.55	75.99	76.01
- Suppliers (refer note below)	2547.97	2,416.97	1,205.04	1,666.92
- Advance operating lease rental	0.21	0.22	0.30	0.30
Other receivables	17.06	216.94	12.33	13.64
Total other current assets	**2,954.13**	**2,804.59**	**1,401.16**	**1,835.63**

Note: The balance of suppliers is presented net of allowance for doubtful supplier advances ₹0.03 million (31 March, 2017 - ₹0.03 million; 31 March, 2016 - ₹0.03 million; 31 March, 2015 (Proforma)- ₹0.03 million).

Note 12: Restated Summary Statement of Assets classified as held for sale *(₹ in million)*

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Plant & equipment	0.61	0.73	0.76	0.56
Docks & jetties				
Furniture & fixtures	2.80	2.80	2.78	2.77
Motor car	0.16	0.18	0.18	0.23
Office equipments	0.08	0.06	0.06	0.01
Total assets classified as held for sale	**3.65**	**3.77**	**3.78**	**3.57**

Non-recurring fair value measurements

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

Note 13: Restated Summary Statement of Equity share capital and other equity
Note 13(a): Restated Summary Statement of Equity share capital

Authorised equity share capital

(₹ in million)

Particulars	Number of shares	Amount
As at 31 March, 2015 (Proforma)	1,25,00,000	1,250.00
Increase during the year	-	-
As at 31 March 2016	1,25,00,000	1,250.00
Increase during the year	-	-
As at 31 March 2017	1,25,00,000	1,250.00
Increase during the period	-	-
As at 31 March 2018	12,50,00,00	1,250.00

Issued equity share capital *(₹ in million)*

Particulars	Number of shares	Amount
As at 31 March, 2015 (Proforma)	1,23,84,000	1,238.40
Increase during the year	-	-
As at 31 March 2016	1,23,84,000	1,238.40
Increase during the year	-	-
As at 31 March 2017	1,23,84,000	1,238.40
Add : Issue of shares upon sub division*	11,14,56,000	
	12,38,40,000	
Less : Decrease during the period	92,88,000	-
As at March 2018	11,45,52,000	1,145.52

*The Company in its board meeting held on 30 June, 2017 and shareholders meeting held on 25 August, 2017, sub-divided the Share Capital of the Company, comprising of authorised share capital of 1,25,00,000 equity shares of ₹100/- each into 12,50,00,000 equity shares of ₹10/- each.

Terms and rights attached to equity shares

Equity shares have a par value of ₹10/- (31 March, 2017 – ₹100/-; 31 March, 2016 – ₹100; 31 March, 2015 (Proforma) – ₹100/-) each. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

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

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

(₹ in million)

Shareholder	As at 31 March 2018		As at 31 March, 2017		As at 31 March 2016		As at 31 March, 2015 (Proforma)	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
President of India including his nominees	114,552,000	100%	1,23,84,000	100%	1,23,84,000	100%	1,23,84,000	100%

Note 13(b): Restated Summary Statement of Other Equity

(₹ in million)

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Corporate social responsibility (CSR) reserve		9.42	20.89	20.89
Capital Redemption Reserve	92.88	-	-	-
General reserve	606.49	1,561.86	1,561.86	1,401.14
Retained earnings	8,314.47	8,021.75	8,545.40	7,407.81
Total reserves and surplus	**9,013.85**	**9,593.04**	**10,128.15**	**8,829.84**

(i) Corporate social responsibility (CSR) reserve

(₹ in million)

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Opening balance	9.42	20.89	20.89	20.73
Increase/ (decrease) during the year	(9.42)	(11.47)	-	0.16
Closing balance	-	9.42	20.89	20.89

(ii) Capital Redemption Reserve

(₹ in million)

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Opening balance	-	-	-	-
Add: Transfer from General Reserve (Refer Note iii)	92.88	-	-	-
Closing balance	**92.88**	-	-	-

(iii) General reserve

(₹ in million)

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)

Opening balance	1,561.86	1,561.86	1,401.14	1,357.69
Utilised on buy back of equity shares	(862.49)	-	-	-
Transfer to capital redemption reserve on buy back	(92.88)	-	-	-
Transferred from CSR reserve	-	-	160.72	43.45
Closing balance	690.49	1,561.86	1,561.86	1,401.14

(iv) Retained earnings

(₹ in million)

Particulars	As at March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Opening balance	8,021.75	8,545.40	7,407.81	7,138.27
Net profit for the period	8,68.06	114.65	1,644.45	517.27
Items of other comprehensive income		-	-	-
- Remeasurements of post-employment	75.50	2.25	(48.04)	(59.23)
Dividend paid	(650.84)	(640.55)	(298.10)	(144.89)
Transferred to general reserve	-	-	(160.72)	(43.45)
Transferred to CSR		-	-	(0.16)
Closing balance	**8,314.47**	**8,021.75**	**8,545.40**	**7,407.81**

Nature and purpose of other reserves:

Note:

(i) CSR Reserve had been created for unspent amount in the CSR Budget to be utilised exclusively for CSR activities.

ii) General reserve is primarily created to comply with the requirements of Section 123(1) of the Companies Act, 2013. This is a free reserve and can be utilised for any general purpose like issue of bonus shares, payment of dividend, buy back of shares etc.

iii) The Board of Directors in its meeting held on 6 December, 2017 approved the Buy Back of 92,88,000 equity shares (representing 7.5 % of the paid up equity shares of the Company) with face value of ₹10/- each to be financed out of free reserves of the Company, at a price of Rs. 83.58 per equity share, for an aggregate consideration of ₹955.37 million (including tax of ₹179.10 million).

Pursuant to Section 69 of The Companies Act, 2013, the Company has transferred a sum equal to the nominal value of the shares so purchased to the Capital redemption reserve account out of free reserves of the Company.
The Capital redemption reserve is not in the nature of free reserve.

Annexure VI: Significant Accounting Policies and Notes forming part of the Restated Financial Information for the years ended 31st March 2018, 2017, 2016 and 2015 (Proforma) (Contd.)

Note 14: Restated Summary Statement of Financial liabilities (Non-current) Trade payable (non-current) (Non-current) Trade payable (non-current)

(₹ in million)

Particulars	As at 31st March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Trade payable - Russian deferred credit - foreign supplier	78.02	79.59	83.95	79.57
Total trade payables (non-current)	**78.02**	**79.59**	**83.95**	**79.57**

Note 15: Restated Summary Statement of Long term provisions *(₹ in million)*

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015

				(Proforma)
Leave obligations (Refer Note 32)				
Accrued Leave Liability	513.89	585.59	490.17	431.85
Less: Leave Fund with LIC	(513.89)	(585.59)	(490.17)	(431.85)
	-	-	-	-
Post retirement medical benefits	94.01	117.07	81.24	80.72
Total long term provisions	**94.01**	**117.07**	**81.24**	**80.72**

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

(ii) Movements in provisions
Movements in each class of provision during the financial year are set out in Note 19.

Note 16: Restated Summary Statement of Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Deferred tax liability				
Property, plant & equipment and intangible asset	522.20	434.92	412.98	450.69
Financial liability	43.06	42.11	46.91	46.87
Others	11.13			
Total deferred tax liabilities	**576.39**	**477.03**	**459.89**	**497.56**
Deferred tax asset				
Defined benefit obligation	314.52	179.63	160.61	136.81
Provisions		25.50	66.66	69.82
Allowance for doubtful trade receivables	47.51	45.25	27.79	27.79
Financial asset	43.07	42.11	46.91	46.87
Others	-	9.88	(6.80)	(14.67)
Total deferred tax assets	**405.10**	**302.37**	**295.17**	**266.62**
Net deferred tax liabilities	**171.29**	**174.66**	**164.72**	**230.94**

Note 16 (a): Restated Summary Statement of Deferred tax liabilities

(net Movement in deferred tax liabilities/ (assets)) *(₹ in million)*

Particulars	Property, plant and equipment & intangible asset	Defined benefit obligation	Other items	Total
As at 01 April 2014	372.05	(150.59)	(26.12)	195.34
Charged/(credited):				
- to profit or loss	78.64	44.25	(56.82)	66.07
- to other comprehensive income	-	(30.48)	-	(30.48)
At 31 March, 2015 (Proforma)	450.69	(136.82)	(82.94)	230.93
(Charged)/credited:				
- to profit or loss	(37.72)	4.58	(4.71)	(37.85)
- to other comprehensive income	-	(28.37)	-	(28.37)
At 31 March, 2016	412.97	(160.61)	(87.65)	164.71
(Charged)/credited:				
- to profit or loss	21.94	(30.23)	7.02	(1.27)
- to other comprehensive income	-	11.21	-	11.21
At 31 March, 2017	434.91	(179.63)	(80.63)	174.65
(Charged)/credited:				
- to profit or loss	87.28	(175.46)	44.25	(43.93)
- to other comprehensive income	-	40.56	-	40.56

At 31st March 2018	522.19	(314.53)	(36.38)	171.28

Note 17: Restated Summary Statement of Financial liabilities (current)

Note 17(a): Restated Summary Statement of Borrowings (current)

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31March 2016	As at 31 March 2015 (Proforma)
Secured, Repayable on demand				
Borrowing from Bank	-	250.00	-	-
Total borrowings (current)	-	250.00	-	-

i. Nature of Security

Secured by way of 100 % cash collateral in the form of Fixed Deposits. (Refer Note 10(b)).

ii. Apart from above, there is no other borrowing. Further, there is no re-schedulement, repayment, penalty or default in respect of the borrowing.

Note 17(b): Restated Summary Statement of Trade Payables

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Trade payable				
- Micro and small enterprises	320.61	63.30	34.72	16.87
- Russian deferred credit	10.59	10.59	10.98	10.24
- Others	6,557.05	3,605.67	5,239.66	5,052.03
Total trade payables (current)	**6,888.25**	**3,679.56**	**5,285.36**	**5,079.14**

Note 17(c): Restated Summary Statement of Other financial liabilities

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Security deposit	43.81	41.11	48.51	47.16
Accrued expenses				
Accrued salaries and benefits	65.00	204.31	315.37	1,322.64
Rent	9.94	31.41	1.55	36.15
Other payables	96.73	78.84	83.95	84.61
Total other financial liabilities	215.48	355.67	449.38	1,490.56

Note 18: Restated Summary Statement of Other current liabilities *(₹ in million)*

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Advance received from customers	23,515.99	28,623.68	26,304.36	22,153.08
Statutory liabilities	119.49	63.60	61.95	163.25
Other liabilities	0.97	0.97	0.97	0.97
Total other current liabilities	**23,636.45**	**28,688.25**	**26,367.28**	**22,317.30**

Annexure VI: Significant Accounting Policies and Notes forming part of the Restated Financial Information for the year ended 31 March 2018 and years ended 31st March 2017, 2016 and 2015 (Proforma) (Contd.)

Note 19: Restated Summary Statement of Short term provisions

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Guarantee repair	194.96	73.69	192.62	201.75
Wealth tax (net of advance tax)	-	-	-	0.04
Provision for liquidated damages	613.95	1,227.54	510.91	419.07
Leave obligations (Refer Note 32)		-	-	-
Accrued Leave Liability	78.46	71.48	85.17	105.05
Less : Leave fund with LIC	(73.88)	(23.45)	(71.68)	(85.98)
	4.59	48.03	13.49	19.07
Post- retirement medical benefits	34.23	25.35	23.41	23.35
Other Provisions	511.73	115.50	-	-
Total short term provisions	**1,359.46**	**1,490.11**	**740.43**	**663.28**

Information about individual provisions and significant estimates

Guarantee repairs

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

Liquidated damages

Provision for liquidated damages is made in the books of accounts separately as per the contractual provisions/proportionate liability basis keeping in view the delay caused by the factors beyond the control of the Company.

Other Provisions

Other Provisions represent employee related provisions based on the management's assessment.

Movements in provisions

Movements in each class of provision during the financial year, are set out below:

(₹ in million)

Particulars	Liquidated damages	Guarantee repair	Other Provisions
As at 1 April, 2014	180.76	49.71	
Charged/(credited) to profit or loss			
additional provision recognised	238.31	152.04	
unused amounts reversed			
Amount used during the year			
As at 31 March, 2015 (Proforma)	419.07	201.75	
Charged/(credited) to profit or loss			
additional provision recognised	91.84		243.85
unused amounts reversed			
Amount used during the year		(9.13)	
As at 31 March, 2016	**510.91**	**192.62**	**243.85**
Charged/(credited) to profit or loss			
additional provision recognised	765.60	81.89	-

unused amounts reversed	(48.98)	-	-
Amount used during the year	-	(200.82)	(128.35)
As at 31 March, 2017	**1,227.53**	**73.69**	**115.50**
Charged/(credited) to profit or loss			
additional provision recognised	432.72	127.96	396.23
unused amounts reversed	(74.59)	-	-
Amount used during the year	(971.72)	(6.69)	-
As at 31 March 2018	**613.95**	**194.96**	**511.73**

Note 20: Restated Summary Statement of Revenue from operations

(₹ in million)

Particulars	**Year ended 31 March 2018**	**Year ended 31 March, 2017**	**Year ended 31 March, 2016**	**Year ended 31 March, 2015 (Proforma)**
a) Contract revenue				
- Shipbuilding	11,091.79	6,980.37	13,169.10	13,062.02
- General engineering	8.71	43.30	285.03	187.06
- Diesel engines	40.60	30.93	110.41	59.70
b) Sale of products (including excise duty)				
- Ship repair	-	-	0.53	0.03
- B & D spares	1,523.49	1,232.01	2,004.23	1,632.02
- Bailey bridge	555.16	663.19	554.68	490.21
(c) Sale of services				
- Ship repair	61.42	163.18	171.41	168.22
- General engineering	125.06	151.53	258.16	38.03
- Diesel engines	17.56	6.30	77.92	17.62
(d) Other operating revenue				
- Scrap sales	30.63	25.62	12.52	20.35
Write down/(reversal of write down) of inventories	2.81	(9.22)	(6.22)	7.15
Training Fees	7.93	6.01	8.09	2.47
Total revenue from operations	**13,465.16**	**9,293.22**	**16,645.86**	**15,684.88**

Note 21: Restated Summary Statement of Other income

(₹ in million)

Particulars		**Year ended 31 March, 2018**	**Year ended 31 March, 2017**	**Year ended 31 March, 2016**	**Year ended 31 March, 2015 (Proforma)**
Interest income on Bank Deposits**	Recurring	1700.52	2,033.58	1,730.07	355.36
Rental income**	Recurring	0.77	1.96	0.90	0.84
Net foreign exchange gains**	Non-Recurring	-	18.45	7.79	103.79
Insurance claims**	Non-Recurring	0.25	19.68	5.51	0.09
Liabiity/provision written back		74.90	90.68	164.06	22.62

Profit/loss on retired assets(net)		2.88	1.38	0.07	-
Allowances for bad and doubtful loan (including interest) written back**	Non-Recurring	45.78	-	-	-
Less : Loan(including interest) written off **		39.18	-	-	-
		6.60	-	-	-
Other items **	Non-Recurring	6.42	4.17	6.30	6.85
Settlement of old dues #					120.00
Total other income		**1,792.34**	**2,169.90**	**1,914.70**	**609.55**

*All the above other income are related to business activity.
**All the above other income are not related to business activity.

₹120 million received from M/s GAIL (India) Ltd. Against dues payable to GRSE in full and final settlement arrived amicably on the Appellate Award relating to Arbitration.

Notes: The classification of other income as recurring/ Non-Recurring, related/ not related to business activity is based on the current operations and business activity of the Company as determined by the management.

Note 22(a): Restated Summary Statement of Cost of materials consumed *(₹ in million)*

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2015 (Proforma)
Raw Materials	1,163.08	533.02	1,224.15	1,654.50
Components	4,652.00	2,865.48	7,045.64	5,995.50
Total cost of materials consumed	**5,815.08**	**3,398.50**	**8,269.79**	**7,650.00**

Note 22(b): Restated Summary Statement of Changes in inventories of work-in-progress and scrap

(₹ in million)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2015 (Proforma)
Opening balance				
- Bailey bridge unit	330.44	416.18	415.09	434.82
- Engine unit	13.83	4.07	4.07	21.71
Total opening balance	344.27	420.25	419.16	456.53
		-	-	-
Closing balance		-	-	-
- Bailey bridge unit	329.07	330.44	416.18	415.09
- Engine unit	29.30	13.83	4.07	4.07
Total closing balance	358.37	344.27	420.25	419.16
Total changes in inventories of work-in-progress	(14.10)	75.98	(1.09)	37.37
Change in inventories of scrap	0.75	4.32	(4.53)	(20.50)
Total changes in inventories of work-in-progress and scrap	**(13.35)**	**80.30**	**(5.62)**	**16.87**

Note 23: Restated Summary Statement of Employee benefits expense

(₹ in million)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2015 (Proforma)
Salaries and wages	2,217.57	2,298.42	2,305.57	2,370.83
Contribution to provident fund and other funds	506.06	266.23	235.13	225.46

Staff welfare expenses	262.35	293.19	376.65	317.16
Total employee benefit expense	**2,985.98**	**2,857.84**	**2,917.35**	**2,913.45**

Note 24: Restated Summary Statement of Finance costs *(₹ in million)*

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2015 (Proforma)
Interest expense				
- Banks	19.98	24.81	-	10.21
- Others	6.53	3.03	8.04	3.00
Unwinding of discount on financial liabilities	49.01	60.83	33.74	40.66
Other borrowing costs	-	-	-	-
- Bank charges & commission	1.40	2.52	2.20	3.81
Total finance costs	**76.92**	**91.19**	**43.98**	**57.68**

Note 25: Restated Summary Statement of Depreciation and amortisation expense

(₹ in million)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2015 (Proforma)
Depreciation of property, plant and equipment	271.79	253.21	242.14	240.72
Amortisation of intangible assets	17.77	13.31	35.84	30.34
Total depreciation and amortisation expense	**289.56**	**266.52**	**277.98**	**271.06**

Note 26: Restated Summary Statement of Other expenses - project related *(₹ in million)*

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2015 (Proforma)
Facility hire	18.12	15.31	49.60	21.15
Insurance	3.17	7.48	8.75	12.77
Travelling expenses	18.57	36.85	15.08	11.15
Technicians' fees	621.01	387.97	339.72	352.27
Launching & commissioning expenses	13.09	17.45	9.86	13.37
Miscellaneous expenses	52.65	40.76	85.33	30.30
Total other expenses - project related	**726.61**	**505.82**	**508.34**	**441.01**

Note 27: Restated Summary Statement of Other expenses

(₹ in million)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2015 (Proforma)
Consumption of stores and spares parts	9.59	12.78	13.03	13.49
Power and fuel	96.86	105.15	107.86	102.35
Rent	14.18	35.99	13.17	34.60
Repair and maintenance		-	-	-
- buildings	76.31	70.93	55.67	48.74
- plant & equipments	41.63	44.46	61.70	30.26
- Other	87.25	100.16	73.76	67.93
Insurance	10.23	10.41	8.55	9.99
Rates and taxes	18.32	28.45	23.46	16.78
Marketing expenses	11.58	12.13	8.99	11.96
Stores clearing & dispatch expenses	3.73	17.58	8.24	9.53
Liquidated damages	366.00	785.45	260.22	676.50
Transport hire charges	36.52	44.75	39.62	47.01

Travelling expenses	31.72	37.06	39.29	28.68
Advertisement & publicity	48.86	62.70	68.47	45.30
Printing & stationary	0.40	0.68	0.83	0.33
Postage & courier	1.26	1.08	1.02	0.74
Telephone & fax	5.58	8.75	5.87	7.49
Legal expenses	5.12	4.81	3.62	7.34
Corporate social responsibility (Refer Note 39)	17.26	34.02	19.98	13.96
Allowance for doubtful debts	3.31	33.46	0.11	-
Service tax	8.00	8.58	10.03	10.23
Auditors' remuneration:				
(a) Statutory audit	0.54	0.62	0.59	0.30
(b) Tax audit	0.12	0.12	0.12	0.08
CISF Expenses	347.88	248.20	-	-
Fixed Asset written off	0.52	0.02	1.19	0.01
Net foreign exchange gains	19.58	-	-	-
Other miscellaneous expenses	31.64	59.42	36.53	67.84
Total other expenses	**1293.99**	**1,767.76**	**861.92**	**1,251.44**

Note 28: Restated Summary Statement of Income tax expense

This note provides an analysis of the Company's income tax expense, show amounts that are recognised how the tax expense is affected by non-assessable and non-deductible items.

(₹ in million)

Particulars	**Year ended 31 March, 2018**	**Year ended 31 March, 2017**	**Year ended 31 March, 2016**	**Year ended 31 March, 2015 (Proforma)**
(a) Income tax expense				
Current tax				
Current tax on profits for the year	453.40	87.80	908.84	318.31
Total current tax expense	453.40	87.80	908.84	318.31
Deferred tax				
Deferred tax benefit	(43.93)	(1.27)	(37.85)	66.07
Total deferred tax benefit	(43.93)	(1.27)	(37.85)	66.07
Income tax expense	409.47	86.53	870.99	384.38

(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

(₹ in million)

Particulars	**Year ended 31 March, 2018**	**Year ended 31 March, 2017**	**Year ended 31 March, 2016**	**Year ended 31 March, 2015 (Proforma)**
Enacted income tax rate in India applicable to the Company Profit before tax	34.61% 1277.50	34.61% 201.22	34.61 % 2491.46	33.99% 901.66
Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	442.12	69.64	862.30	306.47
Effect of expenses that are not deductible in determining taxable profit	209.99	237.53		
Effect of expenses that are allowable in determining taxable profit	(203.99)	(229.93)	9.90	5.77
Effect of expenses incurred on Corporate Social Responsibility not deductible in determining taxable profit	5.98	11.78		
Effect of income that is exempt from taxation	(0.69)	(1.21)	(1.21)	72.14

Adjustments for changes in estimates of deferred tax assets	(43.93)	(1.27)		
Total income tax expense recognised in Statement of Profit and Loss	409.48	86.54	870.99	384.38

Note 29: Restated Summary Statement of Contingent liabilities

As per Indian Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent assets, the disclosure are given here under:

(₹ in million)

a)	Contingent Liabilities	As at 31 March,2018	As at 31 March, 2017	As at 31 March, 2016	As at 31 March, 2015
i)	Claims against the Company not acknowledged as debts	662.38	664.48	595.46	603.47
ii)	Guarantees				
	a) Guarantees given by Banks	664.78	521.61	530.80	305.24
	b) Indemnity Bonds for performance & Warranties	18695.55	16,149.07	18,732.64	17,364.19
	c) Unexpired Letters of Credit	145.42	48.81	33.75	401.99
iii)	Liquidated damages	744.21	1,473.14	2,099.14	1,425.46
iv)	Other Money for which the company is				
	contingently liable				
	a) Sales Tax	297.51	297.51	341.42	125.89
	b) Excise Duty	20.00	20.00	9.34	9.34
	c) Service Tax	12.13	12.13	12.13	12.13
	d) Income Tax	48.53	48.53	48.34	111.86

a) Contingent liability on account of Sales Tax amounts to ₹297.51 Million (31 March, 2017-297.51 Million; 31 March, 2016- ₹341.42 Million; 31 March, 2015- ₹1,25.89 Million) towards assessment dues and demand for the years 2004-05, 2007-08, 2009-10, 2010-11 and 2012-13. All these amounts have not been acknowledged as debts and accordingly not provided for in the accounts as all the demands are under different stages of appeal.

b) Central Excise Authorities have raised demands of ₹20 Million (31 March, 2017- ₹20 Million; 31 March, 2016- ₹9.34 Million; 31 March, 2015- ₹9.34 Million) against clearance of goods to Naval Stores Dept of Indian Navy - ₹1.79 Million for alleged imposition of duty for wrong interpretation of Return filed by GRSE - ₹7.55 Million for alleged arrear interest of ₹10.65 Million claimed on the excise liability of CIWTC included in the sale consideration received as per agreement for purchase of certain assets of CIWTC. Since the company has made appeals before respective Appellate Authorities against the impugned demands, those demands have not been acknowledged as debts and accordingly not provided for in the accounts.

c) Service Tax Authorities have raised a demand of ₹12.13 Million (31 March, 2017- ₹12.13 Million; 31 March, 2016- ₹12.13 Million; 31 March, 2015- ₹12.13 Million) against imposition of Service Tax on technical fees paid to foreign technicians prior to 18.04.2006. Since the company has made appeal before the CESTAT, EZB, Kolkata against the impugned demand with due approval of CoD, the same has not been acknowledged as debt and accordingly not provided for in the accounts.

d) Contingent liability on account of income tax demands amounts to ₹48.53 Million (31 March,2017- ₹48.53 Million,31 March, 2016- ₹48.34 Million; 31 March, 2015- ₹111.86 Million) towards arbitrary increase by the Income Tax Authority in taxable income based on Form 26Q for the A.Y. 2009-10 (₹35.29 Million), excess dividend tax liability computed for AY 2010-11 (₹1.86 Million), addition towards delayed deposit of employees P.F. and E.S.I. contribution for A.Y. 2012-13 (₹11.13 Million), addition towards delayed deposit of employees E.S.I Contribution for AY 2013-14 (₹0.07 Million) and disallowance of Provision for Liquidated Damages (₹0.20 Million) . Above disputes have not been acknowledged as debt and accordingly not provided for in the accounts as all the issues are under different stages of appeal.

e) Contingent Liability on account of Liquidated Damages (LD).

ASWC Project:

The contractual delivery date of Yard 3018 (2nd in the series of 4 Ships) was July, 2013. The Ship was delivered on 26 November, 2015 with a delay of twenty-six (26) months. The case for delivery extension of Yard 3018 was taken up with the customer (Indian Navy), post-delivery of the Ship. Warship Overseeing Team (WOT), Kolkata, the onsite representatives of Indian Navy, have recommended a delay of 2 months attributable to GRSE. Considering a grace period of 1 month, Provision for LD in case of this Yard has been made @1% of Ship Cost for delay of 1 month in FY 2015-16.All the aspect of delays are being scrutinized by IHQ/MoD (N)/DND with the help of WOT Kolkata before forwarding its final recommendation to MoD for amendment to contract for delivery date extension.

The contractual date of delivery of Yard 3019 was July 2014 i.e. a gap of 12 months from contractual delivery date of Yard 3018. Similarly contractual delivery date of Yard 3020 was April 2015 i.e. a gap of 9 months from contractual delivery date of Yard 3019.

Delay in case of any Ship of a series has a cascading effect on delivery schedule of the follow-on ships of the project. Moreover, the factors leading to delays vary on a case to case basis and the assessment of the delays is made independently by IHQ/MoD (N) post-delivery of each Ship depending on the facts and circumstances of each case.

As per the Company's internal assessment, the delays in case of above Ships are not attributable to GRSE and are likely to be waived off by the customer. However, there may be a situation where the Company may be held accountable for some delay during final assessment at IHQ/MoD(Navy) for which there is no measure to quantify such unforeseen delays, and hence, due to this uncertainty no provision of LD has been made in this regard.

In view of the above, company has decided to continue with its disclosure of ₹744.21 Million (31 March, 2017- ₹744.21 Million, 31 March, 2016- ₹728.93 Million, 31 March, 2015 (Proforma) – ₹728.93 Million) for Yard 3019 and ₹744.21 Million (31 March, 2016- ₹744.21 Million, 31 March, 2015 (Proforma) – Nil) for Yard 3020 being 5% of basic Ship Cost in each case, as contingent liability.

f) The amounts shown under contingent liabilities represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be estimated accurately. The Company does not expect any reimbursement in respect of above contingent liabilities.

In the opinion of the Management, no provision is considered necessary for the disputes mentioned above on the grounds that there are fair chances of successful outcome of appeals.

B) Contingent Assets

i) Central Coalfield Limited (CCL) awarded four contracts to GRSE in early 1990 for the supply, erection and commissioning of DG sets, which was executed by GRSE. CCL did not honour the contract in totality and withheld an amount of ₹155.3 Million since then. The matter was referred to arbitration before the PMA. The Arbitral Award published in 2008, was in favour of GRSE, whereby CCL was required to pay ₹148.8 Million within 90 days from the Award plus interest at prescribed rates. Subsequently, CCL appealed against Award, Appellate Authority rejected the appeals filed by CCL and upheld the Arbitral Award in 2011. CCL filed Writ Petition against the Arbitral Awards before the Hon'ble Jharkhand High Court in 2011, which is yet to be listed for admission. Repeated requests to CCL from time to time for settlement of awarded sum have remained infructuous.

Under the circumstances, on a conservative basis, an amount of ₹148.8 Million (Awarded amount, exclusive of any interest) has been considered as a Contingent Asset.

ii) The land and various other assets of erstwhile Raja Bagan Dockyard of Central Inland Water Transport Corporation Limited (CIWTC) was purchased by the Company in the Year 2006. The assets like vessels, cranes etc. were not taken over by the Company and were to be removed by CIWTC which they did not remove. CIWTC is presently under liqidation. The Company has raised a claim upon the liquidator towards ground rent and reimbursement of payment of interest on Excise Duty by the Company of ₹242.97 million. The matter is pending with the liquidator. Therefore, this has been considered as a Contingent Asset.

iii) LD imposed and collected by the Company from its subcontractors as per order terms w.r.t Yard 3020 amounting to ₹1,51.59 million (31 March, 2017 : ₹350.28 million w.r.t Yard 3018, Yard 3019 and Yard 3020) which need not be reimbursed to the customer based on the terms of delivery extension has been considered as Contingent Asset [Refer Note 29 (A) (e)] .

Note 30: Commitments

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
Estimated amount of contracts remaining to be executed on capital account and not provided for	294.72	254.60	133.54	134.95
Advance paid against above	**78.21**	**48.66**	**30.77**	**86.87**

Note 31: Restated Summary Statement of Employee benefit obligations

(i) Leave obligations

The leave obligations cover the Company's liability for sick and earned leave. Based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Accordingly leave obligation of ₹78.4 Million as at 31st March 2018 (31 March 17- ₹71.48 Million; 31 March 16- ₹85.17 Million; 31 March 15 (Proforma) - ₹105.05 Million) is presented as current and remaining amount is presented as non-current. The leave obligation is an unfunded plan, the Company makes contributions to scheme maintained by Life Insurance Corporation of India (LIC). Based on actuarial valuation, a provision is recognised in full for the projected obligation over and above the funds held in scheme. Expenses recognised in the statement of Profit and loss towards leave encashment is net of interest earned from the earmarked investment.

(₹ in million)

Particulars	Leave obligation
As at 31 March, 2015 (Proforma)	
Current portion	105.05
Non-current portion	431.85
Total	**536.90**
As at 31 March, 2016	
Current portion	85.17
Non-current portion	490.17
Total	**575.34**
As at 31 March, 2017	
Current portion	71.48
Non-current portion	585.59
Total	**657.07**
As at 31 March, 2018	
Current portion	78.46
Non-current portion	513.89
Total	**592.35**

(ii) Post Employment Obligation

a) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic (including dearness allowance) salary per month computed proportionately for 15 days (reckoning 26 days for a month) salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

Based on actuarial valuation, a provision is recognised in full for the projected obligation over and above the funds held in scheme.

b) Post-retirement medical scheme

The Company operates post-retirement medical benefit scheme. The plan is an unfunded plan. Based on actuarial valuation, a provision is recognised in full for the projected obligation.

Apart from above, post retirement medical benefits to the super annuated employees are defined contribution schemes and premium of ₹63.40 million (31 March, 2018) (31 March 2017: ₹53.26 million) paid to an Insurance companies charged to the statements of profit and loss of the year. There are no other obligations to the employees other than the contribution payable to the insurance company.

(iii) Defined Contribution plans

Provident fund and Pension fund

The Company also has certain defined contribution plans. Contributions are made to provident fund at the rate of 12% of basic (including dearness allowance) salary as per regulations. The contribution is charged to profit and loss of the year when the contributions to the respective funds are due in accordance with relevant statute. Employer's contribution to provident fund & family pension fund is ₹159.12 Million for the year April 2017-18 (₹150.71 Million for the FY 2016-17; ₹142.53 Million for the FY 2015-16; ₹148.45 Million for the FY 2014-15).

Super annuation Pension Fund:

The Pension Scheme is administered by a Trust. The Company has transferred an amount of ₹ 27.95 Million during the period April 2017 to March 2018 for officers and non-unionised supervisiors to LIC towards employer's contribution (₹27.81 Million for F.Y 2016-17; ₹25.61 Million for F.Y 2015-16; ₹29.53 Million for the FY 2014-15).

The pension scheme for unionised employees has been introduced w.e.f. 01 January 2012. An amount of ₹37.42 Million (April 2017 to March 2018) has been transferred to LIC (₹36.01 Million for F.Y 2016-17; ₹41 Million for F.Y 2015-16; ₹41.51 Million for FY 2014-15) towards employer's contribution for operatives and office assistants.

(iv) Balance sheet recognition

a) Post retirement medical scheme

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ in million)

Particulars	Present value of obligation
1 April, 2014	46.47
Current service cost	51.37
Interest expense/(income)	3.72
Total amount recognized in profit or loss	**55.09**
Remeasurements	
Return on plan assets, excluding amounts included in interest expense/(income)	-
(Gain)/loss from change in demographic assumptions	-
(Gain)/loss from change in financial assumptions	-
Experience (gains)/losses	2.50
Total amount recognized in other comprehensive income	**2.50**
Employer contributions/ premium paid	-

Benefit payments	-
31 March, 2015 (Proforma)	**104.07**

(₹ in million)

Particulars	Present value of obligation
31 March, 2015 (Proforma)	104.07
Current service cost	0.77
Interest expense/(income)	8.33
Total amount recognised in profit or loss	**9.10**
Remeasurements	
Return on plan assets, excluding amounts included in interest expense/(income)	
(Gain)/loss from change in demographic assumptions	
(Gain)/loss from change in financial assumptions	
Experience (gains)/losses	(8.52)
Total amount recognised in other comprehensive income	**(8.52)**
Employer contributions/ premium paid	
Benefit payments	
31 March, 2016	**104.65**

(₹ in million)

Particulars	Present value of obligation
1 April, 2016	104.65
Current service cost	0.98
Interest expense/(income)	7.85
Total amount recognised in profit or loss	**8.83**
Remeasurements	
Return on plan assets, excluding amounts included in interest expense/(income)	
(Gain)/loss from change in demographic assumptions	
(Gain)/loss from change in financial assumptions	13.46
Experience (gains)/losses	15.49
Total amount recognised in other comprehensive income	**28.95**
Employer contributions/ premium paid	-
Benefit payments	-
31 March, 2017	**142.43**

(₹ in million)

Particulars	Present value of obligation
1 April, 2017	142.43
Current service cost	0.99
Interest expense/(income)	11.04
Total amount recognised in profit or loss	**12.03**
Remeasurements	
Return on plan assets, excluding amounts included in interest expense/(income)	-
(Gain)/loss from change in demographic assumptions	-
(Gain)/loss from change in financial assumptions	(6.80)
Experience (gains)/losses	(19.41)
Total amount recognised in other comprehensive income	**(26.21)**
Employer contributions/ premium paid	-

Benefit payments	-
31 March , 2018	**128.24**

b) Gratuity

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ in million)

Particulars	**Present value of obligation**	**Fair value of plan assets**	**Net amount**
1 April, 2014	1,063.07	(1,108.39)	(45.32)
Current service cost	56.30	-	56.30
Interest expense/(income)	75.30	(88.67)	(13.37)
Total amount recognized in profit or loss	**131.60**	**(88.67)**	**42.93**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(1.32)	(1.32)
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	-	-	-
Actuarial (gain)/loss from unexpected experience	90.34	-	90.34
Total amount recognized in other comprehensive income	**90.34**	**(1.32)**	**89.02**
Employer contributions/ premium paid	-	(228.21)	(228.21)
Benefit payments	(243.61)	243.61	-
31 March, 2015 (Proforma)	**1,041.40**	**(1,182.98)**	**(141.58)**

Note 31: Restated Summary Statement of Employee benefit obligations (Contd…)

(₹ in million)

Particulars	**Present value of obligation**	**Fair value of plan assets**	**Net amount**
31 March, 2015 (Proforma)	1,041.40	(1,182.98)	(141.58)
Current service cost	39.26	-	39.26
Interest expense/(income)	74.16	(94.64)	(20.48)
Total amount recognised in profit or loss	113.42	(94.64)	18.78
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	2.85	2.85
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial			
assumptions			
Actuarial (gain)/loss from unexpected experience	79.14	-	79.14
Total amount recognised in other comprehensive income	79.14	2.85	81.99
Employer contributions/ premium paid	-	(70.44)	(70.44)
Benefit payments	(228.85)	228.85	-
31 March, 2016	**1,005.11**	**(1,116.36)**	**(111.25)**

(₹ in million)

Particulars	**Present value of obligation**	**Fair value of plan assets**	**Net amount**
1 April, 2016	1,005.11	(1,116.36)	(111.25)
Current service cost	64.46		64.46
Interest expense/(income)	67.84	(83.73)	(15.88)

Total amount recognised in profit or loss	132.30	(83.73)	48.57
Remeasurements			(4.28)
Return on plan assets, excluding amounts included in interest expense/(income)	-	(4.28)	
Actuarial (gain)/loss from change in demographic assumptions			
Actuarial (gain)/loss from change in financial assumptions	29.08	-	29.08
Actuarial (gain)/loss from unexpected experience	(57.20)	-	(57.20)
Total amount recognised in other comprehensive income	(28.12)	(4.28)	(32.40)
Employer contributions/ premium paid	-	(42.95)	(42.95)
Benefit payments	(201.06)	201.06	-
31 March, 2017	**908.23**	**(1,046.27)**	**(138.04)**

(₹ in million)

Particulars	**Present value of obligation**	**Fair value of plan assets**	**Net amount**
1 April, 2017	908.23	(1,046.27)	(138.04)
Current service cost	53.22		53.22
Interest expense/(income)	64.66	(81.09)	(16.42)
Total amount recognised in profit or loss	117.88	(81.09)	36.79
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(64.61)	64.61
Actuarial (gain)/loss from change in demographic assumptions	208.55	-	208.55
Actuarial (gain)/loss from change in financial assumptions	(114.02)	-	(114.02)
Actuarial (gain)/loss from unexpected experience	88.77	-	88.77
Total amount recognised in other comprehensive income	183.30	64.61	118.69
Employer contributions/ premium paid		(17.44)	(17.44)
Benefit payments	(147.71)	147.71	
31 March 2018	**1,061.70**	**(1,061.70)**	-

(v) The significant actuarial assumptions were as follows:

(₹ in million)

Particulars	**31 March, 2018**	**31 March, 2017**	**31 March, 2016**	**31 March, 2015 (Proforma)**
Discount rate	7.75%	7.5%	8.00%	8.00%
Expected return on plan asset	7.75%	7.5%	8.50%	9.15%
Salary growth rate	6.50%	8.00%	8.00%	6.50%
Long-term increase in health care cost (medical), Claim rates (medical) Attrition rate	1.00%	1.00%	1.00%	1.00%
Mortality rate	IALM	IALM	IALM (2006-	IALM (2006-
	(2006-2008)	(2006-2008)	2008)	2008)
	Ultimate	Ultimate	Ultimate	Ultimate

Assumptions regarding future mortality for gratuity and medical are set, based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a person retiring at age 60.

(vi) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in million)

	Impact on defined benefit obligation (Gratuity)			
	31-Mar-18	**31-Mar-17**	**31-Mar-16**	**31 March, 2015 (Proforma)**

Particulars	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	1,029.81	1,095.63	879.17	939.29	973.96	1,038.39	921.71	970.20
% change compared to base due to sensitivity	(3.004%)	3.195%	(3.20%)	3.42%	(3.10%)	3.31%	(2.49%)	2.64%
Salary growth rate (-/+ 0.5%)	1,093.17	1,031.63	917.31	898.60	1,016.78	992.71	962.83	926.77
% change compared to base due to sensitivity	2.964%	(2.833%)	1.00%	(1.06%)	1.16%	(1.23%)	1.86%	(1.96%)
Attrition rate (-/+ 0.5%)	1,062.52	1,060.89	909.05	907.41	1,004.97	1,005.25	945.90	944.65
% change compared to base due to sensitivity	0.077%	(0.077%)	0.09%	(0.09%)	(0.01%)	0.01%	0.07%	(0.07%)
Life expectancy/ mortality rate (-/+ 10%)	1,067.13	1,056.28	913.50	902.96	1,005.53	1,004.68	949.64	940.90
% change compared to base due to sensitivity	0.511%	(0.511%)	0.58%	0.58%	0.04%	(0.04%)	0.05%	(0.46%)

(₹ in million)

Particulars	Impact on Post-retirement medical benefits							
	31-Mar-18		31-Mar-17		31-Mar-16		31 March, 2015 (Proforma)	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%) % change compared to base due to sensitivity	115.93 (9.60%)	142.33 10.99%	135.02 (5.19%)	149.98 5.31%	99.01 (5.39%)	110.66 5.74%	98.58 (5.27%)	110.09 5.79%
Attrition rate (-/+ 0.5%) % change compared to base due to sensitivity	128.16 (0.065%)	128.32 0.065%	142.34 (0.05%)	142.49 0.05%	104.59 (0.05%)	104.70 0.05%	104.00 (0.07%)	104.14 0.07%
Life expectancy/ mortality rate (-/+ 10%) % change compared to base due to sensitivity	127.79 (0.35%)	128.69 0.35%	141.46 (0.67%)	143.43 0.71%	103.92 0.69%	105.37 0.70%	103.53 (0.05%)	104.61 0.52%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet.
The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vii) The major categories of plan assets

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. Thus, the composition of each major category of plan assets has not been disclosed.

(viii) Risk exposure

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.
Life expectancy:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

(ix) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending 31 March, 2019 are ₹60 Million.
The weighted average duration of the defined benefit obligation (gratuity) is 12 years (31 March, 2017 – 12 years; 31 March, 2016 – 11 years; 31 March, 2015 (Proforma) – 14.01 years) and Post-retirement medical benefits are 37 years (31 March, 2017 –37 years; 31 March, 2016 –38 years; 31 March, 2015 (Proforma) –39 years). The expected maturity analysis of undiscounted gratuity and post-retirement medical benefits is as follows:

(₹ in million)

Particulars	Less than year	More than 1year
31 March, 2018		
Defined benefit obligation (gratuity)	211.96	1774.96
Post-retirement medical benefits	35.49	931.92
Total	**247.45**	**2706.88**
31 March, 2017		
Defined benefit obligation (gratuity)	172.31	1,522.14
Post-retirement medical benefits	26.28	1,074.07
Total	**198.59**	**2,596.21**
31 March, 2016		
Defined benefit obligation (gratuity)	203.81	1,672.00
Post-retirement medical benefits	23.41	681.72
Total	**227.22**	**2,353.72**
31 March, 2015 (Proforma)		
Defined benefit obligation (gratuity)	238.27	803.13
Post-retirement medical benefits	23.35	80.71
Total	**261.62**	**883.84**

Note 32: Restated Summary Statement of Related party transactions

The Company is controlled by the President of India having ownership interest of 100%.

(a) Key management personnel compensation

(₹ in million)

Particulars	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015 (Proforma)
Short-term employee benefits	11.09	12.95	13.42	13.41
Post-employment benefits	1.86	1.57	-	2.18
Long-term employee benefits	-	0.43	0.39	-
Total compensation	12.95	14.96	13.81	15.59

No amount has been written back/written off during the year in respect of dues to related party.

(b) Transactions with related parties

(₹ in million)

Particulars	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015 (Proforma)
Sales of goods and services - Sale of goods to Govt. Parties (owned by Govt. of India)	12,995.53	8,718.86	18,008.01	22,761.12
- Sale of services to Govt. Parties (owned by Govt. of India)	131.52	200.37	249.01	215.75
Other transactions - Dividend paid to shareholder	540.76	532.21	247.68	123.84

(c) Outstanding balances arising from sales/purchases of goods and services

(₹ in million)

Particulars	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015 (Proforma)
Trade receivables (sale of goods and services) Entities (owned by Govt. of India)	1,899.38	1,861.02	1,400.11	1,530.01

Note 33: Restated Summary Statement of Fair value measurements Financial instruments by category

(₹ in million)

Particulars	31 March 2018			31 March, 2017			31 March, 2016			31 March, 2015 (Proforma)		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets												
Investments												
- Equity instruments	0.04	-	-	0.04	-	-	0.04	-	-	0.04	-	-
Trade and others receivables	-	-	2037.48	-	-	2,000.61	-	-	1,558.60	-	-	1,652.00
Security deposits	-	-	76.36	-	-	76.04	-	-	75.60	-	-	29.50
Deferred credit recoverable from Navy	-	-	88.60	-	-	90.18	-	-	94.92	-	-	89.81
Unbilled revenue	-	-	4244.38	-	-	6279.54	-	-	5,378.11	-	-	3,508.06
Cash and cash equivalents	-	-	7208.93	-	-	11,848.60	-	-	12,813.98	-	-	17,340.50
Other financial assets	-	-	15910.54	-	-	12,745.41	-	-	12,594.99	-	-	2,618.66
Total financial assets	0.04	-	29566.29	0.04	-	33,040.38	0.04	-	32,516.21	0.04	-	25,238.52
Financial liabilities												
Trade payables	-	-	6,966.26	-	-	3,759.14	-	-	5,369.29	-	-	5,158.70
Borrowings	-	-		-	-	250.00	-	-	-	-	-	-
Security deposits	-	-	43.81	-	-	41.11	-	-	48.51	-	-	47.16
Other payables	-	-	171.67	-	-	314.56	-	-	400.87	-	-	1,443.40
Total financial liabilities	-	-	7181.74	-	-	4,364.81	-	-	5,818.68	-	-	6,649.26

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the Financial Information. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian accounting standard.

(₹ in million)

Financial assets and liabilities measured at fair value - recurring fair value Measurements At 31 March, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial investments at FVPL				
Unquoted equity investments - healthcare sector	-	-	0.04	0.04
Total financial assets	-	-	0.04	0.04
Financial assets and liabilities measured at amortised cost for which fair values are disclosed At 31 March, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	-	77.24	77.24
Deferred credit recoverable from Navy	-	-	88.60	88.60
Trade receivables	-	-	2037.48	2037.48
Total financial assets	-	-	2203.32	2203.32
Financial liabilities				
Trade payable				
- LD deducted from vendors	-	-	159.95	159.95
- Russian deferred credit	-	-	88.60	88.60
Total financial liabilities	-	-	248.55	248.55
Financial assets and liabilities measured at fair value - recurring fair value Measurements	Level 1	Level 2	Level 3	Total
At 31 March, 2017				
Financial assets				
Financial investments at FVPL				
Unquoted equity investments - healthcare sector	-	-	0.04	0.04
Total financial assets	-	-	0.04	0.04
Financial assets and liabilities measured at amortised cost for which fair values are disclosed At 31 March, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	-	76.19	76.19
Deferred credit recoverable from Navy	-	-	104.00	104.00
Trade receivables	-	-	2,000.61	2,000.61
Total financial assets	-	-	2,180.80	2,180.80
Financial liabilities				
Trade payable				
- LD deducted from vendors	-	-	485.56	485.56
- Russian deferred credit	-	-	104.00	104.00
Total financial liabilities	-	-	589.56	589.56

Financial assets and liabilities measured at fair value - recurring fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Measurements				
At 31 March, 2016				
Financial assets				
Financial investments at FVPL				
Unquoted equity investments - healthcare sector	-	-	0.04	0.04
Total financial assets	-	-	0.04	0.04
Financial assets Security deposits	-	-	75.66	75.66

Deferred credit recoverable from Navy	-	-	99.78	99.78
Total financial assets	-	-	175.44	175.44
Financial liabilities				
Trade payable				
- LD deducted from vendors	-	-	411.95	411.95
- Russian deferred credit	-	-	99.78	99.78
Total financial liabilities	-	-	511.73	511.73

Financial assets and liabilities measured at fair value - recurring fair value Measurements At 31 March, 2015 (Proforma)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial investments at FVPL				
Unquoted equity investments - healthcare sector	-	-	0.04	0.04
Total financial assets	-	-	0.04	0.04

Financial assets and liabilities measured at amortised cost for which fair values are disclosed At 31 March, 2015 (Proforma)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Security deposits	-	-	29.50	29.50
Deferred credit recoverable from Navy	-	-	89.81	89.81
Total financial assets	-	-	119.31	119.31
Financial liabilities				
Trade payable				
- LD deducted from vendors	-	-	246.32	246.32
- Russian deferred credit	-	-	89.81	89.81
Total financial liabilities	-	-	336.13	336.13

(ii) Valuation technique used to determine fair value Specific valuation technique used to value financial instruments includes:

the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities measured at amortised cost

(₹ in million)

Particulars	**31 March, 2018**		**31 March, 2017**		**31 March, 2016**		**31 March, 2015 (Proforma)**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets								
Security deposits	76.36	77.24	76.04	76.19	75.60	75.66	29.50	29.50
Deferred credit recoverable from Navy	88.60	88.60	90.18	104.00	94.92	99.78	89.81	89.81
Total financial assets	164.96	165.84	166.21	180.19	170.53	175.44	119.31	119.31
Financial liabilities								
Trade payable								
- LD deducted from vendors	159.95	159.01	460.60	485.56	407.72	411.95	246.32	246.32
- Russian deferred credit	88.60	88.60	90.18	104.00	94.92	99.78	89.81	89.81
Total financial liabilities	248.55	247.61	550.78	589.56	502.64	511.73	336.13	336.13

The carrying amounts of trade receivables, trade payables, borrowings and cash and cash equivalents are considered to be the same as their fair values.

The fair values for financial instruments were calculated based on cash flows discounted using Marginal Cost of Funds based Lending Rate (MCLR) of State Bank of India on the reporting date for the same maturity. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Note 34: Restated Summary Statement of Financial risk management

The Company's activities are exposed to a variety of financial risks: credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).
This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	**Exposure arising from**	**Management**
Credit risk	Cash and cash equivalents, trade receivables and Financial assets measured at amortised cost.	Diversification of bank deposits and credit limits
Liquidity risk	Financial liabilities that are settled by delivering Cash or another financial asset.	Projecting cash flows and considering the level of liquid assets necessary to meet the liabilities
Market risk – foreign exchange	Future commercial transactions and recognised financial assets & liabilities not denominated in Indian rupee (INR).	Reimbursement from buyers for currency fluctuation

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

i) Trade receivables and unbilled revenue

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying no credit terms. Outstanding customer receivables are regularly monitored. Trade receivables are primarily from Navy (owned by Govt. of India), hence the credit risk is considered low. Further the Company receives advance against orders which also mitigates the credit risk. The ageing of trade receivables as of balance sheet date is given below. The age analysis have been considered from the due date:

(₹ in million)

Particulars	**One year or less**	**More than 1 year**	**Total**
Trade receivable as on 31 March, 2018	1,235.14	785.50	2,020.64
Unbilled revenue as on 31 March, 2018	3,171.94	1,072.44	4,244.38
Trade receivable as on 31 March, 2017	1,092.15	881.99	1,974.13
Unbilled revenue as on 31 March, 2017	6,279.54	-	6,279.54
Trade receivable as on 31 March, 2016	1,329.24	187.15	1,516.39
Unbilled revenue as on 31 March, 2016	5,378.11	-	5,378.11
Trade receivable as on 31 March, 2015 (Proforma)	1,446.63	137.50	1,584.13
Unbilled revenue as on 31 March, 2015 (Proforma)	3,508.06	-	3,508.06

ii) Financial instruments and deposits

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investment of surplus funds is made in accordance with DPE Guidelines on investment of surplus funds of the company. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 30 September

2017, 31 March, 2017, 31 March, 2016 and 31 March, 2015 (Proforma) is the carrying amounts as illustrated in Note 6 (d) and Note 10 (c).

(B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the underlying business, the Company maintains sufficient cash and liquid investments available to meet its obligation.

The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, if any.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in million)

Contractual maturities of financial liabilities - 31 March, 2018	**One year or less**	**More than 1 year**	**Total**
Borrowings	-	-	-
Trade payables	6,888.26	190.66	7,078.91
Other financial liabilities	215.48	-	215.48
Total financial liabilities	**7,103.73**	**190.66**	**7,294.39**

(₹ in million)

Contractual maturities of financial liabilities - 31 March, 2017	**One year or less**	**More than 1 year**	**Total**
Borrowings	250.00	-	250.00
Trade payables	3,679.56	201.25	3,880.81
Other financial liabilities	355.67	-	355.67
Total financial liabilities	**4,285.23**	**201.25**	**4,486.48**

(₹ in million)

Contractual maturities of financial liabilities - 31 March, 2016	**One year or less**	**More than 1 year**	**Total**
Trade payables	5,285.35	219.51	5,504.86
Other financial liabilities	449.39	-	449.39
Total financial liabilities	**5,734.73**	**219.51**	**5,954.24**

(₹ in million)

Contractual maturities of financial liabilities - 31 March, 2015 (Proforma)	**One year or less**	**More than 1 year**	**Total**
Trade payables	5,079.13	215.01	5,294.14
Other financial liabilities	1,490.56	-	1,490.56
Total financial liabilities	6,569.69	215.01	6,784.70

Market risk foreign currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk since it imports components from foreign vendors. Also the Company exports some of it's ships to foreign buyers and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). The outflow on account of imports and payments in foreign currency is mostly reimbursable from the buyers. The risk in case of export is measured through a forecast of highly probable foreign currency cash flows.

Foreign currency risk exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:

(₹ in million)

Particulars	**31 March, 2018**			**31 March, 2017**			**31 March, 2016**			**31 March, 2015 (Proforma)**		
	EUR	**GBP**	**USD**	**EUR**	**GBP**	**USD**	**EUR**	**GBP**	**USD**	**EUR**	**GBP**	**USD**
Financial assets	-	-	-	-	-	-	-	-	73.49	-	-	412.46
Financial liabilities	70.43	54.21	21.54	65.85	46.27	11.37	96.17	78.99	12.10	132.98	66.12	31.85
Net exposure to foreign currency risk	(70.43)	(54.21)	(21.54)	(65.85)	(46.27)	(11.37)	(96.17)	(78.99)	61.40	(132.98)	(66.12)	380.61

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in million)

Particulars	**Impact on profit before tax**			
	31 March, 2018	**31 March,2017**	**31 March, 2016**	**31 March, 2015 (Proforma)**
EUR sensitivity				
INR/EUR Increases by 10.63% (31 March 2016 - 9.9%)*	(10.6)	(7.00)	(9.52)	(11.2)
INR/EUR Decreases by 12.83% (31 March 2016 - 18.10%)*	9.00	8.45	17.41	24.08
GBP sensitivity				
INR/GBP Increases by 8.29% (31 March 2016 - 9.60%)*	(6.70)	(3.80)	(7.58)	(6.9)
INR/GBP Decreases by 11.04% (31 March 2016 - 7.40%)*	6.00	5.10	5.85	4.9
USD sensitivity				
INR/USD Increases by 6.71% (31 March 2016 - 8.29%)*	(1.5)	(0.80)	5.09	33.79
INR/USD Decreases by 2.16% (31 March 2016 - 2.16%)*	0.2	0.20	-	1.5

* Holding all other variables constant

Note 35: Restated Summary Statement of Capital management

(a) Risk management

The company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

  The amount mentioned under total equity in balance sheet is considered as Capital.

(b) Dividends paid and proposed

(₹ in million)

Particulars	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015
(i) Equity shares				
Final dividend for the year ended 31 March, 2016 - ₹42.98 (31 March, 2015 (Proforma)- ₹20.00) per fully paid share	540.76	532.21	247.68	123.84
Dividend Distribution Tax	110.09	108.34	50.42	21.05
(ii) Dividends not recognised at the end of the reporting period				
In addition to the above dividends, since year end the board has recommended the payment of a final dividend of ₹43.66 per fully paid equity share (31 March 2016 – ₹42.98; 31 March, 2015 (Proforma)- ₹20.00).	507.97	540.76	532.21	247.68
Tax on Proposed Dividend	104.41	110.09	108.40	50.42

Note 36: Restated Summary Statement of Earnings per share

(₹ in million)

Particulars	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015 (Proforma)
Profit attributable to equity share holders of the Company used in calculating basic and diluted earnings per share (₹. in Million)	868.03	114.68	1,620.47	517.28
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (in Million)	121.60	121.60	121.60	121.60
Basic and diluted earnings per share (₹)	7.14	0.94	13.33	4.25

Note 37: Restated Summary Statement of Expenditure on Corporate Social Responsibilities (CSR) Activities

The various heads under which the CSR expenditure was incurred during the year is detailed as follows:

(₹ in million)

Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR activities	31 March, 2018	31-Mar-17	31-Mar-16	31-Mar-15 (Proforma)
i) Clause (i)	Eradicating hunger, poverty and malnutrition, promoting health care sanitation and making available safe drinking water	11.34	29.62	9.84	5.89
ii) Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the differently abled	14.94	15.87	10.14	8.07

iii) Clause (v)	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of air, water and soil.	0.40	11.98	12.17	9.95
	TOTAL	**26.69**	**57.47**	**32.15**	**23.91**

(₹ in million)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15 (Proforma)
Amount required to be spent by the Company during the year	23.07	34.02	30.43	23.91

(₹ in million)

Particulars	31-Mar-18			31 March, 2017			31 March, 2016			31-Mar-15 (Proforma)		
i) Construction /acquisition of any asset	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
	-	-	-	11.98	-	11.98	8.51	3.66	12.17	-	-	-
ii) On purposes other than (i) above	26.69	-	26.69	45.49	-	45.49	15.49	4.49	19.98	23.91	-	23.91

Note 38: Restated Summary Statement of Construction contracts

On the balance sheet date, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

(₹ in million)

Particulars	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015 (Proforma)
(i) Contract revenue recognized for the year	11,141.09	7,054.60	13,540.59	13,308.78
(ii) Aggregate amount of costs incurred and recognized profit (less recognized losses) upto the reporting date for all contracts in progress as at that date.	27,324.27	37,848.24	35,580.97	43,787.81
(iii) Amount of customer advances outstanding for contracts in progress	44,412.65	57,959.71	53,240.84	54,134.20

Note: 39 Information given in accordance with the requirements of Ind-AS 108 on Segment Reporting:

The chief operating decision maker (CODM) has identified four primary business segments viz. Ship, Base and Depot Spares (B & D Spares), Engineering and Engine. These segments have been identified and reported taking into account the nature of the products/ services, the differing risks and returns, the organisational structure and internal business reporting system.

- Ship segment - Business relating to construction of ships and vessels arising out of contracts with the customer, including modification carried out during construction stage and after delivery of ship based on customer requirements.

- Base and Depot Spares (B & D spares) segment - Business relating to supply of spares for ship equipment /machinery to the customers location as per contractual terms.

- Engineering segment - Engaged in manufacturing/fabrication of portable steel bridges, on-board machinery of ship (Deck Machinery) & Marine Pump.

- Engine segment - Engaged in the testing & overhauling of marine propulsion engines & partial manufacture (assembly from CKD) of diesel engine-located at Ranchi.

a) Revenue and expenses have been identified to a segment on the basis of direct relationship to operating activities of the segment. Expenditure which are not directly identifiable but has a relationship to the operating activities of the segment are allocated on a reasonable basis.

b) Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as “Unallocable”.

c) Segment assets and segment liabilities represent assets and liabilities of respective segment. Investments, tax related assets/ liabilities and other common assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

d)Inter segment transfer consists of material, labour and overhead which are recorded at cost.

e) Information about primary Business Segments:

(₹ in million)

Particulars	Ship		B & D Spares		Engineering		Engine		Others		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue												
Revenue from operation	11153.21	7143.54	1523.49	1,232.01	688.92	858.02	58.16	37.23	41.38	22.41	13465.16	9,293.21
Less : Inter segment Revenue	(53.34)	(19.89)		-	30.54	19.89	22.80	-				-
External Revenue	11099.86	7123.65	1523.49	1,232.01	719.46	877.91	80.96	37.23	41.38	22.41	13465.16	9,304.06
Segment result	(432.22)	(1837.27)	107.82	85.95	(73.30)	(55.90)	(81.60)	(92.70)	41.38	22.41	(437.92)	(1,877.51)
Add :Unallocable Icome net of Unallocable Expenditure											1792.34	2169.90
Less: Finance Cost											76.91	91.18
Profit / (Loss) before tax											1277.51	201.21
Total tax expense											409.47	86.53
Profit for the year											868.04	114.68
Other Comprehensive Income for the year (net of Tax)											75.51	2.26
Total Comprehensive Income for the year											943.53	116.94

g) Other information

(₹ in million)

Particulars	Ship		B & D Spares		Engineering		Engine		Others		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Segment assets	18,141.52	19,506.54	-	-	1271.05	1,431.15	316.81	307.35	22,872.92	24,421.31	42,602.30	45,666.34
Segment liabilities	31,717.48	29,877.07	-	-	270.22	611.54	189.96	225.83	265.30	4,120.46	32,442.96	34,834.90
Capital expenditure	424.95	393.29 -	-	-	1.24	1.63	20.05	3.95	111.03	41.15	557.27	440.02
Depreciation and amortisation	254.52	226.68	-	-	3.73	4.65	10.49	5.12	20.81	30.08	289.57	266.53

Note:

Transactions between segments are primarily for materials which are transferred at cost.

(₹ in million)

Particulars	Ship		B & D Spares		Engineering		Engine		Others		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenue												
Revenue from operation	7,143.54	13,317.10	1,232.01	2,004.23	858.02	1,097.86	37.23	188.32	22.41	12.52	9,293.21	16,620.03
Less : Inter segment Revenue	(19.89)	(83.61)	-	-	19.89	83.61	-	-			-	-
External Revenue	7,123.65	13,233.49	1,232.01	2,004.23	877.91	1,181.48	37.23	188.32	22.41	12.52	9,304.06	16,620.03
Segment result	(1,837.27)	282.94	85.95	139.83	(55.90)	143.70	(92.70)	(47.70)	22.41	12.52	(1,877.51)	531.29
Less: Unallocable expenditure net of unallocable Income									(2,169.90)	(1,847.44)	(2,169.90)	(1,847.44)
Operating Profit / (Loss)											217.21	2,378.73

Finance Cost											91.18	43.98
Profit / (Loss) before exceptional items and tax											126.03	2,334.74
Exceptional Items											82.82	156.72
Profit / (Loss) After extraordinary items											208.85	2,491.47
Profit / (Loss) before tax											208.85	2,491.47
Total tax expense											86.53	870.99
Profit for the year											122.32	1,620.47
Other Comprehensive Income for the year (net of Tax)											2.26	(48.04)
Total Comprehensive Income for the year											**124.58**	**1,572.43**

h) Other information

(₹ in million)

Particulars	**Ship**		**B & D Spares**		**Engineering**		**Engine**		**Unallocable**		**Total**	
	2016-17	**2015-16**	**2016-17**	**2015-16**	**2016-17**	**2015-16**	**2016-17**	**2015-16**	**2016-17**	**2015-16**	**2016-17**	**2015-16**
Segment assets	19,490.54	21,038.40	-	-	1,431.15	2,651.73	307.35	389.82	24,421.31	20,434.98	45,666.34	44,514.93
Segment liabilities	29,877.07	29,318.74	-	-	611.54	1,236.62	225.83	246.33	4,120.46	2,370.66	34,834.90	33,172.35
Capital expenditure	393.29	47.33	-	-	1.63	3.72	3.95	55.63	41.15	7.06	440.02	113.74
Depreciation and amortisation	226.68	215.56	-	-	4.65	4.70	5.12	4.85	30.08	52.88	266.53	277.98

Note:

Transactions between segments are primarily for materials which are transferred at cost.

(₹ in million)

Particulars	Ship		B & D Spares		Engineering		Engine		Unallocable		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Revenue												
Revenue from operation	13,317.10	13,211.72	2,004.23	1,632.02	1,097.86	716.21	188.32	94.95	12.52	20.35	16,620.03	15,675.24
Less : Inter segment Revenue	(83.61)	(18.60)	-	1,632.02	83.61	18.60	-	94.95	12.52	18.92	-	15,675.24
External Revenue	13,233.48	1,319.31	2,004.23		1,181.48	734.81	188.32				16,620.03	
Segment result	282.94	1,106.18	139.83	113.86	143.70	(12.32)	(47.70)	(162.11)	12.52	20.35	531.29	1,065.95
Less : Unallocable expenditure net of unallocable Income									(1,847.44)	(256.24)	(1,847.44)	(256.24)
Operating Profit / (Loss)											2,378.73	809.71
Finance Cost											43.98	57.80
Profit / (Loss) before exceptional items and tax											2,334.74	751.91
Exceptional Items											156.72	149.75
Profit / (Loss) After extraordinary items											2,491.47	901.66
Profit / (Loss) before tax											2,491.47	901.66
Total tax expense											870.99	384.38
Profit for the year											1,620.47	517.28
Other Comprehensive Income for the year (net of Tax)											(48.04)	(59.22)
Total Comprehensive Income for the year											**1,572.43**	**458.05**

g) Other information

(₹ in million)

Particulars	Ship		B & D Spares		Engineering		Engine		Unallocable			
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Segment assets	21,038.40	16,331.78	-	-	2,651.73	2,463.52	389.82	778.74	20,434.98	204,357.17	44,514.93	2,23,931.20
Segment liabilities	29,318.74	25,549.99	-	-	1,236.62	1,211.49	246.33	808.63	2,370.66	23,713.94	33,172.35	51,284.05
Capital expenditure	47.33	201.72	-	-	3.72	0.82	55.63	24.04	7.06	80.54	113.73	307.12
Depreciation and amortisation	215.56	207.56	-	-	4.70	4.82	4.85	5.59	52.88	530.94	277.98	748.91

Note:

Transactions between segments are primarily for materials which are transferred at cost.

Note 40: Russian (USSR) deferred State Credit:

An inter-governmental agreement between Russian Federation and Government of India was reached for restructuring of Russian deferred state credit in Rouble in connection with procurement of weapon systems for cost-plus P25 ships built and delivered by the Company to Indian Navy. As per the said agreement, the outstanding debt in Rouble as on 01.04.1992 was converted to Indian Rupees at the difference in Rupee-Rouble exchange rate between 01.04.1990 and 01.04.1992 and such amount of exchange rate difference was rescheduled by Government of India under a deferred rupee payment arrangement payable over forty 45 years till 2037. These rescheduled payments are also reimbursable by Indian Navy. Such amount is accordingly held as Foreign Suppliers Deferred Credit as at 31 March 2018 and aggregated to ₹88.60 Million (Undiscounted Amount being ₹201.25 Million); (31 March 2017- ₹90.18 Million (Undiscounted Amount being ₹211.84 Million); (31 March 2016- ₹94.92 Million (Undiscounted Amount being ₹230.48 Million); (31 March 2015 (Proforma)- ₹89.81 Million (Undiscounted Amount being ₹225.25 Million)).

Note 41: ICD to Hindustan Cables Ltd.:

An amount of ₹45.78 million (₹20 million as Principal and ₹25.78 million as interest) was outstanding As on 31st March, 2002 from Hindustan Cables Ltd. (HCL), a sick PSU. As the case was registered by BIFR, Full provision was made in the Accounts of 2003-04. HCL's winding up process has since been accepted. The Company has received ₹6.6 million (one third of the principal amount) as full & final settlement from HCL. The balance amount of ₹39.18 million has been written off during the year.

Note 42:

a) The Company follows a general practice of undertaking physical verification of fixed assets in every 3 years. Such physical verification is carried out in a phased manner following verification programme.

b) Out of three docks and two slipways taken over from CIWTC Ltd. on 1st July, 2006, Dry Dock No.2 has been capitalized. Dry dock No. 1 although technically operational cannot be exploited for production until the rectification of leaking valves gets completed, hence the expenditure incurred in Dry dock No. 1 have been carried in Capital Work-in-progress. Other facilities are still under repair and have remained non-operational, due to which cost of acquisition of these assets and subsequent capital expenditure have continued to be carried forward as capital work-in progress.

c) The 62 acre of land for setting up the Diesel Engine Plant at Ranchi was obtained free of cost from Heavy Engineering Corporation Ltd., Ranchi (HEC) in 1966 as a part of industrialization drive at the behest of MoD, Govt. of India and Govt. of Bihar. GRSE is in uninterrupted possession of the land since then and has created permanent structures thereon. Ignoring the right of GRSE in the said land, the then Govt. of Bihar executed a Deed of Conveyance in favour of HEC in Feb., 1996. Later, HEC vide a letter of 07 Aug 1999 raised a claim for a 30 year lease effective from 01.04.1999 of ₹148.8 Million as one-time premium and a sum of ₹14.88 Million p.a. being 10% of the said premium as annual lease rent which GRSE repudiated. During April 2013, HEC unilaterally referred the disputes to PMA, DPE, Govt. of India for arbitration and subsequently inter alia prayed before PMA for directing GRSE to enter into lease agreement for totally baseless, frivolous and absurd lease rent and premium with interest for further period and to declare GRSE as "unauthorized occupant" etc. GRSE raised preliminary objection regarding maintainability and sustainability of the alleged reference of HEC and rejection of claim as the same are not sustainable on facts as well as in law. The matter was under adjudication before Smt. Zoya Hadke, Sole Arbitrator, PMA who after hearing both the parties at length, vide Order dated 30.6.2015 held that in absence of any agreement between the parties the Arbitral Forum lacks jurisdiction to settle the dispute and rejected the reference of HEC. Accordingly, the arbitration- matter stood disposed off.

GRSE has also filed a Civil Suit (TS- 117 of 2014) in March, 2014 before a competent Civil Court at Ranchi, HEC and the Govt. of Jharkhand being the defendants, with prayer for declaration by the Court that GRSE has acquired irrevocable licence coupled with interest in the subject-land by setting up Diesel Engine Plant permanently thereon free of cost in accordance with the law of the land and for permanent injunction restraining HEC from interfering with the possession of land by GRSE and running industry thereon. Hearing of the case is in progress.

In view of above, an amount of ₹468.72 Million (31 March 2017-₹461.28 Million; 31 March, 2016- ₹445.50 Million; 31 March, 2015 (Proforma) - ₹446.40 Million) without interest has been considered as contingent liability not acknowledged as debt.

Note 43: Letters seeking confirmation of balances in the accounts of sundry creditors are being sent to vendors.

Note 44: (a) The Company is sending letters seeking confirmations of balances in respect of its Debtors.

(b) The amounts received from customers are mainly received in respect of ship division, customers being Indian Navy and Coast Guard. In respect of other divisions, advance from customers are received mainly from Government departments.

Note 45: Rent under Other expenses includes Amortisation of Leasehold Land (under operating Lease) ₹1.03 Million (31 March 2017- ₹0.96 Million; 31 March, 2016- ₹1.22 Million; 31 March, 2015 (Proforma) - ₹1.33 Million). Accordingly, prepaid expenses under Note no. 8 & Note no 11 represents unamortised Leasehold Land of ₹ 3.97 Million. (31 March, 2017- ₹5 Million; 31 March, 2016- ₹5.96 Million; 31 March, 2015 (Proforma) - ₹3.33 Million).

Note 46: Based on the information/documents available with the Company, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follow:

(₹ in million)

Sl. No.	Description	31 March, 2018	31 March, 2017	31 March, 2016	31 March,2015 (Proforma)
a)	The principal amount remaining unpaid to suppliers as at the end of accounting year	320.61	63.30	34.72	16.87
b)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	0.62	0.60	2.35	0.69
c)	The amount of interest paid in terms of Section 16, along with the amount of payment made to the suppliers beyond the appointed day during the year	-	-	-	-
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	5.29	2.43	5.15	2.31
e)	The amount of interest accrued during the year/period and remaining unpaid at the end of the accounting year	5.91	3.03	7.50	5.21
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid	-	-	-	-

Note 47: A 250 Tonne Goliath crane was created as part of modernized infrastructure facility at Main Works Unit of the Company, at a total cost of ₹1,100 million. This crane was commissioned during 2013 and used regularly till date.

On 17 April, 2018 a 'Near Cyclonic Strom' hit Kolkata and inflicted damage to the facilities at Main Works, wherein the Goliath crane suffered total loss and also resulted in damage to facilities in the immediate vicinity of the fallen crane. Estimate of financial effect cannot be ascertained at this point of time.

The assets of the Company damaged during this incident are adequately insured. Inspection by the insurance surveyors is under progress. Assessment of the insurance claim is not yet finalized; however, all efforts are being carried out to minimize the impact on the Yard capacity, and actions are also initiated to ensure fast track restoration of the damaged assets including the Goliath Crane.

Note 48: Change in accounting policy

During the year, the Company changed its accounting policy for revenue recognition with respect to Modification Jobs whereby revenue against completed Modification Jobs is now recognised on the basis of Work Done Certificate issued by appropriate authority and for which Modification Cost for Approval is submitted to the customer, duly recommended by onsite representative of the customer. Prior to this change in policy, revenue in respect of Modification Jobs was accounted for in the year in which final approval was received.

The Company believes the new policy is preferable as it is more closely aligned to the matching cost concept of accounting for these transactions.

This change in accounting policy was applied retrospectively resulting in increase in revenue and profit by ₹81.72 Million, other financial assets by ₹98.03 million and increase in basic and diluted earnings per share by 0.62. The effect for the year ended 31 March, 2017 is decrease in revenue and profit by

₹7.64 million, other financial assets by ₹16.31 million and a decrease in basic and diluted earnings per share by 0.06. The effect for the year ended March 31, 2016 is increase in revenue and profit by ₹23.94 million, other financial assets by ₹23.94 million and an increase in basic and diluted earnings per share by 0.19. There is no effect for the year ended 31 March, 2015.

Note 49: Disclosure of recovery or settlement of assets and liabilities

(₹ in million)

Particulars	31 March, 2018		31 March 2017		31 March 2016		1 April 2015	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
ASSETS								
(1) Non-current assets								
(a) Property, plant and equipment	-	3,829.61	-	3,529.51	-	3,406.92	-	3,600.61
(b) Capital work-in-progress	160.28	-	231.84	-	222.76	-	112.07	-
(c) Other intangible assets	-	62.06	-	53.90	-	30.12	-	56.78
(d) Financial assets	-	-	-	-	-	-	-	-
(i) Investments	-	0.04	-	0.04	-	0.04	-	0.04
(ii) Trade and other receivables	-	3.80	-	12.03	-	20.29	-	66.92
(iii) Other financial assets	-	12584.89	-	7812.29	-	12165.40	-	2558.74
(e) Non-current tax assets	-	855.73	-	949.74	-	238.56	-	512.20
(f) Other non-current assets	78.21	5.74	186.70	6.99	142.03	7.81	228.45	9.32
(2) Current assets								
(a) Inventories	5086.58	-	4858.88	-	6,545.57	-	8,412.55	-
(b) Financial assets								
(i) Trade and other receivables	2036.68	-	1,988.58	-	1,538.32	-	1,585.07	-
(ii) Cash and cash equivalents	118.93	-	118.51	-	262.48	-	1,160.51	-
(iii) Bank balances other than (ii) above	10102.58	-	16084.10	-	12,551.50	-	16,180.00	-
(iv) Other financial assets	4722.42	-	7024.88	-	5,978.22	-	3,687.29	-
(c) Other current assets	2954.13	-	2,804.59	-	1,401.14	-	1,835.64	-
(d) Assets classified as held for sale	3.65	-	3.77	-	3.79	-	3.57	-
LIABILITIES								
(1) Non-current liabilities								
(a) Financial liabilities								
Trade payables	-	78.01	-	79.59	-	83.95	-	79.57
(b) Provisions	-	94.01	-	117.07	-	81.24	-	80.72
(c) Deferred tax liabilities (Net)	-	171.29	-	174.66	-	164.71	-	230.94
(2) Current liabilities								
(a) Financial liabilities								
(i) Borrowings		-	250.00	-	-	-	-	-
(ii) Trade payables	6888.26	-	3,679.56	-	5,285.35	-	5,079.13	-
(iii) Other financial liabilities	215.48	-	355.67	-	449.38	-	1,490.56	-
(b) Other current liabilities	23636.45	-	28,688.25	-	26,367.28	-	22,317.30	-
(c) Provisions	1359.46	-	1490.10	-	740.43	-	663.28	-

Note 50: Figures for the previous year have been re-grouped/re-arranged wherever necessary to correspond to those of the current year. Amounts and other disclosures for the preceding year are included as an integral part of the current year Financial Information and are to be read in relation to the amounts

and other disclosures relating to the current year.

Note 51: The Restated Financial Statements were authorised for issue by the Board of Directors on August 21, 2018.

As per our report of even date attached.
For G. P. Agrawal & Co.

Chartered Accountants
Firm Registration No - 302082E

(CA Ajay Agrawal)

Partner
Membership No. 17643
Place of Signature: Kolkata
Date: Augsut 21, 2018

For and on behalf of the Board of Directors

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

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

Sandeep Mahapatra
Company Secretary

Annexure VII

Restated Standalone Summary Statement of Accounting Ratios

(₹ in million)

Sl No	Particular	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015 (Proforma)
i	**Basic earnings/ (Loss) Per Share**				
	Restated Net Profit/(loss) after tax for the year available for equity shareholders (A)	868.06	114.65	1,644.45	517.27
	Number of Equity Shares	114.55	123.84	123.84	123.84
	Weighted average number of equity shares outstanding during the year/period (B)	121.60	123.84	123.84	123.84
	Basic (Loss) Per Share (A/B)	**7.14**	**0.93**	**13.33**	**4.25**
	Diluted earnings/(Loss) Per Share				
	Restated Net Profit/(loss) after tax for the year available for	868.06	114.65	1,644.45	517.27
	Number of Equity Shares	114.55	123.84	123.84	123.84
	Weighted average number of equity shares outstanding during the year/period (B)	121.60	123.84	123.84	123.84
	Diluted (Loss) Per Share (A-B)	**7.14**	**0.93**	**13.33**	**4.25**
ii	**Return on Net Worth**				
	Restated Net Profit/(Loss) after tax (C)	868.06	114.65	1,644.45	517.27
	Net worth excluding preference share capital at the end of the year/period, as restated (D)	10,159.37	10,831.44	11,366.55	10,068.24
	Return on Net Worth % (C/D)	**8.54%**	**1.06%**	**14.47%**	**5.14%**
iii	**Net Asset Value Per Equity share**				
	Net worth excluding preference share capital at the end of the year, as restated (E)	10,159.37	10,831.44	11,366.55	10,068.24
	Number of Equity share outstanding at end of the year (F) (Considering face value – Rs. 10)	114.55	123.84	123.84	123.84
	Number of Equity share outstanding at end of the year (F) (Considering face value – Rs. 100*)	11.45	12.38	12.38	12.38
	Net Asset Value Per Equity share (E)/(F) (Considering face value – Rs. 100*)	**886.89**	**874.63**	**917.84**	**813.00**
	Net Asset Value Per Equity share (E)/(F) (Considering face value – Rs. 10)	**88.69**	**87.46**	**91.78**	**81.30**

* with effect from August 25, 2017, 12,384,000 Equity Shares of face value Rs. 100 each were split into 123,840,000 Equity Shares of Rs. 10 each.

Note:
The ratios have been computed as below:

1. Basic Earnings per share (Rs.) $\dfrac{\text{Net profit/(loss) after tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

2. Diluted Earnings per share (Rs.) $\dfrac{\text{Net profit/(loss) after tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

3. Return on Net Worth (%) Net profit/(loss) after tax, as restated attributable to equity shareholders

		Net worth excluding peference share capital at the end of the year
4.	Net asset value per equity share (Rs.)	Net worth excluding preference share capital at the end of the year / Number of equity shares outstanding at the end of the year

5. Net profit/(Loss), as restated as appearing in the restated summary statement of profits and losses, has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the Summary restated financial statements of the Company.

1. Net worth for ratios mentioned represent equity share capital and reserves and surplus. Refer Note 13(b) for components of Reserves and Surplus.

2. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" issued by the Institute of Chartered Accountants of India.

As per our report attached

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

(CA. Ajay Agrawal)
Partner
Membership No. 17643

Kolkata, dated 21 st August, 2018

For and on behalf of the Board of Directors

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

S. S. Dogra
Director (Finance) & CFO
DIN – 07052300

S. Mahapatra
Company Secretary

Annexure VIII

Restated Summary Statement of Capitalisation

(₹ in million)

Particulars	Pre-offer for the year ended 31 March, 2018	Adjusted for post offer*
Debts		
Short Term Debts	NIL	
Long Term Debts	NIL	
Total Debts	NIL	
Share Holder's Funds		
Share Capital	1,145.52	
Reserves as Restated	9,013.85	
Total Share Holders' Funds	**10,159.37**	
Total debts/ Total Shareholders' funds	**NA**	
Long Term debts/ Total Shareholders' funds	NA	

* Shareholders fund post issue can be calculated only on conclusion of the issue.

As per our report attached

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

(CA. Ajay Agrawal)
Partner
Membership No. 17643

Kolkata, dated 21 st August , 2018

For and on behalf of the Board of Directors

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

S. S. Dogra
Director (Finance) & CFO
DIN – 07052300

S. Mahapatra
Company Secretary

Annexure IX

Restated Statement of Tax Shelter

(₹ in million)

Particulars		**Year ended 31 March, 2018**	**Year ended 31 March, 2017**	**Year ended 31 March, 2016**	**Year ended 31 March, 2015 (Proforma)**
Profit before exceptional item current and deferred taxes restated		1277.53	201.18	2515.44	901.66
Profit after exceptional item current and deferred taxes as restated	(A)	1277.53	201.18	2515.44	901.66
Weighted average tax rate (%)	(B)	34.608%	34.608%	34.608%	33.99%
Tax expenses at weighted average rate	(C)	442.13	69.62	870.54	306.47
Adjustments					
Permanent Differences					
expenses disallowed / Income exempted		22.01	38.14	28.6	16.97
others		-	67.04	100.16	28.1
Total	(D)	22.01	105.18	128.76	45.07
Temporary Differences					
Difference between book depreciation and tax depreciation		(74.93)	(62.96)	(25.45)	(94.38)
provision for anticipated losses and gains		(10.68)	47.51	(1.61)	(4.75)
Disallowance under Sec 43B		96.18	(37.2)	29.31	230.34
Adjustments due to reinstatement		-	-	(20.34)	(141.45)
Total	(E)	10.57	(52.65)	(18.09)	(10.24)
Net Adjustment (D+E)	(F)	32.58	52.53	110.67	34.83
Tax Liability / Saving thereon	(G)	11.28	18.18	38.30	11.84
Current Tax provision for the year as per restated accounts (C+G)	(H)	453.40	87.80	908.84	318.31

As per our report attached

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

(CA. Ajay Agrawal)
Partner
Membership No. 17643

Kolkata, dated 21 st August , 2018

For and on behalf of the Board of Directors

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

S. S. Dogra
Director (Finance) & CFO
DIN – 07052300

S. Mahapatra
Company Secretary

Annexure X

Restated Summary Statement of Dividend Paid

(₹ in million)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity Shares				
Face value of Equity Shares (in ₹ per Equity Share)	10/-	100/-	100/-	100/-
Total Dividend declared (Rs. in Millions)	507.97	540.76	532.21	247.68
Number of Equity Shares (₹ in Millions)	11.45	12.38	12.38	12.38
Total Dividend per Equity Share (in ₹)	44.36	43.68	42.98	20.00
Total Dividend Rate (%)	44.36	43.68	42.98	20.00
Dividend Tax (₹ in Millions)	104.41	110.09	108.34	50.42

As per our report attached

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

(CA. Ajay Agrawal)
Partner
Membership No. 17643
Kolkata, dated 21 st August , 2018

For and on behalf of the Board of Directors

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

S. S. Dogra
Director (Finance) & CFO
DIN – 7052300

S. Mahapatra
Company Secretary

ANNEXURE –IA

Restated Summary Statement of Assets and Liabilities

(₹ in million)

Particulars	Note No. of Annexure VA	As at 31st March 2014	As at 31st March 2013
I. **EQUITY AND LIABILITIES**			
(1) Shareholders' Funds			
(a) Share capital	2	1,238.40	1,238.40
(b) Reserves and surplus	3	8,310.80	7,434.90
(2) Non-Current Liabilities			
(a) Deferred tax liabilities (Net)	4	163.84	84.37
(b) Trade payables	5	240.29	219.99
(c) Long term provisions	6	33.30	39.85
(3) Current Liabilities			
(a) Trade payables	7	3,702.69	2,462.49
(b) Other current liabilities	8	49,393.11	47,010.51
(c) Short-term provisions	9	1,241.18	977.51
Total		**64,323.61**	**59,468.02**
II. Assets			
(1) Non-current assets			
(a) Fixed Assets	10		
(i) Tangible assets		3,550.04	2,707.46
(ii) Intangible assets		78.78	71.06
(iii) Capital work-in-progress		177.09	767.62
		3,805.91	3,546.14
(b) Non-current investments	11	0.04	0.04
(c) Long term loans and advances	12	327.68	297.79
(d) Other non-current assets	13	345.88	405.45
(2) Current assets			
(a) Inventories	14	52,409.94	40,969.63
(b) Trade receivables	15	465.55	918.28
(c) Cash and bank balances	16	4,479.55	10,585.56
(d) Short-term loans and advances	17	2,226.81	2,464.71
(e) Other current assets	18	262.25	280.42
Total		**64,323.61**	**59,468.02**

Note: The above statement should be read with Notes on Material Adjustments to the Restated Summary Statements appearing in Annexure IV A, Significant Accounting Policies and Notes forming part of the Restated Financial Statements in Annexure V A.

The accompanying notes are an integral part of the Restated Financial Statements

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

For and on behalf of the Board of Directors

(CA. Ajay Agrawal)
Partner
Membership No. 17643

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

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

Kolkata, August 21, 2018

S. Mahapatra
Company Secretary

ANNEXURE – IIA

Restated Summary Statement of Profit and Loss

(₹ in million)

Particulars	Note No.	For the year ended 31st March 2014	For the year ended 31st March 2013
I. Revenue from Operations (Gross)	19	16,158.83	15,292.78
Less : Excise duty		47.06	42.93
		16,111.77	15,249.85
II. Other Income	20	820.53	747.44
III. Total Revenue (I +II)		16,932.30	15997.29
IV. Expenditure :			
Cost of materials consumed	21	8,919.75	8,757.05
Purchase of Products for resale	22	1,074.32	889.44
Changes in inventories of work in progress	23	(92.39)	(107.43)
Sub-contracting charges		779.00	756.89
Other Expenses - project related	24	424.54	106.72
Employee benefits expense	25	3,198.39	2,873.27
Finance costs	26	6.27	9.76
Depreciation and amortization expense		227.32	141.50
Other expenses	27	582.06	626.03
Total Expenses		15,119.26	14,053.23
V. Profit before tax		1,813.04	1,944.06
VI. Tax expense:			
(1) Current tax		567.89	571.48
(2) Deferred tax		79.47	54.78
		647.36	626.26
VII. Profit for the year		**1,165.68**	**1,317.80**
VIII. Earning per equity share (Nominal value per share ₹10/-):			
Basic and Diluted [Refer Note No. 28(18)]		9.59	10.84

Note: The above statement should be read with Notes on Material Adjustments to the Restated Summary Statements appearing in Annexure IV A, Significant Accounting Policies and Notes forming part of the Restated Financial Statements in Annexure V A.

The accompanying notes are an integral part of the Restated Financial Statements

As per our report attached

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

For and on behalf of the Board of Directors

(CA. Ajay Agrawal)
Partner
Membership No. 17643

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

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

Kolkata, dated August 21, 2018

S. Mahapatra
Company Secretary

ANNEXURE – IIIA

Restated Summary Statement of Cash Flows

(₹ in million)

Particulars		For the year ended 31st March 2014		For the year ended 31st March 2013
A. Cash flow from operating activities:				
Profit before exceptional items and taxation		1,813.03		1,944.05
Adjustments for -				
Profit on sale of fixed assets		-		(0.05)
Interest income		(784.77)		(699.69)
Depreciation & amortisation expense		227.32		141.49
Retirement of Assets - (Profit) / Loss		1.03		0.02
Finance cost		6.28		9.77
Unrealized loss/ (gain) on foreign exchange fluctuation		46.49		(2.82)
Liability no longer required written back		(18.77)		(11.39)
Operating profit before working capital changes		1,290.61		1,381.38
Adjustments for changes in working capital :				
(Increase)/Decrease in Trade Receivables	459.95		198.49	
(Increase)/Decrease in Loans and Advances	246.85		1,351.76	
(Increase)/Decrease in Current and Non Current Assets	6,186.80		(3,786.24)	
(Increase)/Decrease in Inventories	(11,440.29)		(7,798.99)	
Increase/(Decrease) in Trade & Other Payables and Provisions	3,995.53		10,127.07	
		(551.17)		92.09
Cash generated from/ (used in) operations		739.44		1,473.47
Taxes paid (net of refunds))		(606.76)		(552.85)
Net cash from operating activities		132.68		920.62
B. Cash flow from investing activities				
Purchase of fixed assets (including intangibles)		(488.75)		(1,347.53)
Proceeds from Sale of fixed assets		-		0.06
Proceeds from Sale of retired fixed assets		-		-
Interest received		838.25		691.82
Net cash from/(used) in investing activities		349.50		(655.65)
C. Cash flow from financing activities:				
Repayment of Long term Borrowings		(10.92)		(9.56)
Interest and other borrowing cost paid		(5.95)		(5.25)
Dividend paid		(386.93)		(247.68)
Dividend tax paid		(65.76)		(40.18)
Net cash used in financing activities		(469.56)		(302.68)
Net Increase/(Decrease) in Cash & cash equivalents		12.63		(37.71)
Opening Cash & cash equivalents		156.92		194.63
Closing Cash & cash equivalents (Refer note 16)		169.55		156.92

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement as notified under the Companies (Accounting Standards) Rules, 2006.

2. Cash and cash equivalents as at the balance sheet consists of:

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
Balances with banks		
Current accounts	159.07	149.19
Fixed deposits (Original maturity upto three (3) months)	10.00	7.10
Cash on hand	0.48	0.63
Cash & cash equivalents	**169.55**	**156.92**

3. Figures in brackets represent cash outflow from respective activities.

4. As break up of cash and cash equivalent is also available in Note 16, reconciliation of items of cash & cash equivalents as per Cash Flow Statement with the respective items reported in the Balance Sheet is not required and hence not provided.

5. Cash and cash equivalents do not include any amount which is not available to the company for its use.

6. Additions to fixed assets include movement of Capital work -in progress during the year.

Note: The above statement should be read with Notes on Material Adjustments to the Restated Summary Statements appearing in Annexure IV A, Significant Accounting Policies and Notes forming part of the Restated Financial Statements in Annexure V A.

The accompanying notes are an integral part of the Restated Financial Statements

As per our report attached

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

For and on behalf of the Board of Directors

(CA. Ajay Agrawal)
Partner
Membership No. 17643

Kolkata, dated August 21, 2018

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

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

S. Mahapatra
Company Secretary

ANNEXURE IVA

Notes on Material Adjustments to the Restated Summary Statements

1. Notes on material adjustments

Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits of the Company:

(*₹ in million*)

Particulars	2013-14	2012-13
Profit after Tax as per Audited Accounts	**1,214.62**	**1,315.42**
Adjustments:-		
Prior period expenses (See Note (a) below)	19.96	(13.38)
Depreciation and amortisation (See Note (b) below)	(6.62)	(2.39)
Employee benefit expenses recognised in accordance with AS 15 after considering impact of plan asset (See Note (c) below)	(72.66)	28.35
Profit as per restated IGAAP before tax impact on adjustments	**1,155.31**	**1,328.00**
Deferred tax impact (See Note (d) below)	10.36	(10.21)
Restated profit for the year	**1,165.68**	**1,317.80**

a) **Prior Period Items**

In the financial statements for the Fiscal Years Ended 31st March 2014 and 31st March 2013, certain items of income/expenses have been identified as adjustments pertaining to earlier years. These adjustments were recorded in the year in which they were identified. However, for the purpose of Restated Financial Statements, such adjustments have been appropriately recorded in the respective years to which the transactions pertain. Adjustments related to financial years prior to year ended 31st March 2013 have been adjusted against the surplus in the Statement of Profit and Loss as at 1st April 2012.

b) **Depreciation and amortisation**

Pursuant to the notification of Schedule II of the Companies Act, 2013 ("the 2013 Act") by the Ministry of Corporate Affairs effective from 1 April 2014, the Management has internally reassessed and changed, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the 2013 Act. Consequently, the carrying amount as at 1st April 2014 is being depreciated over the revised remaining useful life of the asset.

Accordingly, an amount of ₹17.00 millions (net of deferred Tax of ₹9.00 millions) representing the written down value of fixed asset with nil revised remaining useful life as at 1st April 2014 was reduced from the retained earnings as at such date. The same has been adjusted in the respective years and in the balance brought forward in the Statement of Profit and Loss as at 1st April 2012.

c) **Employee benefit expenses**

Employee benefit related net plan asset has been recognised in accordance with AS 15 under IGAAP.

d) **Deferred tax**

Deferred tax has been computed on adjustments made as detailed above and has been adjusted in the Restated Statement of Profit and Loss for the Fiscal years ended 31st March 2014 and 31st March 2013 and in the balance brought forward the surplus in the Statement of Profit and Loss as at 1st April 2012.

2. Reconciliation of Total equity as on 1 April 2012 from IGAAP to Restated IGAAP

(*₹ in million*)

Particulars	Amount
Equity as per audited accounts as on 1 April 2012	**7,625.57**
Adjustments:-	
Prior period expenses (See Note 1(a) above)	89.63
Depreciation and amortisation (See Note 1(b) above)	(16.99)

Employee benefit expenses recognised in accordance with AS 15 after considering impact of plan asset (See Note 1(c) above)	(11.33)
Balance of equity as per restated IGAAP before tax impact on adjustments	**7,686.87**
Deferred tax impact (See Note 1(d) above)	(23.57)
Restated equity as per IGAAP as on 1 April 2012	**7,663.30**

3. Reconciliation of total equity as on 31 March 2013 from IGAAP to Restated IGAAP

(*₹ in million*)

Particulars	Amount
Equity as per IGAAP as on 31 March 2013	**8,633.20**
Adjustments:-	
Prior period expenses (See Note 1 (a) above)	(24.71)
Depreciation and amortisation (See Note 1 (b) above)	(19.39)
Employee benefit expenses recognised in accordance with AS 15 after considering impact of plan asset (See Note 1 (c) above)	117.98
Balance of equity as per restated IGAAP before tax impact on adjustments	**8,707.07**
Deferred tax impact (See Note 1 (d) above)	(33.77)
Restated equity as per IGAAP as on 31 March 2013	**8,673.30**

4. Reconciliation of total equity as on 31 March 2014 from IGAAP to Restated IGAAP

(*₹ in million*)

Particulars	Amount
Equity as per IGAAP as on 31 March 2014	**9,558.05**
Adjustments:-	
Prior period expenses (See Note 1(a) above)	(4.75)
Depreciation and amortisation (See Note 1 (b) above)	(26.00)
Employee benefit expenses recognised in accordance with AS 15 after considering impact of plan asset (See Note 1 (c) above)	45.32
Balance of equity as per restated IGAAP before tax impact on adjustments	**9,572.61**
Deferred tax impact (See Note 1 (d) above)	(23.41)
Restated equity as per IGAAP as on 31 March 2014	**9,549.20**

5. Changes in Accounting Policies:

There has been no change in Accounting Policies during the Fiscal Years Ended 31st March 2014 and 31st March 2013 except as below :-

There have been certain changes/modifications in the accounting policies on i) Basis of Accounting ii) Fixed Assets iii) Value of Inventories iv)Retirement Benefits v) Claims vi) Cash Flow Statement and vii) Cash & Cash Equivalents which have neither any financial effect in the current year nor in the previous year, being elaboration and enunciation of the actual basis followed. (Refer accounting policies in Note 1 of Annexure VA.

However, with respect to the change in the policy for Provisions in the Accounts against Contingent Liability with effect from 01.04.2013, provision has been made for ₹0.48 million in 2013-14. Had the policy been in place during previous year, there would not have been any material effect on corresponding amount of provision in 2012-13 (Refer accounting policy XXII of Note 1 of Annexure VA).

6. Material Regrouping

Appropriate adjustments have been made in the Restated Financial Statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities, receipts and payments in order to bring them in line with the groupings as per the audited IGAAP financial statement of the Company as at and for the year ended 31st March 2016 prepared in accordance with Schedule III to the Companies Act, 2013 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

7. **Non adjusting items**

a) **Companies (Auditor's Report) Order**

Remarks / comments included in the Annexure to Auditors' Reports in terms of Companies (Auditor's Report) Order, 2003, as amended, for the years ended 31 March 2014 and 2013, which do not require any corrective adjustment in the Restated Summary Statements are as follows:

For the year ended 31 March, 2014:

Clause (ix)(b)

The disputed statutory dues aggregating to ₹256.14 million that have not been deposited on account of matters pending before appropriate authorities are as under:

SL No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in Millions)	Forum (Where the dispute is pending)
1	Bengal Finance (Sales Tax) Act, 1941	Sales tax	1988-89	9.64	West Bengal Commercial Taxes & Revisional Board
2	West Bengal Value Added Tax Act, 2003	Value Added Tax	2007-08	50.68	West Bengal Taxation Tribunal
3	West Bengal Value Added Tax Act, 2003	Value Added Tax	2010-11	10.69	Additional Commissioner of Commercial Taxes
4	Central Sales Tax Act, 1956	Central Sales Tax	2010-11	7.57	Additional Commissioner of Commercial Taxes
5	Central Excise Act, 1944	Central excise	2001-02 to 2005-06	1.79	Central Excise and Service Tax Appellate Tribunal
6	Finance Act,1994	Service Tax	2003-04 to 2007-08	12.13	Central Excise and Service Tax Appellate Tribunal
7	Income Tax Act, 1961	Income Tax	2007-08	51.57	Commissioner of Income Tax (Appeal)
		Dividend Distribution Tax	2009-10	1.85	Rectification u/s 154
		Income Tax	2010-11	12.02	Commissioner of Income Tax (Appeal)
8	Employees' State Insurance Act, 1948	ESI	1980-84 1986-91 2004-05	5.93 20.83 71.44	Employees' Insurance Court
		Total		**256.14**	

For the year ended 31 March, 2013:

Clause (ix) (b)

According to the information and explanation given to us, the particulars of dues of income tax, sales tax, excise duty and service tax as at 31st March, 2013 which have not been deposited on account of a dispute are as under:

SL No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in million)	Forum (Where the dispute is pending)
1	Bengal Finance (Sales Tax) Act, 1941	Sales tax	1988-89	9.64	West Bengal Commercial Taxes & Revisional Board

2	Central Sales Tax Act, 1956	Central Sales Tax	2002-02	0.75	West Bengal Commercial Taxes & Revisional Board
3	Central Sales Tax Act, 1956	Central Sales Tax	2008-09 2009-10	1.32 1.33	Additional Commissioner of Commercial Taxes
4	West Bengal Value Added Tax Act, 2003	Value Added Tax	2007-08 2008-09 2009-10	50.68 158.22 5.94	Additional Commissioner of Commercial Taxes
5	Central Excise Act, 1944	Central excise	2001-02 to 2005-06	1.79	Central Excise and Service Tax Appellate Tribunal
6	Finance Act,1994	Service Tax	2003-04 to 2007-08	12.13	Central Excise and Service Tax Appellate Tribunal
7	Income Tax Act, 1961	Income Tax	2007-08	116.64	Income Tax Appellate Tribunal
		Dividend Distribution Tax	2009-10	1.85	Rectification u/s 156

b) **Audit Comment to the Directions/Sub-Directions issued by the Comptroller & Auditor General of India under Section 143 (5) of the Companies Act, 2013**

For the year ended 31 March, 2014:

A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases(foreign and local) are as follows:

(a) Legal Cases

Number of cases	Period of pendency (Years)	Reasons for pendency
01	04	Certificate Case against KPCL – Recovery Process, as required in law, has already commenced – Awaiting disposal upon hearing.
01	05	Writ Petition filed by Western Marine – Yet to be listed for hearing. The Writ Petitioner is also not pursuing the matter for disposal. There is no privity of contract between GRSE and Western Marine.
02	07	• Case 1 – Criminal case for eviction of a retired officer from company's accommodation. Awaiting disposal upon final hearing. • Case 2 – Petition filed by Elastolan Engineers for setting aside of an arbitration award in favour of GRSE. Awaiting disposal upon final hearing.
01	08	Execution case filed against Sarkar Enterprise for recovery of amount awarded in Arbitration. Attachment order passed on 29/3/12 and writ of attachment passed on 28.6.2013.
01	09	Execution case filed against Bronson Marine for recovery of amount awarded in Arbitration. Awaiting order for transfer of the execution order to a different court for attachment of property of the judgment debtor.
02	11	• Case 1 – Petition filed for setting aside a "Nil" arbitration award between the company and ICAR. Awaiting disposal upon final hearing. • Case 2 – Criminal Case filed against Hydra Impex, Chennai under Negotiable Instrument Act for dishonor of cheque. Process delayed for non-availability of whereabouts of the accused.
02	16	• Case 1 – Winding up petition before Delhi High Court against ET&T – Awaiting final order. • Case 2- Petition filed by IEG Consultant for setting aside of an arbitration award in favour of GRSE. Awaiting disposal upon final hearing.

Number of cases	Period of pendency (Years)	Reasons for pendency
04	18	• Case 1- Petition filed for setting aside of an arbitral award made in favour of IEG Consultant. Awaiting disposal upon final hearing. • Case 2 – Three cases were filed before Employees Insurance Court by GRSE against ESI Corporation, alleging wrong determination of contribution and interest. Awaiting disposal upon final hearing.
02	03	• Case 1- Petition filed by ESAB India Ltd. For setting aside of the Arbitral Award made and passed in favour of GRSE. Awaiting disposal upon peremptory hearing. • Case 2- Despite receipt of awarded sum, M/s Dutta and Dutta Associates has filed petition for setting aside of the arbitral award. Written objection filed by GRSE
01	19	Suit filed against Peerless Hospital for specific performance and beach of contract. Awaiting disposal upon final hearing.
01	20	Suit filed against Chokhani Shipyards before High Court at Calcutta. Not yet been listed for final hearing.
01	18	Sri PradipGanguly Vs. GRSE Claim for reinstatement. Company's appeal was not allowed. Filed SLP at Supreme Court. On the ground of determination of Appropriate Government under ID Act.
27	1	27 nos. of Money suits filed by SBI against its borrowers who have allegedly taken personal loans. Alleged borrowers are/were employees of GRSE; but GRSE is in no way connected with the loans. GRSE has been wrongly and unnecessarily impleaded.

In High Court at Kolkata

Number of cases	Period of pendency (Years)	Reasons for pendency
01	21	Smt. SabitaMondal –Vs-GRSE Ltd. (10470/93) Claimed for Compassionate appointment. Awaiting disposal upon hearing.
01	19	R.K.Bitthar Vs. GRSE Ltd. Claimed for additional increment. Awaiting disposal upon hearing.
01	17	Shri Dwijendra Narayan Singh – Vs- GRSE Ltd. Demand for reinstatement. Awaiting disposal upon hearing.
01	7	GRSE –Vs- 2nd Labour Court On the matter of appropriate Govt. and interim rerlief. The case is pending. Awaiting disposal upon hearing.
01	5	BabluNaskar – Vs – Anand Kumar Gupta &Ors. GRSE is an added Respondents. Awaiting disposal upon hearing.
01	5	Md. Israil – Vs – Sita Ram Yadav & Ors GRSE is an added Respondents. Awaiting disposal upon hearing.
01	5	Debasish Chakraborty .Petnr. – Vs – GRSE Ltd. Claim for employment Awaiting disposal upon hearing.
01	5	Ashim De Chowdhury – Vs - GRSE Ltd. Claim for employment Awaiting disposal upon hearing.
01	5	GRSE Ltd. Workmen's Union &Ors. – Vs – GRSE Ltd. CCA Matter, Awaiting disposal upon hearing.

In High Court at Eranakulam, Kerala

Number of cases	Period of pendency (Years)	Reasons for pendency
01	5	Claim for compassionate appointment. Awaiting disposal upon hearing.

In Supreme Court of India

Number of cases	Period of pendency (Years)	Reasons for pendency
01	13	Safai Karmachari Andolan & Ors – Vs.- UOI &Ors GRSE is an added respondent. Awaiting disposal upon hearing.

(b) Arbitration Matters

Number of cases	Period of pendency (Years)	Reasons for pendency
01	1 year	Before PMA. Heavy Engineering Corporation – Vs – GRSE. HEC claimed eviction of GRSE from the land occupied by DEP at Ranchi with damages, alternatively to pay Lease – rent. As pre legal advice, GRSE is not submitting to the alleged arbitration and lodged its objection.
01	3 Year	Case: Arbitration between KPCL – Vs – GRSE.KPCL referred the dispute for adjudication there arbitration. Arbitrator was appointed. KPCL questioned the appointment and moved before the High Court fir appointment of an arbitrator by High Court. Later on the petition was withdrawn. Arbitration hearings commenced. Pleadings filed by both the parties and hearing is in progress.
01	1 year	Before the Court of Subordinate Judge – I, Ranchi. GRSE –Vs- HEC. Suit filed by GRSE for a declaration that GRSE has acquired irrevocable license coupled with interest in land in lawful possession of GRSE by setting up Disel Engine Plant Vis-à-vis HEC and for permanent injunction upon HEC.
01	1 year	Surya Alloy Industries Ltd. – Vs – GRSE. Surya Alloy claimed refund of LD deducted pluss interest. Pleading completed, final hearing is progress.
08	2 year	• Suit filed claiming ₹500 million in aggregate as damages for defamation against both M/s Akshat Commercial Pvt. Ltd. And Shri Suresh Agarwal before Calcutta High Court. Hearings concluded. Judgement reserved by the Hon'ble Court. • 2 nos. Writ petitions filed by GAIL India Ltd. Challenging the validity of both Arbitral and Appellate Awards passed in favour of GRSE in two matters. • 3 Nos Writ Petitions filed by Central Coalfield Ltd. Challenging the Appellate Awards passed in favour of GRSE. Hearing in progress. Petition filed by KPCL in the District Court at Pune for an interim stay on recovery of claim by GRSE.

(c) Income tax cases:

Sl. No.	Assessment Year	Period of pendency	Reasons for pendency
1	1997-98	7 Years.	At the time of giving effect to ITAT's order, Department charged higher interest u/s 220(2) and disallowed TDS of ₹91,383/-. A rectification petition u/s 154 was filed before Assessing Officer along with Indemnity Bond for ₹0.09 million for refund of TDS. Modified effect order is awaited even after persuasions.
2	2001-02	11 Years.	In the assessment, TDS (3.40 million) has been disallowed. A rectification petition u/s.154 was filed before Assessing Officer along with Indemnity Bond for ₹3.40 million for refund of TDS. Modified effect order is awaited even after persuasions.
3	2004-05	9 Years.	In the assessment, TDS of ₹1.40 million has been disallowed. A rectification petition u/s 154 was filed before Assessing Officer along with Indemnity Bond for ₹1.40 million for refund of TDS. Modified effect order is awaited even after persuasions.
4	2007-08	3 Year.	GRSE's Return was not selected for scrutiny assessment. Accordingly intimation u/s 143(1) along with a refund of ₹1.53 million has been received. Rectification petition was filed before Assessing Officer so as to include ₹ 15.72 million in the "opening stock" for A.Y. 2007-08, which was added to "closing stock" for A.Y.2006-07. As a result profit will be reduced to the extent of ₹15.72 million. Rectification petition was rejected by the Assessing Officer. Appeal was filed before CIT(A) against the order of AO.
5	2008-09	3 Years	In the assessment A.O. disallowed Provision for Liquidated damages of ₹ 329.40 million and added ₹11.90 million in the closing stock on account of slow moving and obsolete inventory and raised demand of ₹140 million in spite of the fact that ITAT has allowed such "Provision for Liquidated Damages" as deductible expenses in two occasions. GRSE filed appeal before CIT(A) but the same was also rejected by CIT(A). Against the order of CIT(A) GRSE filed appeal before ITAT and Finally ITAT passed order in favour of GRSE dated 31.03.2014. Effect order is awaited.
6	2008-09	Appeal filed in 2014	Commissioner of Income-tax, Kolkata-1, Kolkata vide its order dated 26/03/2013 passed u/s 263 set aside the assessment order and directed for fresh assessment. The CIT referred to two issues – (1) applicability of Section 43B in respect of unpaid balance of Excise duty as shown in Tax Audit Report and (2) treatment of Stores-in-transit vis-à-vis consumption of materials. In pursuance of the above-mentioned order u/s. 263 the Assessing officer commenced fresh assessment proceedings and passed order u/s143 (3) /263 dated 31/03/2014. In the order Assessing officer held that there would not be any applicability of Section 43B and did not make any adjustment in respect of the unpaid balance of Excise duty as shown in Tax audit report. In respect of second issue relating to the valuation of stores-in-transit for the purpose of determination of the value of the consumption of raw material, Assessing officer added back ₹151.72 million as alleged excess value of the consumption of raw materials. Appeal was filed before CIT(A) on 15/05/2014 against the order passed by AO u/s143(3)/263 dated 31/03/2014. Also appeal was filed before ITAT against the order of the Commissioner Of Income-tax dated 26/03/2013. No date of hearing has been fixed till date.
7	2009-10	2 Year	Assessment completed and order received on 17/01/2012. Assessing officer disallowed Provision for Leave encashment of ₹ 29.50 milllion and added ₹ 16.70 million towards Profit on Sale of Retired Assets. GSRE filed appeal before Commissioner of Income Tax (Appeal) against the order of Assessing officer and also filed stay petition for recovery of demand. Assessing Officer also disallowed claim of advance tax of ₹50 million and TDS of ₹17.30 million. GRSE filed rectification petition u/s.154 for rectification of the said mistakes. CIT(A) in his order allowed profit on sale of retired assets but disallowed provision for leave encashment. GRSE preferred no further appeal against the order of CIT(A). Effect order is awaited.

Sl. No.	Assessment Year	Period of pendency	Reasons for pendency
8	2010-11	1 Year	Rectification petition was filed for wrong computation of dividend tax payable and for allowing short credit of TDS for ₹5.22 million.
9	2011-12	Appeal filed in 2014	Assessment completed u/s 143(3) with a demand of ₹7.25 million. In the assessment A.O. added ₹34.80 million towards delayed deposit of employees P.F. contribution after due date as per P.F. Rule but before filing of Income tax Return. A.O. also disallowed TDS of ₹2.15 million. GRSE filed appeal before CIT(A) and also filed rectification petition u/s 154.

Central Excise and Service tax cases:

No of pending cases	Period of pendency (in No. of years)	Reason for pendency
EXCISE DUTY		
3	22	GRSE Ltd cleared P.D. Pumps without payment of duties. C.E. Department issued SCN for clearing P.D. Pumps without payment of duties. Hearing on the issue have been completed but orders reserved by the Department. Total claim raised by the Department was ₹0.71 million which was provided in the accounts.
3	20-21	GRSE Ltd cleared P.D. Pumps without payment of duties. Replies have been submitted against the SCNs issued by the Department. Total claims raised by the Department were ₹0.43 million which was provided in the accounts.
5	13-14	Cases related to E.D. Exemption certificates issued by Indian Navy, benefits of which were denied by C.E. Authorities. C.E. Department issued SCN. Hearing on the issue completed but orders reserved by C.E. Department. Total claims raised by the Department were ₹2.41 million which was provided in the accounts. As per directive of Ministry of Defence, all the similar cases have been referred to them for further decision.
1	3	Cases related to E.D. Exemption certificates issued by Indian Navy, benefits of which were denied by C.E. Authorities. Reply against SCN issued by C.E. Department has been submitted. Total claim raised is ₹1.79 million which is considered as contingent liability.
SERVICE TAX		
1	4	Commissioner of Service Tax has confirmed demand of service tax against Foreign Technicians' fees amounting to ₹12.13 million towards Service Tax including penalties and interest. The said amount has been considered as contingent liabilities.

Sales tax cases:

Sl. No.	Financial Year	Reasons for pendency
1	FY.1988-89	The sale pertaining to DEP, Ranchi was included in BF (ST) Act, 1941 at the time of assessment for the year 1988-89. The Tribunal remanded the case to Appellate Authority to review the case. Appellate Order was received wherein Ranchi sale was not excluded.The tax amount involved ₹9.64 million. GRSE filed an appeal before Commissioner of Commercial Taxes against the Appellate Order. The same was not accepted by Sales Tax Authorities. Thereafter, GRSE made appeal before Revisional and Appellate Board. Though initially Board raised doubt over validity of the appeal under Limitation Act, during the course of hearing, Board after being satisfied with the grounds put up by GRSE for belated filing of appeal, had condoned the delay in its order dated 29 Oct 07. Meanwhile GRSE received a recovery notice in December 2007 from the Certificate Officer for payment of the disputed demand as no information regarding GRSE's appeal was communicated to Certificate Officer by S.T. Authorities. "Stay" against the recovery proceedings have since been granted by Board, which has been intimated to Certificate Officer on 15 Feb 2008. No date for hearing has been fixed till date.

Sl. No.	Financial Year	Reasons for pendency
2	F.Y. 2007-08 (Under VAT Act)	Assessment completed and order received. The Assessing Authority wrongly considered the following items as taxable turnover: 1. Cost Plus Sales for ₹389.81 million (specifically excluded under W.B. VAT Act) due to wrong interpretation of the Annual Accounts of the Company, 2. Labour Charge for ₹27.04 million (exempted) ; and 3. Excess consideration of Sale of Capital Goods for ₹31.11 million. Appeal has been preferred before the ACCT. The ACCT acknowledged the excess consideration of sale on account of sale of capital goods for ₹31.11 million and the same has been set right in his Order. However, the other points in dispute remaining the same, appeal has been filed before the West Bengal Taxation Tribunal. Tax Involved ₹50.68 million. Date of hearing not yet fixed.
3	F.Y. 2010-11 (Under VAT Act)	A demand for ₹ 10.69 million raised by the Assessing Authority mainly on account of wrong consideration of 1) Annual Maintenance Contract of hovercraft under Works Contract of ₹81.18 million and imposing tax at composite rate. 2) Export to Bhutan of ₹0.14 million as taxable sale. 3) Interest on non payment of tax Appeal has been filed before Senior Joint Commissioner. Date of hearing not yet fixed
4	F.Y. 2010-11 (Under CST Act)	A demand for ₹7.57 million raised by the Assessing Authority on wrong consideration of transport charges and service charges as taxable sale and interest on non-payment of tax. Appeal has been filed before Senior Joint Commissioner. Date of hearing not yet fixed.

For the year ended 31 March, 2013:

A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) are as follows:

(a) Legal Cases

Number of cases	Period of pendency (Years)	Reasons for pendency
01	03	Certificate case against KPCL – Recovery process, as required in law, has already commenced – awaiting disposal upon hearing.
R01	04	Writ Petition filed by Western Marine — Yet to be listed for hearing. The Writ Petitioner is also not pursuing the matter for disposal. There is no privity of contract between GRSE and Western Marine.
01	05	Petition filed by Jolly Engineering for setting aside an arbitration award against them. Awaiting for dismissal for non-prosecution.
02	06	• Case 1— Criminal case for eviction of a retired officer from company's accommodation. Awaiting disposal upon final hearing. • Case 2–Petition filed by Elastolan Engineers for setting aside of an arbitration award in favour of GRSE. Awaiting disposal upon final hearing.
01	07	Execution case filed against Sarkar Enterprise for recovery of amount awarded in Arbitration. Attachment order passed on 29/3/12 and writ of attachment passed on 28.6.2013.
01	08	Execution case filed against Bronson Marine for recovery of amount awarded in Arbitration. Awaiting order for transfer of the execution order to a different court for attachment of property of the judgment debtor.
02	11	• Case 1 — Petition filed for setting aside a "Nil" arbitration award between the company and ICAR. Awaiting disposal upon final hearing. • Case 2 — Criminal Case filed against Hydra lmpex, Chennai under

Number of cases	Period of pendency (Years)	Reasons for pendency
		Negotiable Instrument Act for dishonor of cheque. Process delayed for non-availability of whereabouts of the accused.
02	15	• Case 1–Winding up petition before Delhi High Court against ET&T — Awaiting final order. • Case 2- Petition filed by IEG Consultant for setting aside of an arbitration award in favour of GRSE. Awaiting disposal upon final hearing.
04	17	• Case 1- Petition filed for setting aside of an arbitral award made in favour of IEG Consultant. Awaiting disposal upon final hearing. • Case 2 – Three cases were filed before Employees Insurance Court by GRSE against ESI Corporation, alleging wrong determination of contribution and interest. Awaiting disposal upon final hearing.
02	02	• Case 1- Petition filed by ESAB India Ltd. For setting aside of the Arbitral Award made and passed in favour of GRSE.Awaiting disposal upon peremptory hearing. • Case 2- Despite receipt of awarded sum, M/s Dutta and Dutta Associates has filed petition for setting aside of the arbitral award. Written objection filed by GRSE
01	18	Suit filed against Peerless Hospital for specific performance and breach of contract. Awaiting disposal upon final hearing.
01	19	Suit filed against Chokhani Shipyards before High Court at Calcutta. Not yet been listed for final hearing.
01	17	Sri Pradip Ganguly Vs. GRSE Claim for reinstatement. Company's appeal was not allowed. Filed SLP at Supreme Court on the ground of determination of Appropriate Government under ID Act.

In High Court at Kolkata

Number of cases	Period of Pendency (Years)	Reasons for pendency
01	20	Smt. Sabita Mondal —Vs-GRSE Ltd. (10470/93) Claimed for Compassionate appointment. Awaiting disposal upon hearing.
01	18	R.K.Bitthar Vs. GRSE Ltd. Claimed for additional increment. Awaiting disposal upon hearing.
01	16	Shri Dwijendra Narayan Singh — Vs- GRSE Ltd. Demand for reinstatement. Awaiting disposal upon hearing.
01	7	Shri Biswanath Mukherjee-Vs-GRSE Ltd. Claim for pension at higher rate. Awaiting disposal upon hearing.
01	6	GRSE —Vs- 2"‘Labour Court On the matter of appropriate Govt. and interim relief. The case is pending. Awaiting disposal upon hearing.
01	4	8ablu Naskar— Vs— Anand Kumar Gupta &Ors. GRSE is an added Respondents. Awaiting disposal upon hearing.
01	4	Md. Israil— Vs— Sita Ram Yadav & Ors GRSE is an added Respondents. Awaiting disposal upon hearing.
01	4	Debasish Chakraborty ....Petnr. — Vs — GRSE Ltd. Claim for employment Awaiting disposal upon hearing.
01	4	Ashim De Chowdhury — Vs - GRSE Ltd. Claim for employment Awaiting disposal upon hearing.

01	29	Staff Association —Vs-GRSE Ltd. The Company's appeal was allowed by the Hon'ble Division Bench, High Court. As per direction of the Hon'ble court, discussions were held with the union and the company had passed Reasoned Order.
01	4	Gautam Samanta & Others — Vs — GRSE Ltd &Ors Claim for compassionate appointment. Judgement and Order delivered.
01	4	GRSE Ltd. Workers Union &Ors. — Vs — GRSE Ltd. CCA Matter, Awaiting disposal upon hearing.
01	3	Tarak Nath Mannna Vs GRSE Ltd. and Ors. Claim for promotion. Awaiting disposal upon hearing.

High Court at Eranakulam, Kerala

Number of cases	Period of pendency (Years)	Reasons for pendency
01	4	Claim for compassionate appointment. Awaiting disposal upon hearing.

Supreme Court of India

Number of cases	Period of pendency (Years)	Reasons for pendency
01	13	Safai Karmachari Andolan & Ors – Vs.- UOI &Ors GRSE is an added respondent. Awaiting disposal upon hearing.

(b) Arbitration Matters

Number of cases	Period of pendency (Years)	Reasons for pendency
01	05	Arbitration between CEMAC Vs. GRSE – hearing concluded; Award awaited
01	02	Case: Arbitration between KPCL – Vs – GRSE.KPCL referred the dispute for adjudication there arbitration. Arbitrator was appointed. KPCL questioned the appointment and moved before the High Court fir appointment of an arbitrator by High Court. Later on the petition was withdrawn. Arbitration hearings commenced. Pleadings filed by both the parties.
01	03	Arbitration between GRSE Vs. South West Compressor Technologies Pvt. Ltd. Pleadings filed by the parties and hearing in progress
02	01	• Arbitration between ITDC Vs. GRSE. Claim made by ITDC for additional payment towards flat Diaphragm Wall and increase in labour wage rate. Pleadings filed by both the parties. Hearing is in progress. • Alekton Engineering Industries pvt. Ltd. Vs. GRSE before SME Facilitation Council, Chennai. Party filed a petition claimimg compound interest for delayed payment for supplies made. Pleadings and oral submissions completed. Order is awaited.

08	01	• Suit filed claiming ₹500 million in aggregate as damages for defamation against both M/s Akshat Commercial Pvt. Ltd. And Shri Suresh Agarwal before Calcutta High Court. Hearings concluded. Judgement reserved by the Hon'ble Court. • 2 nos. Writ petitions filed by GAIL India Ltd. Challenging the validity of both Arbitral and Appellate Awards passed in favour of GRSE in two matters. Hearing in progress. • 3 Nos Writ Petitions filed by Central Coalfield Ltd. Challenging the Appellate Awards passed in favour of GRSE. Hearing in progress. • Petition filed by Ganpati Industrial Pvt. Ltd. for setting aside of an arbitral award passed in favour of GRSE. Hearing is in progress. • Petition filed by KPCL in the District Court at Pune for an interim stay on recovery of claim by GRSE.

(c) Income tax cases:

Sl. No.	Assessment Year	Period of pendency	Reasons for pendency
1	1997-98	6 Years	Though an amount of ₹738.30 million was received as Refund including interest arising out of effect order to ITAT's order, a rectification petition has been submitted for charging apparently higher interest payable u/sec 220(2) by the Assessing Officer in the effect order and disallowance of TDS of ₹0.79 million at the time of giving effect of order which was initially allowed during assessment. GRSE had also submitted indemnity bond for refund of TDS. Matter is being regularly pursued. Modified effect order is awaited even after persuasions.
2	2000-01	7 Years	Petition was filed in May, 2006 for rectification of mistakes in computation of interest u/sec. 220(2) and u/s. 244(A) in the effect order of CIT(A). Order of rectification was passed with a refund of ₹713.30 million.
3	2001-02	10 Years	It is understood that with the permission of the CIT, deemed assessment was made as no formal notice for regular assessment was served within one year from filing of return. Accordingly, refund of ₹754.60 million was made. However, in the deemed assessment, TDS (₹3.40 million) has been disallowed. GRSE had submitted indemnity bond for refund of TDS. Matter is being regularly pursued. Modified effect order is awaited even after persuasions.
4	2003-04	6 Years	Petition was filed in Nov, 2007 for rectification of mistakes in computation of interest 244(A) in the effect order of Hon'ble Income Tax Tribunal. Order of rectification was passed with a refund of ₹715.80 million.
5	2004-05	8 Years	Petition was filed in June, 2005 for rectification of mistakes for not considering TDS of ₹71.40 million. GRSE had submitted indemnity bond for refund of TDS. Matter is being regularly pursued. Modified effect order is awaited even after persuasions.
6	2007-08	2 Years	GRSE's Return was not selected for scrutiny assessment. Accordingly intimation u/sec 143(1) along with are fund of ₹71.53 million has been received. Rectification petition was filed before Assessing Officer so as to include ₹715.72 million since the "opening stock" for A.Y.2007-08, which was added to "closing stock" for A.Y.2006-07. As a result profit will be reduced to the extent of ₹715.72 million. Rectification petition was rejected by the Assessing Officer. Appeal was filed before CIT(A) against the order of AO.
7	2008-09	2 Years	Assessment completed and order received on 31/12/2010. Assessing officer disallowed provision for Liquidated damages of ₹7329.40 million and added ₹711.90 million in the closing stock on account of slow moving and obsolete inventory and raised demand of ₹7140 million, in spite of the fact that ITAT has allowed such "Provision for Liquidated damages" as deductable expenses in two occasions. However, Assessing officer did not accept the decision of Hon'ble Income Tax Tribunal. GSRE filed appeal before Commissioner of Income Tax (Appeal) against the order of Assessing officer and also filed stay petition for recovery of demand. Commissioner Of Income Tax (Appeal) rejected the appeal vide order dated 16/11/2011. GRSE filed appeal before Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeal).
8	2009-10	1 Year	Assessment completed and order received on 17/01/2012. Assessing officer disallowed Provision for Leave encashment of ₹729.50 million and added Rs. 716.70 million towards Profit on Sale of Retired Assets. GSRE filed appeal before Commissioner of Income Tax (Appeal) against the

Sl. No.	Assessment Year	Period of pendency	Reasons for pendency
			order of Assessing officer and also filed stay petition for recovery of demand. Assessing Officer also disallowed claim of advance tax of ₹7050 million and TDS of ₹717.50 million. GRSE filed rectification petition u/s.154 for rectification of the said mistakes. CIT(A) in his order allowed profit on sale of retired assets but disallowed provision for leave encashment. GRSE preferred no further appeal against the order of CIT(A). Effect order is awaited.
9	2010-11	Appeal filed in 2013	Rectification petition was filed for wrong computation of dividend tax payable and for allowing short credit of TDS for ₹75.22 million.

(d) Central Excise and Service tax cases :

No of pending cases	Period of pendency (in No. of years)	Reason for pendency
EXCISE DUTY		
3	22	GRSE Ltd cleared P.D. Pumps without payment of duties. C.E. Department issued SCN for clearing P.D. Pumps without payment of duties. Hearing on the issue have been completed but orders reserved by the Department. Total claim raised by the Department was ₹0.71 million which was provided in the accounts.
3	20-21	GRSE Ltd. cleared P.D. Pumps without payment of duties. Replies have been submitted against the SCNs issued by the Department. Total claims raised by the Department were ₹0.43 million which was provided in the accounts.
5	13-14	Cases related to E.D. Exemption certificates issued by Indian Navy, benefits of which were denied by C.E. Authorities. C.E. Department issued SCN. Hearing on the issue completed but orders reserved by C.E. Department. Total claims raised by the Department were ₹2.41 million which was provided in the accounts. As per directive of Ministry of Defence, all the similar cases have been referred to them for further decision.
1	3	Cases related to E.D. Exemption certificates issued by Indian Navy, benefits of which were denied by C. E. Authorities. Reply against SCN issued by C.E. Department has been submitted. Total claim raised is ₹1.79 million which is considered as contingent liability.
SERVICE TAX		
1	4	Commissioner of Service Tax has confirmed demand of service tax against Foreign Technicians' fees amounting to ₹12.13 million towards Service Tax including penalties and interest. The said amount has been considered as contingent liabilities.

(e) Sales tax cases:

Sl. No.	Financial Year	Reasons for pendency
1	FY.1988-89	The sale pertaining to DEP, Ranchi was included in BF (ST) Act, 1941 at the time of assessment for the year 1988-89. The Tribunal remanded the case to Appellate Authority to review the case. Appellate Order was received wherein Ranchi sale was not excluded. The tax amount involved ₹9.64 million. GRSE filed an appeal before Commissioner of Commercial Taxes against the Appellate Order. The same was not accepted by Sales Tax Authorities. Thereafter, GRSE made appeal before Revisional and Appellate Board. Though initially Board raised doubt over validity of the appeal under Limitation Act, during the course of hearing, Board after being satisfied with the grounds put up by GRSE for belated filing of appeal, had condoned the delay in its order dated 29 Oct07. Meanwhile GRSE received a recovery notice in December 2007 from the Certificate Officer for payment of the disputed demand as no information regarding GRSE's appeal was communicated to Certificate Officer by S.T. Authorities. "Stay" against the recovery proceedings have since been granted by Board, which has been intimated to Certificate Officer on 15 Feb 2008. No date for hearing has been fixed till date.

Sl. No.	Financial Year	Reasons for pendency
2	FY.2003-04	Assessment was completed and order received. Appeal preferred before DCCT under CST Act for disallowance of Sales in Transit and Sale in course of import. DCCT allowed Transit sales to the extent of ₹72.24 million against GRSE's claim for ₹76.56 million but disallowed sale in course of Import of ₹5.80 million. GRSE appealed before Revisional Board against the impugned disallowances of sale in transit and sale in course of import. Tax involved ₹0.75 million, Date of hearing fixed on 07/08/2013.
3	F.Y. 2007-08 (Under VAT Act)	Assessment completed and order received. The Assessing Authority wrongly considered the following items as taxable turnover: 1. Cost Plus Sales for ₹ 389.81 million (specifically excluded under W.B. VAT Act) due to wrong interpretation of the Annual Accounts of the Company, 2. Labour Charge for ₹27.04 million(exempted); and 3. Excess consideration of Sale of Capital Goods for ₹31.11 million. Appeal has been preferred before the ACCT. The ACCT acknowledged the excess consideration of sale on account of sale of capital goods for ₹ 31.11 million and the same has been set right in his Order. However, the other points in dispute remaining the same, appeal have been filed before the West Bengal Taxation Tribunal. Tax Involved ₹50.68 million.
4	F.Y. 2006-07 (Under VAT Act)	The case was under assessment and the order received in June 2011. A demand for ₹ 21.54 million is raised after adjustment of input tax credit/payment which arose mainly on account of reasons as given hereunder: (a) Treatment of Ship Repair under Works Contract and imposition of tax thereon for ₹ 36.01 lakhs considering the same as composite contract. (b) Excess Consideration of Sale and imposition of tax thereon for ₹ 3.64 million. (c) Disallowance of Refund Adjustment Order (RAO) for ₹15.47 million. (d) Impositionofinterestandpenaltyfor₹34.61lakhs. Appeal before the Additional Commissioner of Commercial Tax has beenfiled on 27/07/2011. Hearing completed and Order received. All the points in dispute as mentioned above have been disposed off in the favour of GRSE. Applied to the Assessing Authority for effect order.
5	F.Y.2006-07 (Under CST Act)	Assessment completed and order received. A demand for ₹ 10.21 million is raised by the Assessing Authority which arose mainly on account of reasons as given hereunder: (a) Treatment of labour bill as Works Contract and imposition of tax thereon for ₹ 2.10 million. (b) Non-consideration of payment for ₹3.17 million. (c) Disallowance of Form-C for sale value of ₹ 2.13 million and Imposition of tax thereon for ₹0.18 million. (d) Imposition of interest and penalty for ₹3.70 million Appeal before the Additional Commissioner of Commercial Tax has been filed on 27/07/2011. Hearing completed and Order received. All the points in dispute as mentioned above have been disposed off in the favour of GRSE. Applied to the Assessing Authority for effect order.
6	F.Y.2008-09 (Under VAT Act)	Assessment completed and order received. The Assessing Authority raised a demand for ₹158.22 million. The Assessing Authority (a) Wrongly added back sale of fixed assets for ₹16.94 million which is already included in the gross sale. (b) imposed tax on labour charges and service bills of ₹ 11.71 million which is otherwise exempt (c) wrongly disallowed payment challan for ₹157.61 million Appeal has been preferred before ACCT on September 30, 2011. Hearing completed. Order is awaited.
7	F.Y.2008-09 (Under CST	Assessment completed and Order received. A demand for ₹1.32 million raised by the Assessing Authority by wrongly imposing tax on transport charges of ₹10.52 million under Contractual Transfer Price. Appeal has been preferred before ACCT on September 30, 2011. Hearing

Sl. No.	Financial Year	Reasons for pendency
	Act)	completed. Order is awaited.
8	F.Y.2009-10 (Under VAT Act)	Assessment completed and Order received on 22.02.2013. A demand of ₹5.94 million raised by the Assessing Authority by wrongly imposing tax on the Labour Charges and Service bills of ₹37.84 million by treating same as taxable Contractual Transfer Price and interest thereon for non payment. Appeal before the Additional Commissioner has been filed.
9	F.Y. 2009-10 (Under CST CCIQ	Assessment completed and Order received on 22.02.2013. A demand for ₹ 1.33 million raised by the Assessing Authority by wrongly imposing tax on transport charges of ₹15.23 milllion under Contractual Transfer Price. Appeal before the Additional Commissioner has been filed.

ANNEXURE VA: Significant Accounting Policies and Notes forming part of the Restated Financial Statements for the years ended 31st March 2014 and 2013

II. BASIS OF ACCOUNTING:

The Restated Financial Statements have been prepared under Indian Generally Accepted Accounting Principles (IGAAP) and in accordance with the requirements of:

a. Section 26 of Part I of Chapter III of the Companies Act 2013 read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014,

b. item (IX) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date in pursuance of provisions of Securities and Exchange Board of India Act,1992 read along with the SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 on Clarification regarding disclosures in Offer Documents under the SEBI Regulations issued by the Securities and Exchange Board of India in connection with the Proposed Initial Public Offering of Equity Shares of the Company.

II. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS:

i) Property, Plant & Equipment procured by the Company are shown at Cost. Capital Works executed internally are valued at prime cost plus appropriate overheads. No charges for supervision are levied on civil capital projects.

Cost means cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs, if any

ii) Software cost is capitalized where it is expected to provide future enduring economic benefits. Capitalization costs include license fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

iii) Retirement of Assets: Unserviceable Property, Plant & Equipment are valued at the net realisable value. In case the net realisable value is not available, the same is considered at 5% of original cost as scrap value.

iv) Property, Plant & Equipment acquired with financial assistance from outside agency either wholly or partially are capitalised at net cost to the company.

III. DEPRECIATION AND AMORTIZATION:

A. <u>Depreciation on Property, Plant & Equipment</u>

(i) Depreciation on Property, Plant & Equipment is charged on straight-line method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

(ii) **<u>Depreciation on software, computer hardware & accessories</u>–**

Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of five (5) years. Licence fee for specific period is amortised on straight line basis over the said period.

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

(iii) **<u>Depreciation on second hand assets</u>** –

Depreciation on second hand assets is charged on straight-line method to write off 95% of the cost on the basis of estimated useful life of asset.

(iv) **<u>Pro-rata depreciation / amortization is charged from / upto date on which the assets are ready to be put to use / are deleted or discarded.</u>**

B. **<u>Leasehold properties</u>**

Leasehold properties are amortized evenly over the period of the lease.

IV. **IMPAIRMENT OF ASSETS:**

On the basis of annual assessment, impairment loss, if any, is provided. Impairment loss is the shortfall of the recoverable amount vis-à-vis the carrying amount. The recoverable amount is determined for defined Cash Generating Units (CGU)

V. **VALUE OF INVENTORIES**:

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

i) (a) Raw materials, stores and spares: Valued at weighted average rates.

(b) Inplant items: Valued at standard cost.

ii) Equipment for specific projects: Valued at cost.

iii) Stores in transit and non-stock items: Valued at cost.

Note:

a) Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location. Cost includes taxes and duties and is net of credit under CENVAT and VAT, where applicable.

b) Inplant items are valued at standard cost for convenience taking into account normal level of activity and regularly reviewed.

c) Obsolete, slow-moving and defective inventories are identified at the time of physical verification and where necessary provision is made for such inventories. Project specific stores not moving for four (4) years and more from the date of delivery of a vessel are valued at 50% on review. Such valuation at 50% on review is also made in respect of materials not for any specific project which do not move for four (4) or more from the date of receipt.

iv) Scrap: Valued at estimated net realisable value.

v) Inter-transfer items (Pending final transfer): At cost, limited to transfer price.

vi) Work-in-progress : Valuation of work-in-progress is done on the following basis and the term cost includes all overheads

1. **<u>Recognition of revenue – Valuation of Work in Progress</u>**

a) Cost Plus Contracts:
"At cost incurred plus profits accrued up to the reporting date as per Contract / Letter of Intent."

b) Fixed Price Contracts:

Where profit can be reliably measured:

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

Where loss is anticipated:

"When it is probable that total contract costs will exceed the total contract revenue, the expected loss is fully recognized as an expense immediately, irrespective of physical progress achieved on the reporting date."

Ship Repair Contracts:

(i) Work done against contracts extending up to twelve (12) months is valued at cost or realizable value, whichever is lower. Profit, if any, is recognized in the year in which the repair is completed.

(ii) For contracts extending beyond twelve (12) months, the valuation is done as per policy for construction contracts as stated above.

d) **<u>Others :</u>**

All items other than the above have been valued at lower of cost and net realisable value.

VI. REVENUE RECOGNITION :

Revenue is recognized and accounted for if there is no significant uncertainty in collection of the amount of consideration.

(A) SALES :

1. Sales other than Turnkey Projects:

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

b) Sale values are ascertained in accordance with contractual provisions.

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

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

e) Credit notes issued to customers and deductions accepted are reduced from sales in the year in which they are effected.

f) Sales include Excise duty and Service Tax, wherever applicable, and excludes Value Added Tax, Central Sales Tax, Works Contract Tax etc.

g) Revenue Recognition in respect of ongoing construction contracts is done using percentage completion method as stated in para V(vii)(1) above.

2. Sales in case of Turnkey Projects:

a) If part delivery and payment is provided in the contract, sales on part delivery are accounted for.

b) In case of an indivisible contract, or specific items thereof, sales are considered on completion and handing over of the project.

(B) INTEREST INCOME:

Interest Income is accounted for on accrual basis in time proportion inclusive of related tax deducted at source.

VII. GRANTS/SUBSIDY:

(i) Capital Grants / Subsidies
Capital grants/Subsidies relating to specific assets are reduced from the gross value of the assets and capital grants for project capital subsidy are credited to Capital Reserve and retained till the requisite conditions are fulfilled.

(ii) Revenue Grants / Subsidies
Government grants related to revenue items are adjusted with the related expenditure. If not related to a specific expenditure, it is taken as income.

VIII. BORROWING COST

Borrowing costs are capitalized as part of qualifying assets. Other borrowing costs are considered as revenue expenditure.

IX. INSURANCE CLAIMS:

Amounts due against insurance claims are accounted for on accrual basis; in respect of claims not finally settled by the underwriter, credits are reckoned, based on the company's estimate of the realisable value.

X. TAXES ON INCOME:

Current tax is determined as the amount of tax payable in respect of taxable income for the period in accordance with the Income Tax Act, 1961.

Deferred tax is recognized on timing difference between taxable income and accounting income subject to consideration of prudence and provided for as per the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets on unabsorbed depreciation and carrying-forward of losses are not recognized unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

XI. RETIREMENT BENEFITS:

(i) **Provident Fund and Pension:**
Retirement benefits in the form of Provident Fund and Family Pension Funds are defined contribution schemes and the contribution is charged to profit and loss of the year when the contributions to the respective funds are due in accordance with the relevant statute.

(ii) **Gratuity:**
Gratuity Fund, a defined benefit scheme, is administered through duly constituted independent Trust and yearly contributions based on actuarial valuation as determined by LIC are charged to revenue. Any additional provision as may be required, is provided for on the basis of acturial valuation as per Accounting Standard -15 on Employee Benefits. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

(iii) **Leave Liability**:
Liability towards Earned Leave in respect of all employees is provided based on actuarial valuation as per Accounting Standard-15 on Employee Benefits using Projected Unit Credit method for the unused entitlements that has accumulated at the Balance Sheet date. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

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

2. **Post Retirement Medical Scheme**

a) The post retirement medical benefits scheme to the existing employees is a defined benefit scheme and are determined based on actuarial valuation as per Accounting Standard-15 on Employee Benefits using Projected Unit Credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

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

XII. VARIATION IN FOREIGN EXCHANGE RATES:

(1) Initial Recognition
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

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

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

XIII. LICENCE FEE:

Licence Fee for manufacturing right for a specified period is amortised over the said specified period.

XIV. RESEARCH AND DEVELOPMENT:

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

XV. MISCELLANEOUS:

i) **Loose Tools and Tackles**:

a) Loose Tools and Tackles are charged to revenue, on issue from stores, if the cost of the individual items does not exceed ₹5000/-.
b) Cost of such tools & tackles individually costing over ₹5000/- is written off evenly over a period of five (5) years commencing from the year of purchase.

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

iii) **Liquidated Damages**:
Provision for liquidated damages is made in the accounts separately as per the contractual provision/proportionate liability basis keeping in view the delay caused by the factors beyond the control of the Company.

iv) **Guarantee repair**:
Provision for guarantee liability in respect of delivered ships is made on the basis of actuarial estimates. Such provision for all other products is made, as applicable, on the basis of

management estimates.

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.

vi) **Advance from customers**:

Advances from customers are after adjusting dues, if any under sales accounts, and include advances received against placement of order and stage payments.

XVI. CLAIMS:

Claims against the company are assessed on the basis of evaluation of facts and legal aspects of the matter involved. Where such assessment indicate probable obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, adequate provision is made otherwise claims against the company are disclosed as claims not acknowledged as debts.
A Contingent Asset is neither recognised nor disclosed in the Financial Statements.

XVII. SEGMENT REPORTING:

Segments are identified having regard to the dominant source and nature of risk and returns and the internal organization and management structure. The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. Inter-segment revenue are accounted for on the basis of transfer price acceptable to the final customer. Assets pertaining to Corporate Office or not specific to segment activities are separately indicated.

XVIII. PROPOSED DIVIDEND:

Dividends (including income tax thereon) are provided as proposed by the Directors in the Books of Accounts on accrual basis pending approval at the Annual General Meeting.

XIX. TRADE RECEIVABLES:

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

XX. CASH FLOW STATEMENT

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

XXI. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, cheques in hand, balance with banks in current accounts and short term, highly liquid investments with an original maturity of three (3) months or less and which carry insignificant risk of changes in value.

XXII. PROVISIONS IN THE ACCOUNTS AGAINST CONTINGENT LIABILITY

(1) **In non-tax civil cases**: In the case of non-tax civil cases, creation of accounting provisions will be considered on a review of status of each case as on the reporting date and provisions may be made in the Accounts on the basis given below:

(a) In the Arbitration cases where the Company has not contested or does not intend to contest the adverse outcome of arbitral award, the liability will not be treated as contingent and full provision may be considered.

(b) Where an adverse award / decision is given by the Arbitrator or by the trial court and an appeal is preferred by the Company or intended to be preferred, provision may be made as follows:

i) After the claim is disposed of by the Arbitrator - 25% of the amount in dispute.

ii) After the claim is disposed of by Higher Appeal Court - 50% of the amount in dispute, until disposal by the final appeal court. Revision petition, larger bench of the same court will be considered as part of the relevant appeal process in the said court.

(c) Full provision of the disputed claim may be considered in the case of an award / decision where the Company does not proceed to contest the appellate award.

(d) No provision may be made in case of demands raised by Govt Dept / Statutory Authority/ by Commissioner or Tribunal set up by such Govt Dept / Statutory Authority if the said demand is contested within the set-up of such Govt Dept / Statutory Authority.

(2) **In taxation cases**: In the matter of taxation cases the claimed amount may be considered as contingent liability and no provision may be considered if the decision up to Appeal stage goes against the company and if the Company has contested or intends to contest such decision before the Appellate Tribunal.

However where the decision of Appellate Tribunal is against the Company, full provision of the amount in dispute may be made.

Note 2 Restated Summary Statement of Share Capital

	Particulars	As at 31st March 2014		As at 31st March 2013	
		No. of shares	(₹ in million)	No. of shares	(₹ in million)
(i)	**Authorised**				
	Equity shares of ₹ 100/- each	12,500,000	1,250.00	12,500,000	1,250.00
(ii)	**Issued, subscribed and fully paid up**				
	Equity shares of ₹100/- each	12,384,000	1,238.40	12,384,000	1,238.40
	Total		**1,238.40**		**1,238.40**

(iii) Shareholders holding more than 5 % of the equity shares in the Company:

Shareholder	2013-14		2012-13	
	No. of Shares	Percentage	No. of Shares	Percentage
President of India including his nominees	12,384,000	100%	12,384,000	100%

The Company has only one class of equity shares. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

3. Restated Summary Statement of Reserves and Surplus

Particulars		As at 31st March 2014 (₹ in million)	As at 31st March 2013 (₹ in million)
Capital Reserves			
Balance at the beginning and end of the year (a)		39.92	39.92
Contract Contingency Reserve			
Balance at the beginning of the year		210.00	210.00
Less: Transfer to General Reserve		(210.00)	-
Balance at the year end	(b)	-	210.00
Corporate Social Responsibility (CSR) Reserve			
Balance at the beginning of the year		23.79	23.79
Less: Transfer to General Reserve		(3.06)	-
Balance at the year end	(c)	20.73	23.79
General Reserve			
Balance at the beginning of the year		1,027.11	908.63
Add: Transferred from Surplus in the Statement of Profit and loss		121.46	131.54
Add: Transferred from Contract Contingency Reserve		210.00	-
Add: Transferred from CSR Reserve		3.06	-
Less: Impact of depreciation and deferred tax thereon transferred to general reserve.		(3.94)	(13.06)
Balance at the year end	(d)	1,357.69	1,027.11
Surplus in the Statement of Profit and Loss			
Balance at the beginning of the year		6,134.08	5,204.83
Add: Profit for the year		1,165.68	1,317.80
Amount available for appropriation		7,299.76	6,522.63
Add: Adjustments made to opening reserve		-	49.21
Add: Impact of depreciation and deferred tax thereon transferred to general reserve.		3.94	1.58
Less: Appropriations			
CSR Reserve		-	-
General Reserve		121.46	131.54
Interim Dividend		123.84	-
Tax on Interim Dividend		21.05	-
Proposed Dividend		123.84	263.09
Tax on Proposed Dividend		21.05	44.71
Balance at the year end (e)		6,892.46	6,134.08
Total	**a+b+c+d+e**	**8,310.80**	**7,434.90**

Notes:

1. Contract Contingency Reserve had been created towards future liability for delayed delivery of ships under cost plus contracts which has now been transferred to General Reserve since the same is not required. (Refer 3(b) above).

2. CSR Reserve had been created for unspent amount in the CSR Budget to be utilised exclusively for CSR activities. (Refer 3 (c) above).

3. General reserve is primarily created to comply with the requirements of Section 205(2A) of the Companies Act, 1956. This is a free reserve and can be utilised for any general purpose like issue of bonus shares, payment of dividend, buy back of shares etc. (Refer 3 (d) above).

4. During the year ended 31st March, 2014, the Board of Directors has declared an interim dividend of ₹10/- (Previous year Nil) per equity share. Further, the Board of Directors has proposed a final dividend of ₹10/- (Previous year ₹21.24) per equity share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The total dividend appropriation (including tax on dividend) for the year ended March 31, 2014 amounted to ₹289.78 million (Previous year ₹307.80 million) (Refer 3 (e) above).

4. Restated Summary Statement of Deferred Tax Liabilities (Net)

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
Deferred Tax Liability		
i) Provision for Gratuity liability/ Plan assets	15.40	40.10
ii) Depreciation on Fixed Assets	363.05	252.83
	378.45	292.93
Deferred Tax Assets		
i) Provision for Bad & Doubtful Debts	31.73	32.00
ii) Voluntary Retirement Scheme	-	2.01
iii) Provision for Leave encashment	165.99	154.21
iv) Provision for Guarantee period liability	16.90	20.34
	214.62	208.56
Net Deferred Tax	**163.84**	**84.37**

Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

5. Restated Summary Statement of Trade payable (Non-Current)

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
Deferred Credit -Unsecured		
Foreign Suppliers	240.29	219.99
	240.29	**219.99**

6. Restated Summary Statement of Long-term provisions

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
Provisions for employee benefits		
(Refer Note 28.15)		
Accrued leave	388.57	371.29
Less : Leave fund with LIC	(388.57)	(371.29)
Post retirement medical benefits	33.30	39.85
Total	**33.30**	**39.85**

7. Restated Summary Statement of Trade payable

(₹ *in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
Micro and small enterprises	22.07	6.60
[Refer Note No.28.14]		
Others	3,680.62	2,455.89
	3,702.69	**2,462.49**

The outstanding amount is repayable by 01.04.2037 in 23 annual installments of ₹10.92 million (Refer Note 28.4). A revaluation of the outstanding deferred credit as on 31.03.2014 has been done in terms of Reserve Bank of India (RBI) advice received in March 2014 wherein the manner of future SDR indexation has been revised. The yearly installment amount has been determined on the basis of the SDR rate as advised by RBI being applicable w.e.f. 01.04.2014. Such revalued deferred credit has also been shown as recoverable from Indian Navy (Refer Note no. 13).

8. Restated Summary Statement of Other current liabilities

(₹ *in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
Current portion of long -term deferred credit	10.92	9.57
(Refer Note 5 & 28.4)		
Interest accrued and due on borrowings	4.86	4.53
Other payables :		
Advance received from Customers	48,919.54	46,535.78
Security Deposit	44.77	42.11
Accrued salaries and benefits	9.11	17.22
Accrued expenses :		
Power & Fuel	8.34	9.03
Rent	14.19	10.09
Liquidated damages	180.77	239.46
Others	69.53	63.01
Statutory liabilities :		
Sales Tax	90.41	13.95
Service Tax, Provident Fund, TDS and Works Contract tax etc.	40.67	65.76
Total	**49,393.11**	**47,010.51**

9. Restated Summary Statement of Short-term provisions

(₹ *in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
Provisions for employee benefits		
Accrued leave	99.78	82.41
Less : Leave fund with LIC	(85.85)	(63.76)
	13.93	18.65
Post retirement medical benefit	13.17	12.08
Other provisions		
Wealth Tax [Net of Advance tax ₹ 0.10 millions	0.05	0.05
Previous Year - ₹ 0.10 millions]		
Guarantee Repair	49.71	59.83
Proposed dividend	1,23.84	263.09
Tax on proposed dividend	21.05	44.71
Other provisions	1019.43	579.10
Total	**1241.18**	**977.51**

10. **Restated Summary Statement of Fixed Assets as at 31 March 2014**

(*₹ in million*)

Particulars	**Gross Block as on 1 April 2013**	**Addition/ Deletion**	**Deductions/ Adjustments**	**Gross Block as on 31 March 2014**	**Accumulated Depreciation Upto 31 March 2013 (Restated)**	**Depreciation for the year (Restated)**	**Deductions/ Adjustments**	**Accumulated Depreciation Upto 31 March 2014 (Restated)**	**Net Block as on 31 Mar 2014 (Restated)**	**Net Block as on 31 Mar 2013 (Restated)**
Land – Freehold	512.57	-	-	512.57	-	-	-	-	512.57	512.57
Building - Freehold	387.25	1.68	-	388.92	199.54	7.38	-	206.92	182.00	187.70
Plant and equipment	2,244.67	31.18	(7.12)	2,268.73	634.62	99.99	(5.80)	728.82	1,539.92	1,610.04
Docks & jetties	338.71	3.50	-	342.20	182.85	10.01	-	192.86	149.34	155.85
Furniture & fixtures	141.56	3.19	(0.07)	144.68	132.50	10.31	(0.07)	142.74	1.95	38.23
Office equipment	29.16	1.95	(0.26)	30.86	-	2.47	(0.24)	2.22	28.63	-
Computer	199.89	45.20	-	245.09	139.48	21.48	-	160.96	84.13	60.41
Launches, barges & boats	7.59	-	(0.05)	7.54	6.42	0.53	(0.05)	6.90	0.64	1.16
Vehicles (motor car)	7.90	-	(4.79)	3.11	6.14	0.16	(4.55)	1.75	1.35	1.76
Motor lorries, trailers, mobile cranes etc.	106.82	3.06	(1.50)	108.39	56.52	8.03	(1.42)	63.12	45.27	50.31
Sub-total (1)	**3,976.11**	**89.77**	**(13.78)**	**4,052.09**	**1,358.07**	**160.35**	**(12.13)**	**1,506.30**	**2,545.79**	**2,618.04**
Assets jointly funded by GRSE & Indian Navy										
Building	268.05	687.30	-	955.35	-	-	-	-	-	268.05
Less: Funded by Navy	(144.17)	(488.90)	-	(633.07)	-	-	-	-	-	(144.17)
Building funded by GRSE (a)	**123.88**	**198.40**	-	**322.28**	**34.46**	**9.64**	-	**44.10**	**278.18**	**89.42**
Plant & Equipment	-	362.93	-	362.93	-	-	-	-	-	-
Less: Funded by Navy	-	(86.10)	-	(86.10)	-	-	-	-	-	-
Plant & equipment funded by GRSE (b)	-	**276.83**	-	**276.83**	-	11.49	-	11.49	**265.34**	-
Dock & Jetties	-	2,995.60	-	2,995.60	-	-	-	-	-	-

Particulars	Gross Block as on 1 April 2013	Addition/ Deletion	Deductions/ Adjustments	Gross Block as on 31 March 2014	Accumulated Depreciation Upto 31 March 2013 (Restated)	Depreciation for the year (Restated)	Deductions/ Adjustments	Accumulated Depreciation Upto 31 March 2014 (Restated)	Net Block as on 31 Mar 2014 (Restated)	Net Block as on 31 Mar 2013 (Restated)
Less: Funded by Navy	-	(2,513.41)	-	(2,513.41)	-	-	-	-	-	-
Dock & jetties funded by GRSE (c)	-	**482.19**	-	**482.19**	-	21.46	-	21.46	**460.73**	-
Sub-total (a+b+c) (2)	**123.88**	**957.42**	-	**1,081.30**	**34.46**	**42.60**	-	**77.05**	**1,004.25**	**89.42**
Total Fixed Assets (1+2)	**4,099.99**	**1,047.19**	**(13.78)**	**5,133.39**	**1,392.53**	**202.95**	**(12.13)**	**1,583.35**	**3,550.04**	**2,707.46**
Software (acquired)	173.22	32.09	-	205.30	102.16	24.37	-	126.53	78.77	71.06
Total Intangible assets	**173.22**	**32.09**	-	**205.30**	**102.16**	**24.37**	-	**126.53**	**78.77**	**71.06**
GRAND TOTAL	**4,273.20**	**1,079.27**	**(13.78)**	**5,338.69**	**1,494.69**	**227.32**	**(12.13)**	**1,709.88**	**3,628.81**	**2,778.51**

Restated Summary Statement of Fixed Assets as at 31 March 2013

(*₹ in million*)

Particulars	Gross Block as on 1 April 2012	Addition/ Deletion	Deductions/ Adjustments	Gross Block as on 31 March 2013	Accumulated Depreciation Upto 31 March 2012 (Restated)	Deductions/ Adjustments	Prior period Depreciation	Depreciation for the year (Restated)	Accumulated Depreciation Upto 31 March 2013 (Restated)	Net Block as on 31 Mar 2013 (Restated)
Land – Freehold	512.57	-	-	512.57	-	-	-	-	-	512.57
Building – Freehold	377.65	3.95	5.65	387.25	188.60	1.51	-	9.43	199.54	187.70
Plant and equipment	1,100.98	1,143.69	-	2,244.67	586.98	-	0.002	47.64	634.62	1,610.04
Docks & jetties	315.63	23.07	-	338.71	174.08	-	-	8.77	182.85	155.85
Furniture, fixtures & Office equipment	162.00	8.93	(0.21)	170.73	114.00	(0.20)	-	18.69	132.50	38.23
Computer	196.24	3.65	-	199.89	112.53	5.97	-	20.99	139.48	60.41
Launchs, barges & boats	7.59	-	-	7.59	5.90	-	-	0.53	6.42	1.16
Vehicles (motor car)	6.78	1.12	-	7.90	5.89	-	-	0.25	6.14	1.76
Motor lorries,	106.42	0.40	-	106.82	48.34	-	-	8.18	56.52	50.31

Particulars	Gross Block as on 1 April 2012	Addition/ Deletion	Deductions/ Adjustments	Gross Block as on 31 March 2013	Accumulated Depreciation Upto 31 March 2012 (Restated)	Deductions/ Adjustments	Prior period Depreciation	Depreciation for the year (Restated)	Accumulated Depreciation Upto 31 March 2013 (Restated)	Net Block as on 31 Mar 2013 (Restated)
trailers, mobile cranes etc.										
Sub-total (1)	**2,785.87**	**1,184.80**	**5.44**	**3,976.11**	**1,236.31**	**7.28**	**0.002**	**114.48**	**1,358.07**	**2,618.04**
Assets jointly funded by GRSE & Indian Navy										
Building	268.05	-	-	268.05	-	-	-	-	-	268.05
Less: Funded by Navy	(144.17)	-	-	(144.17)	-	-	-	-	-	(144.17)
Building funded by GRSE (a)	**123.88**	**-**	**-**	**123.88**	**30.32**	**-**	**-**	4.14	34.46	**89.42**
Plant & Equipment	-	-	-	-	-	-	-	-	-	-
Less: Funded by Navy	-	-	-	-	-	-	-	-	-	-
Plant & equipment funded by GRSE (b)	-	-	-	-	-	-	-	-	-	-
Dock & Jetties	-	-	-	-	-	-	-	-	-	-
Less: Funded by Navy	-	-	-	-	-	-	-	-	-	-
Dock & jetties funded by GRSE (c)	-	-	-	-	-	-	-	-	-	-
Sub-total (a+b+c) (2)	**123.88**	**-**	**-**	**123.88**	**30.32**	**-**	**-**	**4.14**	**34.46**	**89.42**
Total Fixed Assets (1+2)	**2,909.75**	**1,184.80**	**5.44**	**4,099.99**	**1,266.63**	**7.28**	**0.002**	**118.61**	**1,392.53**	**2,707.46**
Software (acquired)	173.20	0.02	-	173.22	85.25	-5.97	-	22.88	102.16	71.06
Total Intangible assets	**173.20**	**0.02**	**-**	**173.22**	**85.25**	**-5.97**	**-**	**22.88**	**102.16**	**71.06**
GRAND TOTAL	**3,082.95**	**1,184.81**	**5.44**	**4,273.20**	**1,351.88**	**1.31**	**0.002**	**141.49**	**1,494.69**	**2,778.51**

Capital Work-in-Progress

(*₹ in million*)

Description	As at 31st March 2014	As at 31st March 2013
Building	1.94	-
Plant &equipments	59.16	4.58
Docks & Jetties	36.00	21.30
Furniture, Fixtures, Office Equipments	0.03	0.05
Softwares	0.35	-
Consultancy Charges	0.77	-
T O T A L	**98.25**	**25.93**

B] Capital Work-in-Progress

(Under Phase II Yard Modernisation - A/C GRSE)

(*₹ in million*)

Description	As at 31st March 2014	As at 31st March 2013
Building	-	284.92
Docks & Jetties	78.84	418.65
Consultancy Charges	-	38.12
T O T A L	**78.84**	**741.69**
Grand Total	177.09	767.62

Notes:

1. Current year additions includes adjustment nil (Previous year ₹5.63 million) towards certain flats reclassified as fixed assets from other current assets- assets held for sale.

2. Current year deductions includes adjustment for Retired Assets. Retired Asset as on 31.03.2014 comprise of ₹3.57 million, Original Cost ₹73.02 million (Previous year ₹2.94 million, original cost ₹60.41 million), valued at estimated scrap value being 5% of original cost.

3. Depreciation includes amortisation in case of software.

4. The Fixed Asset include Modern Hull Shop, the creation of which has been partly funded by Indian Navy as part of modernisation of infrastructure. The original cost of Modern Hull shop capitalised under the head building ₹123.88 million and WDV as on 31st March 2014 is ₹85.28 million (Previous year ₹89.42 million). The Modern Hull shop was jointly funded by Indian Navy for an amount of ₹144.17 million.

5. A new Dry Dock, Inclined Berth, Paint Cell and other miscellaneous facilities under modernisation of infrastructure development have been completed and capitalised in 2013-14. Such assets have been capitalised in current year from Capital Work in Process. These assets have been jointly funded by Indian Navy to the tune of Original Cost of ₹ 3,088.41 millions.

6. Capital Work in Progress Funded by Navy:

(*₹ in million*)

Description	As at 31st March 2014	As at 31st March 2013
	Funded by Navy	Funded by Navy
Building	-	207.32
Docks & Jetties	-	2,523.47
Plant & Equipment		69.46
Consultancy Chargs for Modernisation		204.23
Total	-	**3,004.48**

7. Assets exclusively Funded by Navy (Original Cost) not included in note 10 - Fixed Assets.

(*₹ in million*)

Description	As at 31st March 2014	As at 31st March 2013
Building	48.31	48.31
Computer & Software	31.81	31.81
Total	**80.12**	**80.12**

8. Building include ₹6.73 million (Original Cost) for Delhi Shipyard House being one third share in the property jointly held by the Company, Mazagon Dock Limited and Goa Shipyard Limited.

9. Depreciation /Amortization for the year includes Depreciation for earlier years - ₹ Nil (Previous year ₹ 0.002 million).

11. Restated Summary Statement of Non-current investments (At cost)

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
Long term (Other than trade)		
Woodlands Multispeciality Hospital Ltd. (unquoted, fully paid up):		
6,145 (Previous year 6,145) Equity Share of ₹10/-each	0.04	0.04
(Following a scheme of re-arrangement and conversion)		
Total	**0.04**	**0.04**

12. Restated Summary Statement of Long Term Loan and Advances

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
(Unsecured, considered good unless stated otherwise)		
Capital Advances	86.87	97.27
Deposits with Electricity Board and others	45.09	42.33
Inter corporate deposits [Refer Note 28.5]		
Unsecured, considered doubtful	20.00	20.00
Less : Provision for doubtful deposits	(20.00)	(20.00)
Advance Income Tax and TDS	188.54	149.67
[Net of Provisions ₹ 1673.97 millions)		
(Previous Year - ₹ 1515.96 millions)]		
Prepaid Expenses		
(Refer Note 28.13)	7.18	8.52
Total	**327.68**	**297.79**

13. Restated Summary Statement of Other Non Current Assets

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
Long term trade receivables		
Unsecured, considered good	60.27	67.48
Doubtful	93.35	94.16
	153.62	161.64
Less : Provision for doubtful debts	93.35	94.16
	60.27	67.48
Interest accrued and due on deposits [Refer Note 28.5]		
Unsecured, considered doubtful	25.78	25.78
Less: Provision for doubtful interest	(25.78)	(25.78)
Deferred credit recoverable		
Unsecured, considered good	240.29	219.99

(Refer Note 5 and 28.4)		
Net gratuity plan asset	45.32	117.98
Total	**345.87**	**405.44**

14. Restated Summary Statement of Inventories

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
(Valued as per accounting policy 1(V)		
Raw materials	6,788.84	8,396.46
Less: Provision for obsolescence	11.21	17.32
	6,777.62	8,379.15
Add: In transit	106.55	191.27
	6,884.18	**8,570.41**
Work in progress	45,456.27	32,329.05
Stores and spares	45.96	46.41
Loose tools	23.53	23.76
Total	**52,409.94**	**40,969.63**

15. Restated Summary Statement of Trade receivables

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
(Unsecured, considered good)		
a) Outstanding for a period exceeding six months from due date	329.37	282.72
b) Others	136.18	635.56
Total	**465.55**	**918.28**

16. Restated Summary Statement of Cash and bank balances

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
Cash and cash equivalents		
Balances with banks		
Current accounts	159.07	149.19
Fixed deposits (Original maturity upto three (3) months)	10.00	7.10
Cash on hand	0.48	0.63
	169.55	156.92
Other Bank Balances		
Fixed deposits (Original maturity more than three (3) months and upto twelve (12) months)	4,310.00	10,422.90
Fixed deposits (Pledged as margin money)	-	5.74
Total	**4,479.55**	**10,585.56**

17. Restated Summary Statement of Short term loans and advances

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
(Unsecured, considered good unless stated otherwise)		
Deposit with Customs, Port Trust	0.42	0.40
Advances recoverable in cash or in kind or for value to be received Suppliers		
Unsecured, considered good	2,103.35	2,342.17
Doubtful	0.03	0.03
	2,103.38	2,342.20
Less: Provision for doubtful advances	0.03	0.03

	2,103.35	2,342.17
Employees	14.45	15.62
Excise	25.05	22.17
Sales Tax	21.21	19.06
Prepaid expenses (Refer Note 28.13)	62.33	65.29
Total	**2,226.81**	**2,464.71**

18. Restated Summary Statement of Other Current Assets

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
(Unsecured, considered good)		
Interest accrued but not due on deposits	174.34	227.82
Current portion of long term deferred credit recoverables	10.92	9.57
Assets held for sale	3.57	2.94
Other receivables	73.42	40.09
Total	**262.25**	**280.41**

19. Restated Summary Statement of Revenue from Operations

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
Sale of Products :		
Ship construction	1,243.49	2,395.48
Ship repair	74.16	19.46
B & D spares	1,154.89	956.14
General engineering	418.82	856.24
Diesel engines	17.53	214.44
Sale of Services :		
Ship repair	164.32	178.40
General engineering	0.56	4.35
Diesel engines	8.09	5.71
	3,081.86	4,630.22
Add/Less :		
Accretion/(Decretion) to WIP - Ship construction & Repair	13,034.82	10,649.44
	16,116.68	15,279.66
Other Operating Revenue :		
Scrap sales	36.84	19.90
Written down value of inventories	5.31	(6.78)
Total	**16,158.83**	**15,292.78**

20. Restated Summary Statement of Other Income

(*₹ in million*)

Particulars		For the year ended 31st March 2014	For the year ended 31st March 2013
Interest on deposits*	Recurring	784.77	699.69
Other non-operating income			
Rent**	Recurring	0.82	3.08
Insurance claims**	Non Recurring	1.89	0.12
Other miscellaneous income*	Non Recurring	14.22	33.11
Fixed assets written off*	Non Recurring	0.06	-
Liability/provision written back*	Non Recurring	18.77	11.39
Profit/ (Loss) on sale of fixed assets*	Non Recurring	-	0.05
Total		**820.53**	**747.44**

* All the above Other Incomes are related to business activity.
** All the above Other Incomes are not related to business activity.

21. Restated Summary Statement of Cost of materials consumed

(₹ *in million*)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Raw materials	1,546.92	1,638.89
Components	7,372.83	7,118.16
Total	**8,919.75**	**8,757.05**

Note: As none of individual raw materials mentioned above is more than 10% of the value of the consumption made during the year, item wise breakup of the raw materials and components have not been provided.

22. Restated Summary Statement of Purchase of Products for resale

(₹ *in million*)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
B & D spares	1,074.32	889.44
Total	**1,074.32**	**889.44**

23. Restated Summary Statement of Changes in inventories of work-in-progress

(₹ *in million*)

	For the year ended 31st March 2014	For the year ended 31st March 2013
Opening stock		
Bailey bridge unit	359.23	252.64
Engine unit	4.91	4.07
	364.14	256.71
Closing stock		
Bailey bridge unit	434.82	359.23
Engine unit	21.71	4.91
	456.53	364.14
Increase / (decrease) in Work-in-progress	**(92.39)**	**(107.43)**

24. Restated Summary Statement of Other expenses - Project related

(₹ *in million*)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Facility Hire	17.40	60.55
Insurance	9.37	9.65
Travelling Expenses	14.39	14.96
Technicians' Fees	362.11	1.41
Launching & Commissioning Expenses	5.43	8.14
Miscellaneous Expenses	15.84	12.01
Total	**424.54**	**106.72**

25. Restated Summary Statement of Employee benefits expense

(₹ *in million*)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
(Refer Note No. 28.15)		
Salaries and wages	2,497.62	2,304.23
Contribution to provident fund and Other Funds	390.80	275.40
Staff welfare expenses	309.97	293.64

Total	3,198.39	2,873.27

26. Restated Summary Statement of Finance costs

(₹ *in million*)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Interest expenses :		
Bank borrowings	-	0.68
Interest liability to customers	3.01	4.52
Others	1.83	0.01
Other Borrowing cost :		
Bank charges & Commission	1.43	4.55
Total	**6.27**	**9.76**

27. Restated Summary Statement of Other expenses

(₹ *in million*)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Consumption of stores and spares parts	21.01	21.75
Power and fuel	98.90	109.23
Rent	19.54	15.15
Repair to buildings	52.10	61.53
Repair to plant & equipments	29.18	30.29
Other repairs	62.72	55.40
Insurance	13.52	10.61
Rates and taxes	13.70	11.97
Marketing expenses	5.66	12.49
Guarantee repair expenses	1.48	-
Stores clearing & despatch expenses	16.35	10.02
Liquidated damages	32.31	147.08
Travelling expenses	31.51	30.04
Advertisment & publicity	38.17	24.90
Printing & stationary	1.18	1.01
Postage & courier	0.96	0.79
Telephone & fax	8.34	7.91
Loss in exchange rate fluctuations	49.17	3.99
Legal expenses	4.01	3.48
Corporate social responsibility	24.27	30.05
Auditors' remuneration:		
(a) Statutory audit	0.30	0.20
(b) Tax audit	0.04	0.04
Provision for bad debt	1.35	5.03
Service tax	4.03	9.51
R & D expenses	29.17	5.69
Profit/(loss) on retired assets(net)	0.97	0.02
Other miscellaneous expenses	22.12	17.85
Total	**582.06**	**626.03**

28. Restated Summary Statement of Other Notes to the Financial Statements

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

(a) In case of Shipbuilding and Ship repair and Refit activities, normal operating cycle is considered vessel wise, as the time period from the effective date of contract/ Letter of Intent to the date of expiry of guarantee period.

(b) In case of other business activities, normal operating cycle is twelve (12) months.

28.2 The estimated cost to completion of an un-delivered ship is comprised of costs incurred till the reporting date as also further costs to be incurred till the projected date of delivery. Such further costs to be incurred are computed on an estimated basis for all elements of costs including for guarantee repair obligations after delivery.

28.3 Disclosure pertaining to Accounting Standard (AS-7) (Construction Contract)

(*₹ in million*)

		For the year ended / As at 31.03.2014	For the year ended / As at 31.03.2013
(i)	Contract revenue recognized for the year ended 31st March 2014	1,44,51.06	1,33,80.75
(ii)	Aggregate amount of costs incurred and recognized profit (less recognized losses) upto 31st March 2014 for all contracts in progress as at that date.	4,50,04.93	3,19,68.99
(iii)	Amount of customer advances outstanding for contracts in progress as at 31st March 2014	4,78,14.15	4,37,00.50
(iv)	Amounts retained by customers for contracts in progress as at 31st March 2014	Nil	Nil

28.4 Russian (USSR) deferred State Credit

An inter-governmental agreement between Russian Federation and Government of India was reached for restructuring of Russian deferred state credit in Rouble in connection with procurement of weapon systems for cost-plus P25 ships built and delivered by the Company to Indian Navy. As per the said agreement, the outstanding debt in Rouble as on 01.04.1992 was converted to Indian Rupees at the difference in Rupee-Rouble exchange rate between 1.4.90 and 01.04.1992 and such amount of exchange rate difference was rescheduled by Government of India under a deferred rupee payment arrangement payable over forty five (45) years till 2037. These rescheduled payments are also reimbursable by Indian Navy. Such amount is accordingly held as Foreign Suppliers Deferred Credit as at 31.03.2014 and aggregated to ₹251.21 million (Previous year ₹229.55 millions).

28.5 ICD to Hindustan Cables Ltd.: An amount of ₹45.78 million (₹20 million as Principal and ₹25.78 million as interest) was outstanding as on 31st March, 2002 from Hindustan Cables Ltd. (HCL), which is a sick PSU. As the case was registered by BIFR, full provision was made in the Accounts of 2003-04. As per directive of BRPSE, the revival scheme as prepared by HCL's consultants was put up before Dept. of Heavy Industry, BRPSE & BIFR. Dept. of Heavy Industries (DHI) made advertisement inviting expression of interest from interested PSUs for joint venture formation. In response, Rashtriya Ispat Nigam Ltd. (RINL) had shown interest in HCL's Hyderabad Unit. HCL has informed that recently Ordnance Factory Board (OFB) has shown keen interest for taking over all units of HCL and discussions are currently in progress both with OFB and RINL. No modalities however, have been decided yet. HCL has confirmed that the company's dues will be taken care of in the Restructuring Scheme.

28.6a) The Company follows a general practice of undertaking physical verification of fixed assets in every three (3) years. Such physical verification is carried out in a phased manner following verification programme. In the current year, such physical verification has been done in the Main, FOJ and 61, Park units. Discrepancies found have been dealt with in the Accounts. Physical verification of fixed assets in remaining locations have been completed and the same is under reconciliation.

b) Out of three docks and two slipways taken over from CIWTC Ltd. on 1st July, 2006, Dry Dock

No.2 has been capitalized. Dry dock No. 1 although technically operational cannot be exploited for production until the rectification of leaking valves gets completed, hence the expenditure incurred in Dry dock No. 1 have been carried in Capital Work-in-progress. Other facilities are still under repair and have remained non-operational, due to which cost of acquisition of these assets and subsequent capital expenditure have continued to be carried forward as capital work-in progress.

c) The land for setting up the Diesel Engine Plant at Ranchi was obtained free of cost from Heavy Engineering Corporation Ltd., Ranchi (HEC) in 1966 as a part of industrialization drive at the behest of MoD, Govt. of India and Govt. of Bihar. Deed for transfer of land is yet to be executed. Later HEC had vide a letter of 07 Aug 1999 raised a claim for a thirty (30) years lease effective from 01.04.1996 of ₹148.8 million as one-time premium and a sum of ₹14.88 million p.a. being 10% of the said premium as annual lease rent which GRSE had repudiated. HEC has now in April 2013 referred the issue to PMA of Govt. of India for arbitration with a claim including the one-time premium and annual lease rent till 30.09.2013 contemplated through their letter of 07 Aug 1999, as mentioned above. GRSE, apart from having submitted a letter of facts disputing such claim to PMA has also filed a Civil Suit to a competent Civil Court at Ranchi with prayer for permanent injunction of restraining HEC from interfering with GRSE's irrevocable right to the use of the land. The hearing of the case is in progress. Accordingly, a sum of ₹409.20 million has been shown as contingent liability being not acknowledged as debt. {Refer Note 28.20 (a) (i)}

28.7 Total expenditure on sustainable development of ₹5.09 million (Previous year ₹3.12 million), which includes capital expenditure of ₹1.55 million (Previous year ₹Nil).

28.8 Modernisation of infrastructure project is completed in current year which have been co-funded by Indian Navy. The status of fund given by Indian Navy is given below:

(*₹ in million*)

Sl. No.	**Particulars**	**As on 31.03.2014**	**As on 31.03.2013**
1.	Expenses incurred	33,12.70	32,28.80
2.	Amount received from Indian Navy	33,12.70	33,12.70

28.9 Post dated cheques, in favour of Kolkata Port Trust (KOPT) for rent for thirteen (13) years as per Estate Rules of KOPT were issued earlier and are pending on 31.3.2014 as under:

a) In respect of lease of land of Taratalla Unit (each cheque dated 1st January due for presentation starting from the year 2009 and ending in the year 2021 aggregating to ₹31.23 million (Previous Year ₹31.23 million);

b) In respect of lease of open land (each cheque dated 1st December and 17th November due for presentation starting from the year 2008 and ending in the year 2020 aggregating to ₹16.42 million and ₹5.83 million respectively (Previous year ₹16.42 million and ₹5.82 million respectively).

28.10 Letters seeking confirmation of balances in the accounts of sundry creditors were sent to vendors constituting about 70% in value. On the basis of replies received from certain vendors, adjustments wherever necessary have been made in the accounts.

28.11 The operating scrap of steel is generated in the plate preparation shop of the Company. The process of plate-cutting goes though several steps of generation of cut pieces as well as off-cuts. Such off-cuts are non-standard and also re-used depending on reusability as per design. Efforts are always made to re use such off-cuts to the extent possible. Accordingly, the Company does not inventories such scraps. These scraps are accounted for on actual sales taking place.

28.12 a) The Company has sent letters seeking confirmations of balances in respect of its Debtors. Requisite actions and adjustments have been made in the books of accounts arising out of responses received. In the opinion of the Company, the balances have realizable values equal to the amount as stated in the books in the ordinary course of business, unless otherwise stated.

b) The amount received from customers are mainly received in respect of ship division, customers being Indian Navy and Coast Guard. In respect of other divisions, advance from customers are received mainly from Government departments. Balance Confirmations are not sought from such departments as they are Government organizations.

28.13 Rent under Other expenses includes Amortisation of Leasehold Land (under operating Lease) ₹1.33 million (Previous year ₹1.33 million). Accordingly, prepaid expenses under Note no. 11 represents unamortised amount of Leasehold Land. Also Prepaid expenses under Note no. 16 includes unamortised amount of Leasehold Land of ₹1.33 million (Previous year ₹1.33 million).

28.14 Based on the information/documents available with the Company, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows:

(*₹ in million*)

Sl.	Description	2013-14	2012-13
a)	The principal amount remaining unpaid to suppliers as at the end of accounting year *	220.66	66.04
b)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	-	-
c)	The amount of interest paid in terms of Section 16, along with the amount of payment made to the suppliers beyond the appointed day during the year	-	-
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	18.32	0.14
e)	The amount of interest accrued during the year/period and remaining unpaid at the end of the accounting year*	18.46	0.14
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid	-	-

* Included in the line item "Total outstanding dues of micro and small enterprises" under Note No. 6. Such outstanding as at year end represents 10% balance amount in terms of individual purchase order which are payable on extinguishment of guarantee or upon submission of equivalent Bank Guarantee valid till the guarantee period based on tender conditions.

28.15 As per Accounting Standard 15 "Employee Benefits", the disclosure on employee benefits is given below:

27.15.1 Defined Benefit Plans

a. The present value of the obligations under defined benefit plan comprising of gratuity, leave encashment and post-retirement medical benefits to existing employees are determined based on actuarial valuation using Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

b. Defined Benefit Plans /Long term compensated absence -As per Actuarial Valuations under Accounting Standard -15 on Employee Benefits as on 31st March 2014 and recognized in the financial statements in respect of employee Benefits scheme.

(*₹ in million*)

Sl. No.	Particulars	2013-14			2012-13		
		Gratuity	Leave Encashment	Post Retirement Medical Benefits	Gratuity	Leave Encashment Benefits	Post Retirement Medical Benefits
		Funded	Non Funded	Non Funded	Funded	Non Funded	Non Funded
I.	**Components of Employer Expense :**						
1	Current Service Cost	50.50	28.36	14.20	43.68	26.97	15.99
2	Past Service Cost	-	-	-	-	-	-
3	Interest Cost	71.61	35.01	2.33	70.44	31.48	3.09
4	Expected return on Plan Assets	(89.55)	-	-	(84.88)	-	-
5	Actuarial (Gain) /Loss recognised in the year	150.10	54.82	27.06	90.67	39.53	12.77
6	Expense recognised in the Statement of Profit and Loss	182.68	78.82	43.59	119.91	60.28	31.85
II.	**Change in Present Value of Defined Benefit Obligation :**						
1	Present value of Defined Benefit Obligation at the beginning of the year	1,001.34	453.70	51.93	971.32	431.34	57.23
2	Interest Cost	71.61	35.01	2.33	70.44	31.48	3.09
3	Past Service Cost	-	-	-	-	-	-
4	Current Service Cost	50.50	28.36	14.20	43.68	26.97	15.99
5	Employees Contribution	-	-	-	-	-	-
6	Benefits Paid	(212.34)	(83.54)	(49.04)	(181.71)	(75.62)	(37.16)
7	Actuarial (Gain) / Loss	151.95	54.82	27.06	97.62	39.53	12.77
8	Present value of Defined Benefit Obligation at the end of the year	1,063.07	488.35	46.47	1,001.34	453.70	51.93
III.	**Change in Fair Value of Plan Assets during the year :**						
1	Plan Assets at the beginning of the year	1,119.32	-	-	1,060.95	-	-
2	Expected return on Plan Assets	89.55	-	-	84.88	-	-
3	Contributions paid	110.02	-	-	148.26	-	-
4	Benefits paid	(212.34)	-	-	(181.71)	-	-
5	Actuarial Gain / (Loss)	1.85	-	-	6.95	-	-
6	Plan Assets at the end of the year	1,108.39	-	-	1,119.32	-	-
IV.	**Net Asset / (Liability) recognised in the Balance Sheet as at year end:**						
1	Present value of Defined Benefit Obligation	1,063.07	488.35	46.47	1,001.34	453.70	51.93
2	Fair value of Plan Assets	1,108.39	-	-	1,119.32	-	-
3	Funded Status [Surplus/(Deficit)]	45.32	(488.35)	(46.47)	117.98	(453.70)	(51.93)

Sl. No.	Particulars	2013-14			2012-13		
		Gratuity	Leave Encashment	Post Retirement Medical Benefits	Gratuity	Leave Encashment Benefits	Post Retirement Medical Benefits
		Funded	Non Funded	Non Funded	Funded	Non Funded	Non Funded
4	Net Asset / (Liability) recognised in Balance Sheet	-	(488.35)	(46.47)	-	(453.70)	(51.93)
	- Current	-	(99.78)	(13.17)	-	(82.41)	(12.08)
	-Non Current	45.32	(388.57)	(33.30)	117.98	(371.29)	(39.85)
V.	**Actuarial Assumptions :**						
1	Discount Rate (per annum) %	8.00%	8.50%	8.50%	8.00%	8.00%	8.00%
2	Expected return on Plan Assets (per annum) %	8.00%	NA	NA	8.00%	NA	NA
3	Expected Rate of Salary increase %	6.50%	6.00%	NA	6.50%	5.00%	NA
4	Retirement/Superannuation Age (Year)	60	60	60	60	60	60
VI.	**Major Category of Plan Assets as a % of the Total Plan Assets as at year end :**						
1	Administered by Insurance Companies	See Note	NA	NA	NA	NA	NA
2	Public Financial Institutions / Public Sector Companies bonds	NA	NA	NA	NA	NA	NA
3	Central / State Government Securities	NA	NA	NA	NA	NA	NA
4	Private sector bonds	NA	NA	NA	NA	NA	NA
5	Others (Cash and Cash Equivalents)	NA	NA	NA	NA	NA	NA
	Note : In the absence of detailed information regarding plan assets which is funded with the Insurance Companies , the composition of each major category of plan assets , the percentage or amount of each category to the fair value of plan assets has not been disclosed for Gratuity						
VII.	**Basis used to determine the expected Rate of return on Plan Assets :**						
	In the absence of detailed information regarding plan assets which is funded with the Insurance Companies, the basis used by them to determine the expected return of Plant Assets has not been disclosed.						

VIII. **Net Assets / (Liability) recognised in Balance Sheet(Including experience impact)**

(*₹ in million*)

	Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
	Gratuity (Funded)			
	Present value of defined benefit obligation	1063.07	1001.34	971.32
	Fair value of plan assets	1108.39	1119.32	1060.95
	(Deficit)/Surplus	45.32	117.98	89.63
	Experience adjustments of plan assets Gain/(Loss)	-	-	-

	Experience adjustments of Obligation (Gain)/Loss	-	-	-
	Leave encashment (Non Funded)			
	Present value of defined benefit obligation	488.35	453.70	431.34
	Fair value of plan assets			
	(Deficit)/Surplus	(488.35)	(453.70)	(431.34)
	Experience adjustments of plan assets Gain/(Loss)	-	-	-
	Experience adjustments of Obligation (Gain)/Loss	-	-	-
	Post Retirement Medical Benefits (Non Funded)			
	Present value of defined benefit obligation	46.47	51.93	57.23
	Fair value of plan assets			
	(Deficit)/Surplus	(46.47)	(51.93)	(57.23)
	Experience adjustments of plan assets Gain/(Loss)	-	-	-
	Experience adjustments of Obligation (Gain)/Loss	-	-	-

C. Other disclosures:

i) The estimates of rate of escalation in salary, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

ii) The Gratuity liability is a defined benefit obligation and is being administered by a Trust. Such liability is determined on the basis of actuarial valuation done independent actuary. Gratuity fund is maintained with India First Life with a contribution of 20 % and balance with LICI by the Trust.

iii) Leave Liability fund is maintained with Life Insurance Corporation of India (LICI) based on the actuarial valuation done by an actuary.

iv) The Gratuity and Provident Fund Expenses have been recognised under "Contribution to Provident and Other Funds" and Leave Encashment under "Salaries and Wages" under Note No. 24.

28.15.2 Defined Contribution Plans

Retirement benefits in the form of Provident Fund and Family Pension Funds are defined contribution schemes and the contribution is charged to profit and loss of the year when the contributions to the respective funds are due in accordance with the relevant statute. There are no obligations other than the contribution payable to the respective funds.

(₹ *in million*)

Defined Contribution Plan	Year ended 31st March, 2014	Year ended 31st March, 2013

Employers' Contribution to Provident Fund and Family Pension Fund	153.94	150.21

Post retirement benefits to the super annuated employees are defined contribution schemes and premium paid to an Insurance company is charged to profit and loss of the year. There are no other obligations other than the contribution payable to the Insurance Company.

28.16 Information given in accordance with the requirements of Accounting Standard 17 on Segment Reporting:

The Company has identified four primary business segments viz. Ship, Base and Depot Spares (B & D Spares), Engineering and Engine. Segments have been identified and reported taking into account the nature of the products, the differing risks and returns, the organisational structure and internal business reporting system.

a) Revenue and Expenses have been identified to a segment on the basis of direct relationship to operating activities of the segment. Expenditure which are not directly identifiable but has relationship to the operating activities of the segment are allocated on a reasonable basis.

b) Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as “Unallocable”.

c) Segment assets and segment liabilities represent assets and liabilities of respective segment. Investments, tax related assets/ liabilities and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

d) Inter segment transfer consists of material, labour and overhead which are recorded at cost.

e) Information about Primary Business Segments:

(*₹ in million*)

Particulars	Ship		B & D Spares		Engineering		Engine		Unallocable		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenue Gross Turnover	14452.43	12517.67	1154.89	956.14	473.10	543.67	36.26	1274.02	36.84	19.91	16153.51	15311.41
Less : Inter segment turnover	-2.92	-6.92	0.00	0.00	0.88	0.00	2.03	6.92	0.00	0.00	0.00	0.00
External Turnover	14449.52	12510.76	1154.89	956.14	473.98	543.67	38.29	1280.94	36.84	19.91	16153.51	15311.41
Less : Excise duty turnover	0.00	0.00	0.00	0.00	43.14	42.02	0.00	0.17	3.91	0.74	47.06	42.93
Net Turnover	14449.52	12510.76	1154.89	956.14	430.84	501.65	38.29	1280.77	32.92	19.17	16106.46	15268.48
Segment result	1124.65	1097.28	80.57	66.70	52.50	14.31	-101.36	9.56	32.92	19.17	1189.28	1207.02
Less : Unallocable expenditure net of unallocable/(Income)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-606.97	-742.16	-606.97	-742.16
Operating Profit / (Loss)	1124.65	1097.28	80.57	66.70	52.50	14.31	-101.36	9.56	639.90	761.33	1796.26	1949.18
Interest and Financial Charges											6.28	9.77
Profit / (Loss) before Exceptional Items and Extraordinary items											1789.98	1939.41
Exceptional Items											-23.05	-4.64
Profit / (Loss) before Extraordinary Items											1813.03	1944.05
Extraordinary Items											0.00	0.00
Profit / (Loss) before tax											1813.03	1944.05
Tax expenses												
Current tax											567.89	571.48
Deferred tax											79.47	54.78

Adjustment relating to prior years								
Profit after tax							1165.68	1317.80

f. Other information

(*₹ in million*)

Particulars	**Ship**		**B & D Spares**		**Engineering**		**Engine**		**Unallocable**		**Total**	
	2013-14	**2012-13**	**2013-14**	**2012-13**	**2013-14**	**2012-13**	**2013-14**	**2012-13**	**2013-14**	**2012-13**	**2013-14**	**2012-13**
Segment assets	540138.10	422702.90	26.12	1443.84	8636.47	10631.86	12718.62	12737.90	81536.90	146370.08	643056.21	593886.58
Segment liabilities	478139.43	455132.51	0.00	0.00	1257.23	965.90	12246.03	2070.89	56114.65	39791.06	547757.34	507960.36
Capital expenditure	4450.21	13335.57	0.00	0.00	3.18	3.77	14.25	0.17	419.81	135.83	4887.45	13475.34
Depreciation and amortisation	1632.54	803.11	0.00	0.00	36.19	39.65	33.41	34.13	571.09	538.04	2273.23	1414.93

Notes: Transactions between segments are primarily for materials which are transferred at cost. Common costs are apportioned on a reasonable basis.

f) Information about Secondary Segments - Geographical Segments

The Company considers Geographical segments- Sale within India and Sale Outside India as Secondary Segments. However, information on Geographical segments have not reported since sale to external customers outside India is less than 10 per cent of the total revenue of the Company.

28.17 As per Accounting Standard 18 "Related Party Disclosures", the disclosures are given below:

a) Name of the related party and description of relationship:

Key Managerial Personnel	Rear Admiral A. K. Verma IN (Retd.), Chairman cum Managing Director

b) Transactions with Related party:

Nature of transaction	**Key Managerial Personnel**	
	2013-14	**2012-13**
Receiving of Services: Managerial remuneration	4.04	2.07
Balance Outstanding	-	-

c) No amount has been written back/written off during the year in respect of dues to related party.

28.18 As per Accounting Standard 20 "Earnings per Share" - the numerators and denominators used to calculate Basic / Diluted Earnings per Share are computed as under:

(*₹ in million*)

Particulars		**As at 31st March 2014**	**As at 31st March 2013**
a) Profit after tax (₹ in Million)	A	11,65.66	13,17.80
b) Weighted average number of Equity Shares outstanding used as the denominator for computing Basic and Diluted Earnings per Share - (In Million)	B	121.60	121.60
c) Nominal value per Equity Shares (₹)		10.00	10.00
d) Basic & Diluted Earnings per Share (₹)	(A/B)	9.59	10.84

28.19 In Note no. 7, statutory liabilities under other current liabilities include an old provisional amount of ₹9.74 million in respect of Sales Tax. In so far as all known and recorded positions of Sale Tax cases are concerned, there is no such liability. This appears to be a provision created in any past year, the settlement of which has already taken place and accounted for rendering the provision redundant. However, before this amount is finally adjusted for any write-back, more detailed scrutiny will be undertaken in the year 2014-15 and appropriate action will be taken. Pending such scrutiny such provision is being held as an abundant caution.

28.20 As per Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent assets, the disclosure are given here under:

(*₹ in million*)

a)	**Contingent Liabilities**	**As at 31st March 2014**	**As at 31st March 2013**
i)	Claims against the Company not acknowledged as debts	527.39	204.28
ii)	Guarantees		
	a) Guarantees given by Banks	161.58	255.76
	b) Indemnity Bonds for performance & Warranties	6,457.81	6,773.74
	c) Unexpired Letters of Credit	634.12	639.75
iii)	Liquidated damages	1,573.20	824.40
iv)	Other Money for which the company is contingently liable		
	a) Sales Tax	78.58	227.87
	b) Excise Duty	1.79	1.79
	c) Service Tax	12.13	12.13
	d) Income Tax	65.44	118.50
		9,106.86	**9,058.21**

a) Contingent liability on account of Sales Tax amounts to ₹78.58 million (Previous Year ₹227.87 million) towards assessment dues for the years 2007-08 and 2010-11. Besides, Sales Tax Authorities have considered certain sale made from DEP for the year 1988-89 as being sale from West Bengal for which a demand was raised for ₹9.64 million. All these amounts have not been acknowledged as debts and accordingly not provided for in the accounts as all the demands are under different stages of appeal.

b) Central Excise Authorities have raised a demand of ₹1.79 million (Previous Year ₹1.79 million) against clearance to goods to Naval Stores Dept of Indian Navy. Since the company has made appeal before CESTAT, EZB, and Kolkata against the impugned demand, the same has not been acknowledged as debt and accordingly not provided for in the accounts.

c) Service Tax Authorities have raised a demand of ₹12.13 million (Previous Year ₹12.13 million) against imposition of Service Tax on technical fees paid to foreign technicians prior to 18.04.2006. Since the company has made appeal before the CESTAT, EZB, Kolkata against the impugned demand with due approval of CoD, the same has not been acknowledged as debt and accordingly not provided for in the accounts

d) Contingent liability on account of income tax amounts to ₹65.44 million (Previous year ₹118.50 million) towards disallowance made by Income tax authority for the A.Y.2008-09 on account of addition of consumption of raw material (₹51.57 million), excess dividend tax liability computed for AY 2011-12 (₹1.86 million) and addition for delayed deposit of P.F contribution for AY 2011-12 (₹12.02 million). All disputes has not been acknowledged as debt and accordingly not provided for in the accounts as all the issues are under different stages of appeal.

e) The contractual delivery date of yard 3017 was October 2012. Due to various reasons not attributable to and beyond the control of the company, including certain entirely extraneous factors to the contract guiding the construction of the said vessel. The issue of such delay has been taken up with the Indian Navy for appropriately addressing and assisting in controlling such delay and re-fixing the date of delivery of the ship.

The Warship Overseeing Superintendent, on-site representative of the customer, Indian Navy has recommended for extension of delivery of the ship for further processing at IHQ (N). The IHQ (N) has also forwarded the same to Ministry of Defence for processing for delivery extension of the said ship. As there is no present obligation or any likelihood of any economic outflow taking place, no provision for liquidated damages has been made in the Accounts in this regard. The contingent liability of ₹824.40 million, however, has been shown under (a)(iii) above.

f) Similarly, the contractual delivery date of Yard 3018 was July 2013. The nature of ship construction is such that in case of a project involving warships to be constructed and delivered in series with contractual time schedule, the delay in delivery of 1st of Class of the series impacts cascadingly in delivery of the follow-on ships of the project. This is because of the fact that the construction of a warship is fundamentally design driven involving proving of the various hitherto unknown system platforms and their integration and connectisation to various control mechanisms.

g) The company has taken up in right earnest with Indian Navy with regard to expected consequential delay in delivery of Yard 3018 which is now slated for in the last quarter of 2014-15. It is firmly believed that given the circumstances, Indian Navy will also favourably dispose of the issue by recommending extension of delivery of the said ship. As such there is no present obligation or any likelihood of any economic outflow taking place on account of any liquidated damages and therefore, no provision has been made in the Accounts in this regard. A contingent liability of ₹748.80 million, however, has been shown under (a) (iii) above.

h) The amounts shown under above contingent liabilities represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be estimated accurately. The Company does not expect any reimbursement in respect of above contingent liabilities.

i) In the opinion of the management no provisions is considered necessary for the disputes mentioned above on the grounds that there are fair chances of successful outcome of appeals.

j) There have been certain changes/modifications in the accounting policies on i) Basis of Accounting ii) Fixed Assets iii) Value of Inventories iv)Retirement Benefits v) Claims vi) Cash Flow Statement and vii) Cash & Cash Equivalents which have neither any financial effect in the current year nor in the previous year, being elaboration and enunciation of the actual basis followed. (Refer accounting policies I (i), II (iv),V,XI,XVI,XX,XXI of Note 1).

However with respect to the change in the policy for Provisions in the Accounts against Contingent Liability with effect from the current year, provision has been made for ₹ 0.48 million in the current year. Had the policy been in place during previous year, the corresponding amount of provision would have been ₹0.15 million (Refer accounting policy XXII of Note 1).

b) Commitments:

(*₹ in million*)

Particulars	As at 31st March 2014	As at 31st March 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for	194.58	341.02

c) Movement of Provisions:

(*₹ in million*)

Particulars	Guarantee Repair	Others*	Total
Balance as at 1st April, 2013	59.83	5,79.10	6,38.93
Provided during the year	1.48	6,49.93	6,51.41
Amount used during the year	-	2,09.60	209.60
Reversed during the year	11.60	-	11.60
Balance as at 31st March, 2014	**49.71**	**10,19.43**	**10,69.14**
Balance as at 1st April, 2012	66.58	1,98.10	2,64.68
Provided during the year	2.37	4,57.41	4,59.78
Amount used during the year	-	76.40	76.40

Reversed during the year	9.12	-	9.12
Balance as at 31st March, 2013	**59.83**	**5,79.10**	**6,38.93**

* Other provisions as referred to above represent employee related provisions based on the Management's assessment.
It is not possible to estimate the timing/uncertainties relating to the utilisation /reversal from the provisions. Future cash outflow in respect of the above is determinable only upon settlement/disposal of claims.

The Company does not expect any reimbursements in respect of the above provisions.

28.21 The Board of Directors in the 308 meeting held on 12 December, 2012 approved capitalization of ₹61, 92,00,000/- out of Company's Free Reserves by issuing 61,92,000 bonus equity shares of ₹100/- each in the ratio of 1:2 to the President of India. The Department of Defence Production, MoD also conveyed its approval of the said bonus shares through a letter dated 25 October, 2013.

Meanwhile, the projected profitability and capital expenditure position for future years based on changing business perspectives have been reviewed by the Board of Directors in its 317th meeting held on 23 April, 2014.

After consideration of various aspects, the Board directed that the Company be approach the Government for consideration of postponement of said bonus issue of shares for two (2) years after which the matter would be reviewed again.

Accordingly, Government is being approached for postponement of such bonus issue, as per Board's directive.

28.22 Value of imports on CIF basis:

(*₹ in million*)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
1. Raw Materials and components	9,24.99	10,36.31
2. Components	20,38.95	15,27.24
3. Spare Parts	2,13.69	2,40.60
4. Capital Goods	5.07	16.99
	31,82.70	**28,21.13**

28.23 Expenditure in Foreign currency

(*₹ in million*)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
1. Consultation / Service Fees	2,11.35	17.39
2. Deferred payment to foreign suppliers	10.92	9.57
	2,22.27	**26.96**

28.24 Consumption of raw materials and components

(*₹ in million*)

	Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
		Percentage	Amount	Percentage	Amount
a)	Imported	32.00%	28,97.30	39.08%	34,30.41
b)	Indigenous	67.65%	60,57.81	60.92%	53,47.88
	Total	**100.00%**	**89,55.10**	**100.00%**	**87,78.29**

28.25 Consumption of spare parts*:

(*₹ in million*)

Particulars	Year ended	Year ended

		31st March, 2014		31st March, 2013	
		Percentage	**Amount**	**Percentage**	**Amount**
a)	Imported	-	-	-	-
b)	Indigenous	100.00%	21.01	100.00%	21.75
	Total	**100.00%**	**21.01**	**100.00%**	**21.75**

**** Spare parts include store items also.***

28.26 DPE had issued a guideline for creation and contribution to a corpus fund to the extent of not more than 1.5% of PBT to cater to the medical and other emergency needs of employees retired prior to 01.01.2007. No provision has, however, been made in the Accounts as the related DPE guideline is subject to directive / guideline from the concerned Administrative Ministry, i.e. MoD and no guideline / directive for mechanism and operation of the scheme has been received from MoD

28.27 Figures for the previous year have been re-grouped/re-arranged wherever necessary to correspond to those of the current year. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report attached

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

(CA. Ajay Agrawal)
Partner
Membership No. 17643

Kolkata, dated August 21, 2018

For and on behalf of the Board of Directors

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

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

S. Mahapatra
Company Secretary

ANNEXURE VI A

Statement of Dividend Paid

(₹ *in million*)

	Fiscal 2014	Fiscal 2013
Equity Shares		
Face value of Equity Shares (in ₹ per Equity Share)	100/-	100/-
Total Dividend declared (₹ in Millions)	247.68	263.09
Number of Equity Shares (₹ in Millions)	12.38	12.38
Total Dividend per Equity Share (in ₹)	20.01	21.25
Total Dividend Rate (%)	20.01	21.25
Dividend Tax (₹ in Millions)	42.09	44.71

As per our report attached

For G. P. Agrawal & Co.
Chartered Accountants
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S. Mahapatra
Company Secretary

ANNEXURE VII A

Restated Standalone Summary Statement of Accounting Ratios

(*₹ in million*)

Sl No	Particulars	As at 31st March, 2014	As at 31st March, 2013
i	**Basic earnings/ (Loss) Per Share**		
	Restated Net Profit/(loss) after tax for the year, available for equity shareholders (A)	1,165.68	1,317.80
	Number of Equity Shares	123.84	123.84
	Weighted average number of equity shares outstanding during the year/period (B)	123.84	123.84
	Basic (Loss) Per Share (A/B)	**9.59**	**10.84**
	Diluted earnings/(Loss) Per Share		
	Restated Net Profit/(loss) after tax for the year, available for equity	1,165.68	1,317.80
	Number of Equity Shares	123.84	123.84
	Weighted average number of equity shares outstanding during the year/period (B)	123.84	123.84
	Diluted (Loss) Per Share (A-B)	**9.59**	**10.84**
ii	**Return on Net Worth**		
	Restated Net Profit/(Loss) after tax (C)	1,165.68	1,317.80
	Net worth excluding preference share capital at the end of the year/ period, as restated (D)	9,549.20	8,673.30
	Return on Net Worth % (C/D)	**12.21%**	**15.19%**
iii	**Net Asset Value Per Equity share**		
	Net worth excluding preference share capital at the end of the year, as restated (E)	9,549.20	8,673.30
	Number of Equity share outstanding at end of the year/period (F) (Considering Face Value Rs. 100*)	123.84	123.84
	Number of Equity share outstanding at end of the year/period (F) (Considering Face Value Rs. 10)	12.38	12.38
	Net Asset Value Per Equity share (E)/(F) (Considering Face Value Rs. 100*)	771.09	700.36
	Net Asset Value Per Equity share (E)/(F) (Considering Face Value Rs. 10)	77.11	70.04

* with effect from August 25, 2017, 12,384,000 Equity Shares of face value Rs. 100 each were split into 123,840,000 Equity Shares of Rs. 10 each.

Note:
The ratios have been computed as below:

1.	Basic Earnings per share (₹)	$\frac{\text{Net profit/(loss) after tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$
2.	Diluted Earnings per share (₹)	$\frac{\text{Net profit/(loss) after tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$
3.	Return on Net Worth (%)	$\frac{\text{Net profit/(loss) after tax, as restated attributable to equity shareholders}}{\text{Net worth excluding peference share capital at the end of the year}}$
4.	Net asset value per equity share (₹)	$\frac{\text{Net worth excluding preference share capital at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$

5. Net profit/(Loss), as restated as appearing in the restated summary statement of profits and losses, has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the Summary restated financial statements of the Company.

6. Net worth for ratios mentioned represent equity share capital and reserves and surplus. Refer Note 13(b) for components of Resreves and Surplus.

7. Earnings per share calculations are done in accordance with Accounting Standard 20 “Earnings Per Share” issued by the Institute of Chartered Accountants of India.

As per our report attached

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

(CA. Ajay Agrawal)
Partner
Membership No. 17643

Kolkata, dated August 21, 2018

For and on behalf of the Board of Directors

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

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

S. Mahapatra
Company Secretary

ANNEXURE VIII A

Restated Statement of Tax Shelter

(₹ in million)

Particulars		Year ended 31/03/2014	Year ended 31/03/2013
Profit before exceptional item current and deferred			
taxes restated		1,789.98	1,939.41
Add : Exceptional Item		23.05	4.64
Profit after exceptional item current and deferred			
taxes as restated	(A)	1,813.03	1,944.05
Weighted average tax rate (%)	(B)	0.34	0.32
Tax expenses at weighted average rate			
	(C)	616.25	630.75
Adjustments			
Permanent Differences			
Expenses disallowed / Income exempted		(1.07)	(0.03)
Others		47.10	48.25
Total	(D)	46.03	48.22
Temporary Differences			
Difference between book depreciation and tax			
depreciation		(308.55)	(182.15)
Provision for anticipated losses and gains		(8.62)	(51.78)
Disallowance under Sec 43B		69.55	15.62
Adjustments due to reinstatement		59.31	(12.58)
Total	(E)	(188.31)	(230.89)
Net Adjustment (D+E)	(F)	(142.28)	(182.67)
Tax Liability / Saving thereon	(G)	(48.36)	(59.27)
Current Tax provision for the year as per restated			
accounts (C+G)	(H)	567.89	571.48

As per our report attached

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

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For and on behalf of the Board of Directors

Rear Admiral V. K. Saxena IN (Retd.)
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S. S. Dogra
Director (Finance)
DIN – 07052300

S. Mahapatra
Company Secretary

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND-AS

The financial statements have been prepared in accordance with Indian GAAP, which differs in certain material respects from Ind-AS.

The following table summarizes certain of the areas in which differences between Indian GAAP and Ind-AS could be significant to our financial position and results of operations. This summary should not be taken as an exhaustive list of all the differences between Indian GAAP and Ind-AS. No attempt has been made to identify all recognition and measurement, disclosures, presentation or classification differences that would affect the manner in which transactions or events are presented in our Restated Financial Statements (or notes thereto). Certain principal differences between Indian GAAP and Ind-AS that may have a material effect on our Restated Financial Statements are summarized below. Our management has not quantified all of the effects of the differences discussed below. Accordingly, no assurance can be provided to investors that our Restated Financial Statements would not be materially different if prepared in accordance with Ind-AS.

Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and Ind-AS and how those differences might affect the financial information disclosed in this Red Herring Prospectus.

S. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
1.	Ind-AS 1	Presentation of Financial Statements	**Statement of Change in Equity**: Under Indian GAAP, a statement of changes in equity is not required. Movements in share capital, retained earnings and other reserves are presented in the Schedules to Financial Statements.	**Statement of Change in Equity**: Ind-AS 1 requires the presentation of a statement of changes in equity showing: a) Transactions with owners in their capacity as owners, showing separately contributions by and distributions to equity holders. b) The total comprehensive income for the period. Amounts attributable to owners of the parent and non- controlling interests are to be shown separately. c) Effects of retrospective application or restatement on each component of equity. d)For each component of equity, a reconciliation between the opening and closing balances separately disclosing each change.
			Other Comprehensive Income: There is no concept of "other comprehensive income" under Indian GAAP, which is required under Ind-AS. The items that would form part of Other Comprehensive Income under Ind-AS are included in the income statement under Indian GAAP.	**Other Comprehensive Income**: Ind-AS 1 requires the presentation of a statement of other comprehensive income as part of the financial statements. This statement presents all the items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other Ind-ASs.
			Other disclosures: There are no specific disclosure requirements under Indian GAAP for: a) Critical judgements made by the management in applying accounting policies; b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying	**Other disclosures**: Ind-AS 1 requires the following disclosures: a) Critical judgements made by the management in applying accounting policies; b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying

S. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
			amounts of assets and liabilities within the next financial period; c) Information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.	amounts of assets and liabilities within the next financial period; and c) Information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.
			Extraordinary items: Under Indian GAAP Extraordinary items are to be disclosed separately in the statement of profit and loss and are included in determination of net profit or loss. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transition in relation to the business ordinarily carried out by an entity.	**Extraordinary items**: Ind-AS prohibits the presentation of any items of income or expense as extraordinary, either on the face of the income statement or in the notes to accounts.
			Change in Accounting Policies: Indian GAAP requires changes in accounting policies should be presented in the financial statements on a prospective basis (unless transitional provisions" if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	**Change in Accounting Policies**: Ind-AS requires retrospective application of change in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amount for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
			Dividends: Under Indian GAAP, proposed dividend is shown as appropriation of profit in profit and loss account balance forming part of reserves.	**Dividends:** As per Ind-AS 10 proposed dividends are recognised in the period when declared. It is non-adjusting event. Ind-AS 1 requires an entity to disclose in the notes, the amounts of dividends proposed or declared before the financial statements were approved for issue but recognised as a distribution to owners during the period, and the related amount per share.
			Errors: Under Indian GAAP, prior period errors are included in determination of profit or loss for the period in which the error is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived.	**Errors:** As per Ind-AS 8 material prior period errors shall be corrected retrospectively in the first set of financial statements either by restating the comparative amounts for the prior period(s) presented in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity.
2.	Ind-AS 17	Leases	**Operating lease rentals:** Under Indian GAAP, lease payments under an operating lease are recognized	Under Ind-AS 17, lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a

S. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
			as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the users benefit.	straight-line basis over the lease term unless: a) another systematic basis is more representative of the time pattern of the user's benefit; or b) The payments to the lessor are structured to increase in line with expected general inflation for cost increases.
			Fair valuation of rent deposits: There is no specific accounting treatment specified under Indian GAAP for the accounting of deposits provided by the lessee under a lease. Deposits are generally accounted as assets at historical cost.	Under Ind-AS, in case of an operating lease, the difference between the nominal value and the fair value of the deposit under the lease is considered as additional rent payable. This is expensed on a straight-line basis over the term of the lease. The lessee also recognizes interest income using internal rate of return through its profit and loss over the life of the deposit.
			Under Indian GAAP, leasehold land forms part of fixed assets and is excluded from the accounting standard on leases.	Under Ind-AS, leasehold land is covered under accounting standard for leases (Ind-AS 17) and a distinction is made in the treatment of operating leases and finance leases.
3.	Ind-AS 19	Employee Benefits	Under Indian GAAP, actuarial gains or losses are part of the income statement.	Under Ind-AS, actuarial gains or losses are required to be a part of other comprehensive income.
4.	Ind-AS 12	Income Taxes	**Deferred taxes P&L vs. Balance Sheet Approach**: AS 22 Accounting for Taxes on Income is based on the income statement liability method, which focuses on timing differences.	Ind-AS 12 Income Taxes is based on the balance sheet liability method, which focuses on temporary differences.
	Ind-AS 12	Income Taxes	**Deferred tax on unrealized intragroup Profits:** Deferred tax is not recognized. Deferred tax expense is an aggregation from separate financial statements of each group entity and no adjustment is made on consolidation.	Deferred tax assets/Deferred Tax Liabilities will need to be created on unrealized intragroup profit. Deferred tax on unrealized intra group profits is recognized at the buyer's rate.
5.	Ind-AS 16	Property, Plant and Equipment	In most cases, Indian GAAP requires repairs to be charged off to the profit and loss account as incurred.	Major repairs and overhaul expenditure are capitalized under Ind-AS 16 as replacement costs, if they satisfy the recognition criteria.
			Indian GAAP does not mandate an annual review of useful lives, depreciation method and residual values, but recommends periodic review of useful lives.	Ind-AS 16 requires estimates of useful lives, depreciation method and residual values to be reviewed at least at the end of financial year.
			Any change in depreciation method is treated as an accounting policy change under Indian GAAP.	Any change in depreciation method is treated as a change in estimate under Ind-AS.
			Under Indian GAAP, there is no concept of indefinite useful life of intangible	Per Under Ind-AS 38, intangible assets can have indefinite useful

S. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
			assets. Further, Indian GAAP contains a rebuttable presumption that the life of intangibles should not exceed ten (10) years, which is absent in Ind-AS.	lives. Such assets are required to be tested for impairment and are not amortized.
			Indian GAAP does not contain any revaluation model for subsequent measurement of intangible assets.	Under Ind-AS allows revaluation model for accounting of an intangible asset, provided an active market exists.
6.	Ind-AS -108	Operating Segments	Under Indian GAAP, segments are determined on the basis of geography and business.	Under Ind-AS, segments are required to be determined based on the Chief Operating Decision Maker's ("**CODM**") regular review of the financial information for allocating resources and assessing performance.
7.	Ind-AS 18	Revenue	Under Indian GAAP, revenue is recognised as follows: Sale of goods: When all the significant risks and rewards of ownership of goods is passed to buyer. Income from Services: Application fees, front-end- fees, administrative fees and processing fees on loans are recognized when the revenue can be reliably measured regardless of when payment is being made. Interest: On time proportion basis. Dividend: When right to receive dividend is established.	Under Ind-AS, Recognise revenue when all conditions are met: Transfer of significant risks and rewards of ownership Neither continuing managerial involvement nor effective control Reliable measurement of revenue Probable future economic benefits Reliable measurement of costs Effect of multiple element arrangements. Revenue to be presented net of discounts.
8.	Ind-AS 23	Borrowing Costs	Under Indian GAAP, there is no reference to effective interest rate w.r.t. components of borrowing costs.	Under Ind-AS, description of specific components is linked to effective interest rates.
9.	Ind-AS 20	Accounting for Government Grants and Disclosure of Government Assistance	No such guidance under Indian GAAP.	Under Ind-AS, benefit of government loans with below market rate of interest should be accounted for as government grant-measured as the difference between the initial carrying amount of the loan determined as per Ind-AS 109 and the proceeds received.
10.	Ind-AS 37	Provisions, Contingent Liabilities and Contingent Assets	Under Indian GAAP, provisions are not based on constructive obligations.	Under Ind-AS, provisions are based on legal or constructive obligations.
11.	Ind-AS 110	Consolidated Financial Statements	This is a radical change in the Indian environment, because applying the new "control" definition may change the gamut of entities included within a group. This standard will be significant to companies that have complex holding structures and have formed special purpose vehicles.	Ind-AS 110 establishes a single control model for all entities (including special purpose entities, structured entities and variable interest entities). The implementation of this standard will require managements to exercise significant judgment to determine which entities are controlled and therefore are required to be

S. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
				consolidated. It changes the assessment of whether an entity is to be consolidated, by revising the definition of control. Further proportionate consolidation can be used only in limited cases of joint control, while joint ventures would have to be consolidated using the equity method.
12.	Ind-AS 24	Related Party Disclosures	Definition of related party according to Ind-AS 24 is more enhanced than AS 18.	Definition of related party according to Ind-AS 24 is more enhanced than AS 18.
			AS 18 has no such stipulation on substantiation of related party transactions when the same is disclosed to be on arm's length basis.	According to Ind-AS 24, an entity discloses that the terms of related party transactions are equivalent to those that prevail in arm's length transactions, only if such terms can be substantiated.
13.	Ind-AS 21	The effects of changes in foreign exchange rates	**The effects of changes in foreign exchange rates functional and presentation currency:** Foreign currency is a currency other than the reporting currency which is the currency in which financial Statement is presented. There is no concept of functional currency.	Functional currency is the currency of primary economic environment in which the entity operates. Foreign currency is a currency other than the functional currency. Presentation currency is the currency in which the financial statements are presented
14.	Ind-AS 109	Financial Instruments	**Classification of Financial Instruments and subsequent measurement**: Currently under Indian GAAP, the company classifies its assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investment determined on a specific identification basis. Current investment is carried at lower of cost and fair value. Liabilities are carried at their transaction values. **Compulsory convertible preference shares:** currently under Indian GAAP, compulsory convertible preference shares are presented under share capital.	Ind-AS 109 requires all financial assets to be either classified as measured at amortized cost or measured at fair value where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss, fair value through profit and loss (FVTPL), or recognized in other comprehensive income under fair value through other comprehensive income (FVTOCI). Financial assets include equity ad debts investments, interest free deposits, loans, trade receivable cash and bank balances etc. There are two measurement categories for financial liabilities– FVTPL and amortized cost. **Compulsory convertible preference shares:** compulsorily convertible preference shares that meet certain criteria under Ind-AS 32 are required to be classified as compound financial instrument under Ind-AS pursuant to which the Company will re-classify them into debt and equity components.
			Provision for doubtful debts: Under Indian GAAP, provisions are made for specific receivables based on circumstances such as credit default of customer or dispute with customer. An enterprise should assess the provision of doubtful debts at each period end which,	**Provision for doubtful debts:** in addition to the specific provision under Indian GAAP, under Ind-AS, at each reporting date, an entity shall assess whether the credit risk on trade receivables has increased significantly since initial

S. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
			in practice, is based on the relevant information such as past experience, actual financial position and cash flows of the debtors. Different methods are used for making provisions for bad debts, including ageing analysis and individual assessment of recoverability.	recognition. When making the assessment, an entity shall use the Expected Credit loss model to provide for a loss allowance over and above any provision for doubtful debts in the profit and loss statement. An entity shall measure expected credit losses to reflect the following: An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes; The time value of money; and Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
			Derivative & hedge accounting: currently there is no equivalent standard on hedge accounting except in the case of forward exchange contracts within the scope of AS 11 and ICAI guidance note on derivatives. Under AS 11, foreign currency forward contract premium/ discount is amortised over the forward contract period. For other derivative contracts, the ICAI guidance Note (GN) requires an entity to provide for losses in respect of all outstanding derivative contracts by marking them to market at the balance sheet date. The GN also permits the use of hedge accounting if the criteria are met.	**Derivative & Hedge Accounting:** Derivative contracts are fair valued at the end of each period through P&L unless hedge accounting option is followed. Hedge accounting (recognizing the offsetting effects of fair value changes of both the hedging instrument and the hedged item in the same period's profit or loss) is permitted in certain circumstances, provided that the hedging relationship is clearly defined, measurable and actually effective. Ind-AS 109 provides for three types of hedges: **Fair value hedge**: if an entity hedges a change in fair value of a recognized asset or liability or firm commitment, the change in fair values of both the hedging instrument and the hedged item are recognized in profit or loss when they occur; **Cash flow hedge**: if an entity hedges changes in the future cash flows relating to a recognized asset or liability or a highly probable forecast transaction, then the change in fair value of the hedging instrument is recognized in other comprehensive income until such time as those future cash flows occur. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss in the period of such change; and **Hedge of a net investment in a foreign entity**: this is treated as a cash flow hedge.

S. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
				A hedge of foreign currency risk in a firm commitment may be accounted for as a fair value hedge or as a cash flow hedge.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Restated Financial Statements which is included in this Red Herring Prospectus. The following discussion and analysis of our financial condition is based on our restated financial statements for Fiscals ended on March 31, 2018, March 31, 2017 and March 31, 2016, including the related notes and reports, prepared in accordance with Ind-AS and included in this Red Herring Prospectus. Our restated financial statements have been derived from our audited financial statements. This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those described under "Presentation of Financial, Industry and Market Data", "Risk Factors" and "Forward Looking Statements" on pages 16, 22 and 20, respectively, and elsewhere in this Red Herring Prospectus. We prepare our financial statements in accordance with Indian accounting standards, which differ in material respects from IFRS and U.S. GAAP. For further details, see "Risk Factors - Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP, Ind-AS and IFRS, which may be material to investors' assessments of our financial condition." and "Significant Differences Between Indian GAAP and Ind-AS" on pages 49 and 347 respectively.

Ind-AS differs in certain respects from Indian GAAP and other accounting principles with which prospective investors may be familiar. As a result, the Restated Financial Statements prepared under Ind-AS for Fiscals 2018, 2017, and 2016 may not be comparable to our historical financial statements other than financial statements for Fiscal 2015 which is prepared in Ind-AS (Proforma).

Our fiscal year ends on March 31 of each year. Accordingly, unless otherwise stated, all references to a particular fiscal year are to the 12-month period ended March 31 of that year.

Overview

We are a shipbuilding company in India under the administrative control of the MoD and primarily adhere to the shipbuilding requirements of the Indian Navy and the Indian Coast Guard. In addition to our ship and warship building capabilities, we are engaged in engineering and engine production activities. As a part of our engineering division we manufacture deck machinery items, pre-fabricated portable steel bridges and marine pumps. Our shipbuilding division contributes a significant majority of our revenue from operations. We have derived 94.14%, 90.13%, and 92.19% of our gross revenue from operations during the Fiscals 2018, 2017 and 2016, respectively, from our shipbuilding division.

Our Company was incorporated in 1934 under the Indian Companies Act, 1913, and was later acquired by the Government of India from Macneill & Barry Limited on May 19, 1960. Shortly after becoming a CPSE in 1960, we built India's first indigenous warship–the *INS Ajay*, in the year 1961. For further details of our history, please see "*History and Certain Corporate Matters*" on page 164.

Over the years, our Company has established capabilities for in-house design and shipbuilding and has made considerable contributions to the indigenous warship construction program of our country. Our shipbuilding product line spans from technologically sophisticated Frigates and Corvettes to Fast Patrol Vessels. In last five (5) decades, we have built and delivered ships ranging from small to large and advanced vessels including frigates, anti-submarine warfare corvettes, missile corvettes, landing ship tanks, landing craft utilities, survey vessels, fleet replenishment tankers, fast patrol vessels, offshore patrol vessels, inshore patrol vessels, WJ-FAC, hover crafts and fast interceptor boats to the Indian Navy, Indian Coast Guard, MHA and Governments of other countries. We have built and supplied more than 750 vessels to carry men and materials as well as for the surveillance of the coast line. Over the years, we have responded to the varied shipbuilding requirements of the Indian Defence Services and have evolved from building simpler vessels to building bigger and technically advanced warships.

Presently, we have three (3) separate facilities for shipbuilding, all of which are located in close vicinity of each other at Kolkata, India. We build our ships at the Main Works Unit and the Rajabagan Dockyard. Our third facility, the FOJ Unit is primarily used for fitting out and repair of ships. We acquired the Rajabagan Dockyard from Central Inland Water Transport Corporation Limited in 2006. Our DEP unit is engaged in the testing and overhauling of marine propulsion engines and assembly of semi-knocked down units of diesel engines. Our Engineering segment is engaged in the manufacturing and fabrication of portable steel bridges, deck machineries of ships and marine pumps.

Over the years, our Company has been credited with many firsts in the Indian shipbuilding industry. For instance, we are the first Indian shipyard to integrate carbon composite superstructure with steel hull for the construction of our third ASW Corvette for the Indian Navy, which resulted in a reduction in weight and increase in stability of the ships. In 2000, we became the first and the only Indian shipyard to build and subsequently deliver a fleet tanker to the Indian Navy and to build and subsequently deliver a hovercraft to the Indian Coast Guard, among others. These accomplishments are in addition to pioneering works in supplying the first ever indigenous warship for Indian Navy (*INS Ajay*). *(Source: ICRA Report)*

On September 5, 2006, we were conferred with the status of Schedule B & Mini Ratna-Category I Company by the Department of Public Enterprises under the Ministry of Heavy Industries and Public Enterprises, Government of India. Our Company has also been conferred with several awards including the Defence Minister's Trophy "Best Performing Shipyard Award" for four (4) consecutive years (Fiscals 2011, 2012, 2013, and 2014), from the Hon'ble Raksha Mantri; the Defence Minister's Trophy "Best Inhouse Design Effort" on May 30, 2017, for Mauritius CGS Barracuda, among others. For further details of awards, we have received, please see "*History and Certain Corporate Matters- Awards and Recognition*" on page 167.

We have in the past and continue to associate with several leading technology firms in our industry like MTU and other entities for our different business segments, which we believe has bolstered our credibility in the international market.

In Fiscal 2018, Fiscal 2017, and 2016, our revenue from operations (gross) were ₹13,465.16 million, ₹9,293.22 million, and ₹16,645.86 million, respectively. Our profit after tax for Fiscals 2018, 2017, and 2016 were ₹868.06 million, ₹114.65 million, and ₹1,644.45 million, respectively. As of July 31, 2018, our order book for all our product categories was ₹203,136.10 million, of which our shipbuilding order book consisted orders of thirteen (13) vessels with an aggregate outstanding revenue value of ₹200,294.20 million. Our order book only represents business that is considered firm. In addition to our firm order book, as of the date of this RHP, we have also been adjudged the lowest bidder for four (4) Survey Vessel (Large) and eight (8) Anti Sub Marine Warfare Shallow Water Craft (ASW SWC) and one (1) Ferry for Guyana, which presently does not form a part of our order book as letters of award have not been issued to us.

The table below summarises our financial results for the periods indicated:

(₹ in millions)

Particulars	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Revenue from Operations (gross)	13465.16	9,293.22	16,645.86
EBITDA[(i)]	1,644.01	558.90	2,837.40
EBITDA Margin[(ii)] (%)	12.21	6.01	17.05
Profit before tax	1,277.53	201.18	2,515.44
Profit before tax Margin (%)	9.49	2.16	15.11

i) We define EBITDA as earnings before interest, finance cost, tax, depreciation and amortisation.

ii) EBITDA Margin is calculated by dividing EBITDA with revenue from operations.

Significant Factors Affecting Our Revenue from Operations

The following is a discussion of certain factors that have had, and continue to have, a significant effect on our financial results:

Demand for our Products

Demand for Defence Vessels

We expect a steady growth in demand for vessels for clients engaged in the defence sector in the near to short term due to India's stated DPP. We believe we are in good position to benefit from the recent 'Make in India' initiative introduced by the GoI pursuant to which a steady pipeline of future orders and opportunities is expected from the defence sector.

Demand for Engineering Products

With respect to our engineering products, we expect demand to increase along with the increase in the strength of the Indian Navy. There are few competitors for our deck machinery products. Further, we expect that our bridge business will see growth as the GoI and state governments seek to upgrade road capacity or replace failing bridges.

Demand for Engine Products

We expect demand for our engine products to increase as a result of domestic procurement rules, which will encourage Indian agencies to purchase from Indian suppliers.

Pricing

New vessel prices are largely determined by the supply of shipbuilding berths and demand for new vessels. Various other factors also influence the price of new vessels, including:

- Certain shipbuilding countries have a competitive advantage over their competitors due to lower costs, enabling their shipyards to offer customers lower prices. We benefit from low-cost skilled labour vis-à-vis overseas yards and various incentives and subsidies the Indian government has offered and intends to offer in the future; and

- The size of a particular order can also have an impact on price. Shipbuilders can achieve economies of scale associated with larger orders, both in respect to the size of the vessel and the number of vessels, and therefore are generally willing to offer price discounts for larger orders.

New vessel prices for different ship types move, to a large extent, in parallel with one-another so that a reduced demand in one sector may reduce prices in another sector. New vessel prices are a function of the supply of berths to the whole market and not just to individual sectors.

Capacity Limitations

Our production capacity is limited by, amongst other things, the size of our shipyards, the number, size and capacities of our slipways, berths, docks and our plant and equipment. In addition, the size and capacity of the vessels we construct is limited by the locations at which we operate.

Order Backlog and New Orders

We accept orders for different types of ships based on several factors, including:

- the status of order book and order backlog at the time of receiving orders;
- the margins we expect to achieve on the different types of vessels we construct; and
- our projected capacity utilisation level during the period in which the vessel would be required to be constructed.

The new orders that we receive for the construction of vessels and our order backlog, or order book, have a significant effect on our future revenues. We generally accept orders for construction of vessels to be delivered up to twenty-three (23) months to sixty-six (66) months from the date of the order. Our aggregate order book as on July 31, 2018 was ₹203,136.10 million, comprising gross order value in the shipbuilding segment, engineering segment and the engine segment of ₹200,294.20 million, ₹851.70 million and ₹1,990.20 million, respectively. The aggregate value of our order book represents the total nominal value of the contracts that have not been completed, excluding the portion of revenue in respect of those orders that we have recognized as of such date. We believe our current order book provides us with a deep pool of revenue-generating projects and that the revenue generated from our order book will also allow us to invest in our design capabilities and facilities to become more efficient and technologically sophisticated. Our ability to convert our future order book into revenues in any period is affected by factors such as our ability to efficiently produce and deliver the products and services to satisfy customer demand as well as on GoI’s ability to successfully implement its defence modernisation policies which will in turn encourage growth in the defence industry and general economic conditions in India. Further, if any of our contracts were to be terminated, our order book would be reduced by the expected value of the remaining terms of such contracts.

Productivity

Our production volumes, margins and profitability depend to a significant extent on our production efficiencies. We use a combination of man-hours available and our tonnage capacity to estimate our productivity. Our productivity is also affected by the number of hours we operate. We are constrained in our ability to increase the number of shifts at our shipyard. Although we have not experienced any significant shutdowns in the past, any significant shutdowns in the future would adversely affect our productivity**.**

Costs and Availability of skilled labour

Competition for skilled shipyard labour and engineers in India is intense and as we and others expand our and their operations, this competition may increase. Labour shortages could increase our production cost and hinder our productivity and ability to meet our customers' delivery schedule. Further, we utilise subcontract labour and production workers in our shipyard on a regular basis. In the event that we are unable to secure required subcontract labour and production workers at an acceptable cost or with the required skill sets, we may face an increase in cost, delay in delivery schedule and a decrease in quality of our vessels which could lead to an adverse impact on our results of operations.

Changes in Segment Contribution to Revenue

The contribution of a particular segment to our total revenue for each year depends on the orders we receive from customers, the scheduled delivery dates of vessels and the contract prices that we can secure for the different types of vessels. A major portion of our order book in the near-term will continue to be ships for the Indian Navy and Coast Guard.

Depreciation and Amortisation Expenses

We had net block of fixed assets of ₹3,891.67 million as of March 31, 2018, ₹3,583.41 million as of March 31, 2017, and ₹3,437.04 million as of March 31, 2016, which was subject to depreciation. Our total depreciation and amortisation expenses in the Fiscals 2018, 2017, and 2016, were, ₹289.56 million, ₹266.52 million, and ₹277.98 million, respectively.

Taxation

The Government of India has proposed a comprehensive national GST regime that will combine taxes and levies by the Central and state Governments into a unified rate structure. Any such future amendments may affect our overall tax efficiency and may result in significant additional taxes becoming payable.

Significant Accounting Policies

With respect to Fiscals 2013 And 2014, we followed the following significant accounting policies:

I. **BASIS OF ACCOUNTING**:

The Restated Financial Statements have been prepared under Indian Generally Accepted Accounting Principles (IGAAP) and in accordance with the requirements of:

a. Section 26 of Part I of Chapter III of the Companies Act 2013 read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014,

b. item (IX) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date in pursuance of provisions of Securities and Exchange Board of India Act,1992 read along with the SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 on Clarification regarding disclosures in Offer Documents under the SEBI Regulations issued by the Securities and Exchange Board of India in connection with the Proposed Initial Public Offering of Equity Shares of the Company.

II. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS:

a) Property, Plant & Equipment procured by the Company are shown at Cost. Capital Works executed internally are valued at prime cost plus appropriate overheads. No charges for supervision are levied on civil capital projects.

   Cost means cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs, if any

b) Software cost is capitalized where it is expected to provide future enduring economic benefits. Capitalization costs include license fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

c) Retirement of Assets: Unserviceable Property, Plant & Equipment are valued at the net realisable value. In case the net realisable value is not available, the same is considered at 5% of original cost as scrap value.

d) Property, Plant & Equipment acquired with financial assistance from outside agency either wholly or partially are capitalised at net cost to the company.

III. DEPRECIATION AND AMORTIZATION:

A. **Depreciation on Property, Plant & Equipment**

Depreciation on Property, Plant & Equipment is charged on straight-line method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

B. **Depreciation on software, computer hardware & accessories–**

Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of five (5) years. Licence fee for specific period is amortised on straight line basis over the said period.

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

C. **Depreciation on second hand assets** –

Depreciation on second hand assets is charged on straight-line method to write off 95% of the cost on the basis of estimated useful life of asset.

D. **Pro-rata depreciation / amortization is charged from / upto date on which the assets are ready to be put to use / are deleted or discarded.**

E. **Leasehold properties**

Leasehold properties are amortized evenly over the period of the lease.

IV. IMPAIRMENT OF ASSETS:

On the basis of annual assessment, impairment loss, if any, is provided. Impairment loss is the shortfall of the recoverable amount vis-à-vis the carrying amount. The recoverable amount is determined for defined Cash Generating Units (CGU)

V. VALUE OF INVENTORIES:

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

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

Note:

a) Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location. Cost includes taxes and duties and is net of credit under CENVAT and VAT, where applicable.

b) Inplant items are valued at standard cost for convenience taking into account normal level of activity and regularly reviewed.

c) Obsolete, slow-moving and defective inventories are identified at the time of physical verification and where necessary provision is made for such inventories. Project specific stores not moving for four (4) years and more from the date of delivery of a vessel are valued at 50% on review. Such valuation at 50% on review is also made in respect of materials not for any specific project which do not move for four (4) or more from the date of receipt.

iv) Scrap: Valued at estimated net realisable value.

v) Inter-transfer items (Pending final transfer): At cost, limited to transfer price.

vi) Work-in-progress: Valuation of work-in-progress is done on the following basis and the term cost includes all overheads.

VI. <u>Recognition of revenue – Valuation of Work in Progress</u>

a) Cost Plus Contracts:
"At cost incurred plus profits accrued up to the reporting date as per Contract / Letter of Intent."

b) Fixed Price Contracts:

Where profit can be reliably measured:

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

Where loss is anticipated:

"When it is probable that total contract costs will exceed the total contract revenue, the expected loss is fully recognized as an expense immediately, irrespective of physical progress achieved on the reporting date."

Ship Repair Contracts:

(i) Work done against contracts extending up to twelve (12) months is valued at cost or realizable value, whichever is lower. Profit, if any, is recognized in the year in which the repair is completed.

(ii) For contracts extending beyond twelve (12) months, the valuation is done as per policy for construction contracts as stated above.

c) Others:

All items other than the above have been valued at lower of cost and net realisable value.

VII. REVENUE RECOGNITION:

Revenue is recognized and accounted for if there is no significant uncertainty in collection of the amount of consideration.

(A) SALES:

1. Sales other than Turnkey Projects:

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

b) Sale values are ascertained in accordance with contractual provisions.

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

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

e) Credit notes issued to customers and deductions accepted are reduced from sales in the year in which they are effected.

f) Sales include Excise duty and Service Tax, wherever applicable, and excludes Value Added Tax, Central Sales Tax, Works Contract Tax etc.

g) Revenue Recognition in respect of ongoing construction contracts is done using percentage completion method as stated in para V(vii)(1) above.

2. Sales in case of Turnkey Projects:

a) If part delivery and payment is provided in the contract, sales on part delivery are accounted for.

b) In case of an indivisible contract, or specific items thereof, sales are considered on completion and handing over of the project.

(B) INTEREST INCOME:

Interest Income is accounted for on accrual basis in time proportion inclusive of related tax deducted at source.

VIII. GRANTS/SUBSIDY:

(i) Capital Grants / Subsidies
Capital grants/Subsidies relating to specific assets are reduced from the gross value of the assets and capital grants for project capital subsidy are credited to Capital Reserve and retained till the requisite conditions are fulfilled.

(ii) Revenue Grants / Subsidies
Government grants related to revenue items are adjusted with the related expenditure. If not related to a specific expenditure, it is taken as income.

IX. BORROWING COST

Borrowing costs are capitalized as part of qualifying assets. Other borrowing costs are considered as revenue expenditure.

X. INSURANCE CLAIMS:

Amounts due against insurance claims are accounted for on accrual basis; in respect of claims not finally settled by the underwriter, credits are reckoned, based on the company's estimate of the realisable value.

XI. TAXES ON INCOME:

Current tax is determined as the amount of tax payable in respect of taxable income for the period in accordance with the Income Tax Act, 1961.

Deferred tax is recognized on timing difference between taxable income and accounting income subject to consideration of prudence and provided for as per the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets on unabsorbed depreciation and carrying-forward of losses are not recognized unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

XII. RETIREMENT BENEFITS:

(i) **Provident Fund and Pension:**
Retirement benefits in the form of Provident Fund and Family Pension Funds are defined

contribution schemes and the contribution is charged to profit and loss of the year when the contributions to the respective funds are due in accordance with the relevant statute.

(ii) **Gratuity:**
Gratuity Fund, a defined benefit scheme, is administered through duly constituted independent Trust and yearly contributions based on actuarial valuation as determined by LIC are charged to revenue. Any additional provision as may be required, is provided for on the basis of acturial valuation as per Accounting Standard -15 on Employee Benefits. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

(iii) **Leave Liability**:
Liability towards Earned Leave in respect of all employees is provided based on actuarial valuation as per Accounting Standard-15 on Employee Benefits using Projected Unit Credit method for the unused entitlements that has accumulated at the Balance Sheet date. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

(iv) **Voluntary Retirement Scheme:**

Actual disbursement made under Voluntary Retirement Scheme is charged to revenue.

(v) **Post Retirement Medical Scheme**

a) The post retirement medical benefits scheme to the existing employees is a defined benefit scheme and are determined based on actuarial valuation as per Accounting Standard-15 on Employee Benefits using Projected Unit Credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

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

XIII. VARIATION IN FOREIGN EXCHANGE RATES:

(4) Initial Recognition
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

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

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

XIV. LICENCE FEE:

Licence Fee for manufacturing right for a specified period is amortised over the said specified period.

XV. RESEARCH AND DEVELOPMENT:

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

XVI. MISCELLANEOUS:

i) **Loose Tools and Tackles**:

c) Loose Tools and Tackles are charged to revenue, on issue from stores, if the cost of the individual items does not exceed ₹5000/-.

d) Cost of such tools & tackles individually costing over ₹5000/- is written off evenly over a period of five (5) years commencing from the year of purchase.

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

iii) **Liquidated Damages**:
Provision for liquidated damages is made in the accounts separately as per the contractual provision/proportionate liability basis keeping in view the delay caused by the factors beyond the control of the Company.

iv) **Guarantee repair**:
Provision for guarantee liability in respect of delivered ships is made on the basis of actuarial estimates. Such provision for all other products is made, as applicable, on the basis of management estimates.

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.

vi) **Advance from customers**:

Advances from customers are after adjusting dues, if any under sales accounts, and include advances received against placement of order and stage payments.

XVII. CLAIMS:

Claims against the company are assessed on the basis of evaluation of facts and legal aspects of the matter involved. Where such assessment indicate probable obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, adequate provision is made otherwise claims against the company are disclosed as claims not acknowledged as debts.
A Contingent Asset is neither recognised nor disclosed in the Financial Statements.

XVIII. SEGMENT REPORTING:

Segments are identified having regard to the dominant source and nature of risk and returns and the internal organization and management structure. The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. Inter-segment revenue are accounted for on the basis of transfer price acceptable to the final customer. Assets pertaining to Corporate Office or not specific to segment activities are separately indicated.

XIX. PROPOSED DIVIDEND:

Dividends (including income tax thereon) are provided as proposed by the Directors in the Books of Accounts on accrual basis pending approval at the Annual General Meeting.

XX. TRADE RECEIVABLES:

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

XXI. CASH FLOW STATEMENT

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

XXII. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, cheques in hand, balance with banks in current accounts and short term, highly liquid investments with an original maturity of three (3) months or less and which carry insignificant risk of changes in value.

XXIII. Provisions IN THE ACCOUNTS AGAINST CONTINGENT LIABILITY

(3) **In non-tax civil cases**: In the case of non-tax civil cases, creation of accounting provisions will be considered on a review of status of each case as on the reporting date and provisions may be made in the Accounts on the basis given below:

(c) In the Arbitration cases where the Company has not contested or does not intend to contest the adverse outcome of arbitral award, the liability will not be treated as contingent and full provision may be considered.

(d) Where an adverse award / decision is given by the Arbitrator or by the trial court and an appeal is preferred by the Company or intended to be preferred, provision may be made as follows:

iii) After the claim is disposed of by the Arbitrator - 25% of the amount in dispute.

iv) After the claim is disposed of by Higher Appeal Court - 50% of the amount in dispute, until disposal by the final appeal court. Revision petition, larger bench of the same court will be considered as part of the relevant appeal process in the said court.

(c) Full provision of the disputed claim may be considered in the case of an award / decision where the Company does not proceed to contest the appellate award.

(d) No provision may be made in case of demands raised by Govt Dept / Statutory Authority/ by Commissioner or Tribunal set up by such Govt Dept / Statutory Authority if the said demand is contested within the set-up of such Govt Dept / Statutory Authority.

(4) **In taxation cases**: In the matter of taxation cases the claimed amount may be considered as contingent liability and no provision may be considered if the decision up to Appeal stage goes against the company and if the Company has contested or intends to contest such decision before the Appellate Tribunal.

However, where the decision of Appellate Tribunal is against the Company, full provision of the amount in dispute may be made.

With respect to Fiscals 2015(Proforma), Fiscal 2016, 2017 and Fiscal 2018, we followed the following significant accounting policies:

(a) Basis of preparation

(i) Statement of compliance

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

The accounting policies are applied consistently to all the periods presented in the Financial Information.

(ii) Historical cost convention

The Financial Information have been prepared on a historical cost basis, except for the following:

a) certain financial assets and liabilities that are measured at fair value;
b) assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
c) defined benefit plans - plan assets measured at fair value.

(iii) Current versus Non-current classification:

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

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

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

An asset is classified as current when it is:

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

All other assets are classified as non - current.

A liability is classified as current when it is:

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

All other liabilities are treated as non - current.

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

(iv) Rounding of amounts

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

(v) Functional and Presentation Currency:

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

(b) Property, plant and equipment

I. Property, plant and equipment are shown at cost, less accumulated depreciation and impairment, if any. Capital works executed internally are valued at prime cost plus appropriate overheads. No charges for supervision are levied on civil capital projects.

i. Cost means purchase price considered as cash price after deducting trade discount, rebates and adding duties, non-refundable taxes and costs directly attributable to make the asset available for intended use.

ii. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Cost includes cost of replacing part of the plant and equipment for long-term construction projects, if the recognition criteria are met.

iii. Expenses capitalised also include applicable borrowing costs, if any.

iv. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

v. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

vi. Loose tools are charged to Statement of Profit and Loss, on issue from stores, if the cost of the individual items does not exceed ₹ 5,000.

II. Transition to Ind AS

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

III. Retirement of assets

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

IV. Jointly Funded Assets

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

Transition to Ind AS

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

V. Depreciation methods, estimated useful lives and residual values:

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

Asset Class	Description	Years
Plant & equipment	• Hand power tools like grinders, chippers, drilling machines; • Fastening tools like bottle screws, clamps & slings, hoist /chain-pulley blocks, hooks, shackles, Measuring and testing devices	08
Plant & equipment	Miscellaneous tools /tackles and accessories thereof; Welding Torches, Gas Torches, Portable Electrode Ovens, Masks & helmets; Small instruments, measurements /control devices	05
Plant & equipment	Goliath Crane (250 Ton Capacity)(Refer Note 47)	25
Furniture & fixture	All electronic /electrical gadgets like refrigerator, MW/ other ovens, TV sets/entertainment systems/ Geyser/Water heater, Water purifiers & coolers, Air coolers, Electronic Medical gadgets/instruments, Canteen	05

	gadgets/utilities, Communication equipment	

i. In respect of additions/extensions forming an integral part of the existing assets, depreciation is provided over residual life of the respective asset. Significant additions which are required for replacement/ performed at regular interval are depreciated over the useful life of the respective item of PPE.

ii. Depreciation on property, plant and equipment :

1. Commences when the assets are ready for intended use and is provided on straight line method over the respective useful life of the asset.

2. Depreciation is recognised so as to write off the cost of assets (other than free hold land and properties under construction less their residual values) over their respective useful life.

3. The residual value is considered at the rate of 5% of the original cost of the respective assets except computers & IT peripherals.

4. Computer & peripherals (excluding servers & network equipment) are fully depreciated over their useful life.

iii. The estimated useful life, residual value and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

iv. An item of Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

v. Depreciation begins when the asset is available for use. It ceases at the earlier of the date that the asset is classified as held for sale as per Ind AS 105 and the date of derecognition of the asset.

vi. In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life of the assets.

vii. Air Conditioners have been classified under the head furniture & fixtures and useful life is considered as applicable to furniture & fixtures under Schedule II to Companies Act, 2013.

viii. Depreciation on second hand assets –

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

(c) Non-current assets held for sale

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

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

(d) Borrowing Costs:

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

(e) Impairment of Assets:

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

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

(f) Intangible Assets:

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

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

Transition to Ind AS

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

(g) Research and Development

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

(h) Inventories

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

i. (a) Raw materials, stores and spares: Valued at weighted average rates.
(b) Inplant items: At standard cost.

ii. Equipment for specific projects: At cost.

iii. Stores in transit and non-stock items: At cost.

Note:

a) Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location. Cost includes taxes and duties and is net of credit under CENVAT and VAT, where applicable.

b) In-plant items are valued at standard cost for convenience taking into account normal level of activity and are regularly reviewed.

iv. Obsolete, slow-moving and defective inventories are identified at the time of physical verification and where necessary provision is made for such inventories. Project specific stores not moving for 4 years and more from the date of delivery of a vessel are valued at 50% on review. Such valuation at 50% on review is also made in respect of materials not held for any specific project which do not move for 4 years or more from the date of receipt.

v. All items of jobs in progress other than the Construction Contracts and Ship Repair Contracts are valued at lower of cost and net realisable value. Materials, if any, held by the contractors for processing are treated as part of work-in-progress.

vi. Scrap: Valued at estimated net realisable value.

vii. Inter-transfer items (Pending final transfer): At cost, limited to transfer price.

(i) Revenue Recognition

A. Construction Contracts

a. Revenue is recognized and accounted for if there is no significant uncertainty in collection of the amount of consideration.

b. When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The estimated cost of each contract is determined based on management estimate of cost to be incurred till final completion of the vessel and includes cost of material, services and other related overheads.

c. Determination of estimated cost to complete the contract is required for computing revenue as per Ind - AS 11 on 'Construction Contracts'. The estimates are revised periodically.

d. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

e. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

f. When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognized only to the extent of contract cost incurred that are likely to be recoverable.

g. Revenue Recognition for Modification Jobs: In case of modification jobs, revenue against completed Modification jobs are recognised on the basis of Work Done Certificate issued by appropriate authority and for which Modification Cost for Approval is submitted to the customer, duly recommended by onsite representative of customer.

h. When contract costs incurred till date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the amount due to customers for contract work. Amounts received before the related work is performed are included in the statement of financial position as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included under trade and other receivables.

i. Unbilled Revenue: When work for the project has been incurred but the bill towards the same is yet to be issued, the same is recognized as unbilled income. Unbilled income being a contractual commitment to receive cash according to the terms of the contract after the invoice is issued, is treated as a Financial Asset.

B. Sale of goods

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

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

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

C. Interest income

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

D. Revenue from services

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

E. Insurance claims

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

(j) Foreign currency transactions:

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange difference

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

(k) Grants/Subsidy

i. Capital grants / Subsidies

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

ii. Revenue grants / Subsidies

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

(l) Cash Flow Statement

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

(m) Cash and Cash Equivalents

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

(n) Segment Reporting:

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

(o) Financial Instruments

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

<u>Financial Assets</u>

Classification

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

Initial recognition and measurement:

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

Financial Assets measured at amortised cost:

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

Financial Assets measured at fair value through Other Comprehensive Income (FVTOCI)

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in Other Comprehensive Income.

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

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

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Debts from Government / Government departments / Government Companies are generally not treated as doubtful. However, provisions are made in the Accounts on a case to case review basis excepting those which are not contractually due.

Derecognition of Financial Assets

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

Financial Liabilities

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

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

Classification, initial recognition and measurement

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

Subsequent measurement

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

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

De-recognition of financial liability

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

(p) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

(q) Leases

Leases of Property, plant and equipment where the Company, as lessee, has assumed substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

(r) Employee Benefits

I. Short-term obligations

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

II. Other long-term employee benefit obligations

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

III. Post-employment obligations

The Company operates the following post-employment schemes:

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

Gratuity

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

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Post-Retirement Medical Scheme

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

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

Provident Fund and Pension scheme

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

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

(s) Dividend to Equity Shareholders

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

(t) Provision for Current & Deferred Tax

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income, in which case it is recognized in Equity or in Other Comprehensive Income, as applicable.

i. Current tax

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

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

ii. Deferred tax

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

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

(u) Earnings per share

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

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

(v) Provision, Contingent Liabilities and Contingent Assets

i. Provisions for legal claims, warranties, discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

ii. Provision for liquidated damages is made in the accounts separately as per the contractual provision/proportionate liability basis keeping in view the delay caused by the factors beyond the control of the Company.

iii. Provision for guarantee liability in respect of delivered ships is made on the basis of actuarial estimates. Such provision for all other products is made, as applicable, on the basis of management estimates.

iv. Contingent Assets are not recognised but disclosed in the Financial Information when economic inflow is probable.

v. Contingent Liabilities are not recognised but are disclosed in the notes.

vi. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period on the basis as detailed below. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A. In non-tax civil cases

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

a. In the arbitration cases where the Company has not contested or does not intend to contest the adverse outcome of arbitral award, the liability is not treated as contingent and full provision is considered.

b. Where an adverse award/ decision is given by the arbitrator or by the trial court and an appeal is preferred by the Company or intended to be preferred, provision is made as follows:-

   i. After the claim is disposed of by the Arbitrator - 25% of the amount in dispute.
   ii. After the claim is disposed of by Higher Appeal Court - 50% of the amount in dispute, until disposal by the final appeal court. Revision petition, larger bench of the same court is considered as part of the relevant appeal process in the said court.

c. Full provision of the disputed claim is considered in the case of an award/ decision where the Company does not proceed to contest the appellate award.

d. No provision is made in case of demands raised by Government department/ statutory authority/ by Commissioner or Tribunal set up by such Government department/ statutory authority if the said demand is contested within the set-up of such Government department/ statutory authority.

B. In taxation cases

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

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

III. **Recent accounting pronouncement**

Appendix B to Ind AS 21 , Foreign currency transactions and advance consideration:
On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April, 2018. The Company is evaluating the requirement of the amendment and the impact on the Financial Information.

Ind AS 115

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11," Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April, 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transaction. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April, 2018.

The standard permits two possible methods of transition:

- Retrospective approach – Under this approach, the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

The Company is evaluating the requirement of the amendment and the impact on the Financial Information.

Principal Components of Revenue and Expenditure

Our revenue and expenditure is reported in the following manner:

Revenue

Our revenue comprises of revenue from operations and other income.

Revenue from Operations

Our revenue from operations consists of revenue from sale of products, sale of services and other operating revenue. Revenue from sale of products primarily includes sale of vessels built. Revenue from sale of services comprises of revenue from repair of vessels.

Other Income

Our other income primarily consists of income from interest on bank deposits, net gains from foreign currency transactions, sale of scraps and stores and from training activities.

Expenses

Our expenses comprise of costs of materials consumed, changes in inventories of work-in-progress, sub-contract and other direct expenses, employee benefits expenses, finance costs, depreciation and amortisation expenses and other expenses.

Cost of Materials Consumed

Our cost of materials consumed includes the cost of raw materials, namely, steel, pipe and paint, and the cost of bought out components and equipment.

Change in Inventories of Work-in-Progress

Change in inventories of work-in-progress is the difference between our inventories of work-in-progress at the beginning of the year and at the end of the year.

Sub-contract and Other Direct Expenses

Our sub-contract expenses include expenses for sub-contracting and other off-loaded jobs and for hull insurance. Our other direct expenses include classification fees, service engineer and technicians' fees of OEMs design expenses, launching expenses and delivery expenses.

Employee Benefit Expenses

Our employee benefit expenses include salaries, wages, bonus and allowances, contribution to provident fund and family pension fund, gratuity and staff welfare expenses.

Finance Costs

Our finance costs include bank interest payable, other interest payable, interest on fair valuation of financial assets and liabilities.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense primarily includes depreciation of tangible assets and amortisation of intangible assets.

Other Expenses

Our other expenses primarily include consumption of stores, power, repair and maintenance, maintenance dredging, security expenses and travelling expenses and conveyance expenses.

Provision for Anticipated Losses and Expenditure

This includes provision primarily for expenses and contingencies, doubtful debts and advances, and liquidated damages.

Results of Operations

Our business, in terms of both revenue and expenses, is highly cyclical in nature. Our shipbuilding projects have a typical order-to-delivery period of anywhere from twenty-three (23) to sixty-six (66) months. Our longer projects are typically the more expensive projects, and our recognition of revenue and expenses occurs in large parts during the middle period of the project, when expensive equipment and sophisticated systems are installed in the vessels. The beginning period of a project and the end period of a project give rise to significantly lower revenue and expense recognition as compared to the middle period of the project. As a result, the revenue and expense recognition of our Company is heavily weighted toward five (5) year cycles of one (1) to two (2) year periods of lower revenue and expense recognition, followed by one (1) to two (2) year periods of significantly higher revenue and expense recognition, followed again by one (1) two (2) year periods of lower expense recognition. We seek to mitigate this cyclic nature through diversification of our product portfolio, but for the foreseeable future, our contracts for construction of naval vessels will result in a continuation of this revenue and expense cycle playing a significant part in our financial results.

(₹ in millions)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations (gross)	13,465.16	9,293.22	16,645.86
Other income	1,792.34	2,169.90	1,914.70
Total income	**15,257.50**	**11,463.12**	**18,560.56**
Cost of materials consumed	5,815.08	3,398.50	8,269.79
Purchase of products for resale (B & D spares)	1,415.67	1,146.05	1,864.40
Changes in inventories of work-in-progress and scrap	(13.35)	80.30	(5.62)
Sub-contracting charges	1,370.51	1,072.48	1,241.94
Excise duty	19.00	75.48	65.04
Employee benefits expense	2,985.98	2,857.84	2,917.35
Finance costs	76.92	91.19	43.98

Depreciation and amortisation expense	289.56	266.52	277.98
Other expenses - project related	726.61	505.82	508.34
Other expenses	1,293.99	1,767.76	861.92
Total expenses	**13,979.97**	**11,261.84**	**16,045.12**
Profit before tax	**1,277.53**	**201.18**	**2,515.44**
Tax expense			
- Current tax	453.40	87.80	908.84
- Deferred tax	(43.93)	(1.27)	(37.85)
Total tax expense	**409.47**	**86.53**	**870.99**
Profit for the year	**868.06**	**114.65**	**1,644.45**
Re-measurements of post-employment benefit obligations	116.06	3.45	(73.46)
Income tax relating to above items	(40.56)	(1.20)	25.42
Other comprehensive income/(loss) for the year, net of tax	75.50	2.25	(48.04)
Total comprehensive income for the year	**943.56**	**116.90**	**1,596.41**
Earnings per equity share:			
Basic and diluted earnings per share	**7.14**	**0.93**	**13.33**

Discussion on the results of operations

Fiscal 2018 Compared to Fiscal 2017

Revenue

Our total revenue increased to ₹15,257.50 million in Fiscal 2018 from ₹11,463.12 million in Fiscal 2017, representing an approximate increase of 33.10%, due to the factors below:

Revenue from Operations

Our revenue from operations increased to ₹13,465.16 million in Fiscal 2018 from ₹9,293.22 million in Fiscal 2017, or approximately an increase of 44.89%, primarily comprised of revenue from shipbuilding. In Fiscal 2018, our revenue from the (i) ship division was ₹12,676.70 million, (ii) engineering division was ₹688.92 million, and (iii) engine division was ₹58.16 million and other operating revenue is ₹41.37 million.

Other Income

Our other income decreased to ₹1,792.34 million in Fiscal 2018 from ₹2,169.90 million in Fiscal 2017. The decrease primarily resulted from a decrease in interest income on bank deposits from ₹2,033.58 million in Fiscal 2017 to ₹1,700.52 million in Fiscal 2018 or decrease of about 16.38%. Our other income as a percentage of total income was 11.75% for Fiscal 2018 compared to 18.93% for Fiscal 2017.

Expenses

Our total expenditure increased to ₹13,979.97 million in Fiscal 2018 from ₹11,261.94 million in Fiscal 2017. This increase of approximately 24.13% was comprised of:

Cost of material consumed

Our cost of material consumed increased to ₹5,815.08 million in Fiscal 2018 from ₹3,398.50 million in Fiscal 2017, or increase of approximately 71.11%, primarily due to costs of components of ₹4,652 million in Fiscal 2018.

Purchase of Products for Resale (B & D Spares.)

Our purchase of products for resale (B&D Spares) increased to ₹1,415.67 million in Fiscal 2018 from ₹1,146.05 million in Fiscal 2017, or approximately 23.53%. The increase was due to increase in sale of B & D Spares.

Sub-contracting charges and other direct expenses to the Project:

Our sub contract expenses and other direct expenses increased to ₹1,370.51 million in Fiscal 2018 from ₹1,072.48 million in Fiscal 2017, or approximately 27.79%. This increase was primarily comprised of costs in relation to sub contract and off-loaded jobs due to increase in shipbuilding activities.

Expenses directly related to the project increased to ₹726.61 million in Fiscal 2018 from ₹505.82 million in Fiscal 2017, or 43.65%. The increase resulted primarily from an increase in expenses in relation to Technicians' Fees of ₹621.01 million in Fiscal 2018, compared to ₹387.97 million in Fiscal 2017.

Employee benefits expense

In Fiscal 2018, our employee benefits expenses were ₹2,985.98 million, compared to ₹2,857.84 million in Fiscal 2017. This 4.48% increase was primarily due to an increase of ₹239.83 million to the contribution to provident fund and other funds.

Finance Costs

Our finance costs decreased from ₹91.19 million in Fiscal 2017 to ₹76.92 million in Fiscal 2018 or approximately 15.65%. This decrease was primarily due to a decrease in the unwinding of discount on financial liabilities of ₹11.82 million.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased to ₹289.56 million in Fiscal 2018 from ₹266.52 million in Fiscal 2017. This 8.64% increase was primarily due to an increase in depreciation of tangible assets of ₹18.58 million.

Other expenses

Our other expenses decreased to ₹1,293.99 million in Fiscal 2018 from ₹1,767.76 million in Fiscal 2017. This 26.80% decrease was primarily due to decreases in expenses related to Liquidated damages (decreased by ₹419.45 million or 53.40%), Power and Fuel (decreased by ₹8.29 million or 7.88%), offset by an increase in CISF Security Expenses (increased by ₹99.68 million or 40.16%).

Tax expense

Our tax expense increased to ₹409.47 million in Fiscal 2018 from ₹86.53 million in Fiscal 2017. This 373.19% increase was primarily due to an increase of ₹365.60 million or 416.4% in current tax.

Profit after tax for the year

In Fiscal 2018, our profit after tax increased to ₹868.06 million, compared to ₹114.65 million in Fiscal 2017, representing an increase of 657.11% primarily due to reduction in liquidated damage charges and increase in shipbuilding turnover due to commencement of P17A project since August 2017.

Other Comprehensive Income

Our other comprehensive income increased to ₹75.50 million in Fiscal 2018 from ₹2.25 million in Fiscal 2017, or 3,248.92%. This was principally due to a ₹112.61 million increase that resulted from the re-measurement of post-employment benefit obligations.

Total Comprehensive Income for the Year

Our total comprehensive income increased to ₹943.56 million in Fiscal 2018 from ₹116.90 million in Fiscal 2017, representing an increase of 707.16%.

Fiscal 2017 Compared to Fiscal 2016

Revenue

Our total revenue decreased to ₹11,463.12 million in Fiscal 2017 from ₹18,560.56 million in Fiscal 2016 which was decreased by 38.24% due to the reasons described below:

Revenue from Operations

Our revenue from operations decreased by 44.17% to ₹9,293.22 million in Fiscal 2017 from ₹16,645.86 million in Fiscal 2016. This decrease was primarily due to a decrease in the revenue from shipbuilding by ₹6,188.74 million arising out of the cyclical nature of revenue recognition in the construction plan for our ships.

Other Income

Our other income increased to ₹2,169.90 million in Fiscal 2017 from ₹1,914.70 million in Fiscal 2016, or approximately 13.33%. This increase was primarily due to an increase in interest income from bank deposits of ₹303.51 million. Our other income as a percentage of total income was 18.93% for Fiscal 2017 as compared to 10.32% for the Fiscal 2016.

Expenses

Our total expenditure decreased by 29.81% to ₹11,261.94 million in Fiscal 2017 from ₹16,045.12 million in Fiscal 2016, due to the factors described below:

Cost of Material Consumed

Our cost of material consumed decreased by 58.90 % to ₹3,398.50 million in Fiscal 2017 from ₹8,269.79 million in Fiscal 2016. This decrease was due to a reduction in the costs of both raw materials and components.

Purchase of Products for Resale (B & D Spares)

Purchase value of products for resale (B&D Spares) decreased to ₹1,146.05 million in Fiscal 2017 from ₹1,864.40 million in Fiscal 2016, or approximately 38.53%, due to lower orders of spares from customers and a lower corresponding supply thereof.

Sub Contract and Other Expenses -Project Related

Our sub-contracting charges decreased to ₹1,072.48 million in Fiscal 2017 from ₹1,241.94 million in Fiscal 2016. This 13.64% decrease was primarily due to reduction in shipbuilding activities. Our other expenses-project-related slightly decreased from ₹508.34 million in Fiscal 2016 to ₹505.82 million in Fiscal 2017, due to decreases in facility hire expenses and miscellaneous expenses**.**

Employee Benefits Expense

Our employee benefits expense marginally decreased by 2.04% to ₹2,857.84 million in Fiscal 2017 from ₹2,917.35 million in Fiscal 2016, because of a reduction of permanent employees on superannuation.

Finance Costs

Our finance costs increased by 107.34% to ₹91.19 million in Fiscal 2017 from ₹43.98 million in Fiscal 2016. Our finance costs increased primarily due to an increase in the bank interest payable by ₹24.81 million due to our borrowing from banks to meet temporary working capital requirement and our discounting of financial assets and unwinding of financial liabilities.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense marginally decreased by 4.12% to ₹266.52 million in Fiscal 2017 from ₹277.98 million in Fiscal 2016. This decrease is primarily due to a reduction in the depreciation of intangible assets by ₹22.53 million, which was partially offset by an increase in amortisation of tangible assets by ₹11.07 million. The decrease in depreciation of intangible assets was mainly due to the end of the useful life of software on which depreciation was computed in a previous year.

Other Expenses

Our other expenses increased by 105.09% to ₹1,767.76 million in Fiscal 2017 from ₹861.92 million in Fiscal 2016. Our other expenses increased primarily due to an increase in provision for liquidated damages by ₹525.23 million as per contractual term on delivery of ships.

Tax Expense

Our tax expense decreased by 90.07% to ₹86.53 million in Fiscal 2017 from ₹870.99 million in Fiscal 2016 due to lower profit before tax recorded in fiscal 2017.

Profit After Tax for the Year

Due to the factors mentioned above, our profit after tax decreased by 93.03% to ₹114.65 million in Fiscal 2017 from ₹1,644.45 million in Fiscal 2016.

Other Comprehensive Income

Our other comprehensive income was ₹2.25 million in Fiscal 2017, as compared to our other comprehensive loss of ₹48.04 million in Fiscal 2016. This was principally due to the re-measurement of post-employment benefit obligations and income tax relating to items that will not be classified as to profit or loss.

Total Comprehensive Income for the Year

As a result of the factors outlined above, our total comprehensive income declined by 92.68% from ₹1,596.41 million in Fiscal 2016 to ₹116.90 million in Fiscal 2017.

Liquidity and Capital Resources

Over the past three (3) years, we have been able to finance our working capital requirements through cash generated from our operations and short-term bank loans and facilities. Historically, we have relied on cash from internal resources and loans for short periods from banks to finance the expansion of our business and operations.

After considering the expected cash to be generated from our business and operations and the proceeds from our bank loans, we believe that we have sufficient working capital for our present and anticipated requirements for capital expenditures and other cash requirements for the twelve (12) months following the date of this Red Herring Prospectus. As of March 31, 2018, we had ₹118.93 million of cash and cash equivalents.

The table below summaries our cash flows from our *Restated Financial Statements* of cash flows for Fiscal 2018, Fiscal 2017, and Fiscal 2016:

	Fiscal 2018	Fiscal 2017	Fiscal 2016
Net cash (used in) / generated from operating activities	(740.15)	(1,912.17)	4,230.24
Net cash (used in) / generated from investing activities	2,673.71	2,268.17	(4,832.47)
Net cash (used in) / generated from financing activities	(1,933.15)	(499.99)	(295.80)
Net increase/ (decrease) in cash and cash equivalents	0.42	(143.97)	(898.03)
Cash and Cash Equivalents at the beginning of the period	118.49	262.48	1,160.51
Cash and Cash Equivalents at the end of the period	118.93	118.49	262.48

Operating Activities

Fiscal 2018

Net cash used in operating activities was ₹740.15 million in Fiscal 2018. Our operating profit before working capital changes was (₹113.67) million in Fiscal 2018, due to adjustments primarily by interest income of

(₹1,700.52) million and depreciation and amortisation of ₹289.56 million. The operating profit before working capital changes was adjusted by other financial assets of ₹(2,470.14) million, but primarily offset by increase in trade payables ₹(3,273.79) million.

Fiscal 2017

Net cash used in operating activities was ₹1,912.17 million in Fiscal 2017. Our operating profit before working capital changes was ₹(1,542.52) million in Fiscal 2017, due to adjustments primarily by interest income of ₹(2,020.58) million and depreciation and amortisation of ₹266.52 million. The operating profit before working capital changes was adjusted by trade payables of ₹(1,527.50) million but primarily offset by inventories of ₹1,590.23 million.

Fiscal 2016

Net cash generated from operating activities was ₹4,230.24 million in Fiscal 2016. Our operating profit before working capital changes was ₹916.00 million in Fiscal 2016, due to adjustments primarily by interest income of ₹(1,686.84) million and depreciation and amortisation of ₹277.98 million. The operating profit before working capital changes was adjusted by other financial assets of ₹(1,921.27) million, but primarily offset by inventories of ₹1,873.20 million.

Investing Activities

Fiscal 2018

Net cash generated from investing activities was ₹2,673.71 million in fiscal 2018. This was primarily due to interest income received of ₹1,662.67 million, and was primarily offset by purchase of fixed assets of ₹501.78 million.

Fiscal 2017

Net cash generated from investing activities was ₹2,268.17 million in Fiscal 2017. This was primarily due to interest income received of ₹1,557.91 million and was primarily offset by purchase of assets of ₹422.14 million.

Fiscal 2016

Net cash used in investing activities was ₹4,832.47 million in Fiscal 2016. This was primarily due to interest income received of ₹1,265.16 million and was primarily offset by an increase of investments of ₹5,927.80 million.

Financing Activities

Fiscal 2018

Net cash used in financing activities in Fiscal 2018, was ₹1,933.15 million, comprised mainly of the buy-back of shares (including tax) of ₹955.37 million, dividends paid of ₹540.76 million, and dividend tax paid of ₹110.09 million.

Fiscal 2017

Net cash used in financing activities was ₹499.99 million for Fiscal 2017, resulting mainly from dividends paid of ₹532.21 million and dividend tax paid of ₹108.34 million, which was primarily offset by proceeds of short-term borrowings of ₹250.00 million.

Fiscal 2016

Net cash used in financing activities was ₹295.80 million for Fiscal 2016, comprised mainly of dividends paid of ₹247.68 million and dividend tax paid of ₹50.42 million.

Related Party Transactions

Related party transactions with certain of our directors and employees primarily relate to sales of goods and services to the Indian Navy. For further details of such related parties under AS 18 for Fiscal 2013 and 2014, and Ind-AS 24 for Fiscal 2015, 2016, 2017 and 2018 see "*Financial Statements*" on page 270.

Contingent liabilities

In the financial statements for the year ended March 31, 2018 and for the Fiscals 2017, 2016, 2015, 2014 and 2013, contingent liabilities are not recognized in the books of accounts and disclosed as notes to accounts. However, during the periods ending on March 31, 2014 and March 31, 2013, certain items of income or expenses have been identified as adjustments pertaining to previous fiscal years. These adjustments were recorded in the year in which they were identified. For the purpose of restatement, such adjustments have been appropriately recorded in the respective years to which the transactions pertain to and the adjustments related to fiscal years prior to the year ended on March 31, 2013 have been adjusted against the surplus in the statement of profit and loss as at April 1, 2012.

Our contingent liabilities as of March 31, 2018 are set out below**:**

(₹ in millions)

Contingent Liability	As of March 31, 2018
Claims Against the Company Not Acknowledged as Debts	662.38
Guarantees Given by Banks	664.78
Indemnity Bonds for Performance & Warranties	18,695.55
Unexpired Letters of Credit	145.42
Liquidated damages	744.21
Sales Tax	297.50
Excise Duty	20.00
Service Tax	12.13
Income Tax	48.53

Off-balance Sheet Items

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements**.**

Capital and Other Commitments

We had contractual obligations of ₹294.72 million as Fiscal 2018, ₹254.60 million as Fiscal 2017, and ₹133.54 million as of Fiscal 2016.

Secured and Unsecured Borrowings

As of July 31, 2018, our fund-based outstanding borrowings is zero against the available limit of ₹450 million and our non-fund-based outstanding borrowings aggregated to ₹771.23 million. For further details, please see "*Financial Indebtedness*" on page 388.

Capital Expenditure

Capital expenditures represent our expenditure in relation to shipbuilding, engineering, engine production and unallocated expenditure. The following table sets out the total capital expenditure for the periods indicated:

(₹ in millions)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Ship Building	424.94	393.29	47.33
Engineering	1.24	1.63	3.72
Engine Production	20.05	3.95	55.63
Others	111.03	41.15	7.06
Total	557.27	440.02	113.73

Quantitative and Qualitative Disclosures about Market Risk

General

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the foreign currency exchange rates, interest rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency payables and debt.

Commodity Price Risk

We are subject to market risks related to the volatility in the price of our raw materials like steel, pipe and paint and bought out components. Our financial results can be affected significantly by fluctuations in these prices, which depend on many factors, including demand for these materials, changes in the global economy, worldwide production levels, worldwide inventory levels and disruptions in the supply chain.

Credit Risk

Any scarcity of credit or other financing in India, or worldwide, resulting in an adverse impact on economic conditions may impinge upon our ability to finance our developments and expansions.

Inflation Risk

Our Company is incorporated in India, and almost all our assets and employees are in India. Thus, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Any increase in inflation in India may adversely affect our results of operations by increasing our costs such as the price of raw materials and equipment, the cost of power and transportation costs.

Reservations, Qualifications and Adverse Remarks

There are no reservations, qualifications and adverse remarks by our statutory auditor for the Fiscals 2018, 2017, 2016, 2015, 2014 and 2013, except as follows:

Fiscal 2018

Nil.

Fiscal 2017

Nil.

Fiscal 2016

Nil.

Fiscal 2015

Nil.

Fiscal 2014

Nil.

Fiscal 2013

Nil.

Other audit qualifications which do not require any corrective adjustment in the financial information

Fiscal 2018

Nil.

Fiscal 2017

Nil.

Fiscal 2016

Nil.

Fiscal 2015

Nil.

Fiscal 2014

Nil.

Fiscal 2013

Nil.

Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues or repayment of debentures or repayment of deposits or repayment of loans from any bank or financial institution

There have been no defaults in payment of statutory dues or repayment of debentures and interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company as of March 31, 2018, except as set out below:

(i) Undisputed statutory dues in arrears for a period of more than six (6) months from the date they became payable:

As of March 31, 2018, there were no undisputed dues that remained as arrear for more than six (6) months from the date they became payable.

(ii) Statutory dues which have not been deposited with the appropriate authorities because disputes:

SL No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in million)	Forum (Where the dispute is pending)
1	West Bengal Value Added Tax Act, 2003	Value Added Tax	2007-08	50.68	West Bengal Taxation Tribunal
2	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2004-05	0.88	Commercial Tax Tribunal, Jharkhand
3	Central Sales Tax Act,1956	Central Sales Tax	2004-05	1.75	Commercial Tax Tribunal, Jharkhand
4	Central Sales Tax Act,1956	Central Sales Tax	2009-10	18.83	Commissioner of Commercial Taxes, Jharkhand
5	Central Sales Tax Act 1956 (Jharkhand)	Central Sales Tax	2012-13	28.37	Revision petition and stay petition filed before the Commissioner of Commercial Taxes, Ranchi.
6	Central Sales Tax Act,1956	Central Sales Tax	2010-11	120.19	Commissioner of Commercial Taxes
7	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2010-11	76.80	Commissioner of Commercial Taxes
8	Central Excise Act, 1944	Central Excise	2001-02 to 2005-06	1.79	Commissioner of Central Excise (Appeals)

9	Central Excise Act, 1944	Central Excise	2011-12	7.55	CESTAT
10	Central Excise Act, 1944	Central Excise	2016-17	10.65	Commissioner of Central Excise
11	Finance Act,1994	Service Tax	2003-04 to 2007-08	12.13	CESTAT
12	Income Tax Act, 1961	Income Tax	2009-10	1.86	Deputy Commissioner of Income Tax (Rectification)
13	Income Tax Act, 1961	Income Tax	2008-09	35.29	Commissioner of Income Tax (Appeal)
14	Income Tax Act, 1961	Income Tax	2011-12	11.14	Commissioner of Income Tax (Appeal)
15	Income Tax Act, 1961	Income Tax	2013-14	0.07	Commissioner of Income Tax (Appeal)
16	Income Tax Act, 1961	Income Tax	2014-15	0.19	Commissioner of Income Tax (Appeal)
	Total			**378.17**	

Material frauds

There are no material frauds, as reported by our statutory auditor, committed against our Company, in the Fiscals 2018, 2017, 2016, 2015, 2014, and 2013 except as set out below:

Unusual or infrequent events or transactions

As on date, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

Significant economic changes that materially affected or are likely to affect income from continuing operations

We operate in a highly regulated industry. Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income from continuing operations except as described in the section titled "*Risk Factors*" on page 26.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Our business has been affected and we expect that it will continue to be affected by the trends identified above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting Our Revenue from Operations*" and the uncertainties described in the section titled "*Risk Factors*" on pages 355 and 22, respectively. To our knowledge, except as disclosed in this Red Herring Prospectus, there are no known factors which we expect to have a material adverse impact on sales, revenue or income from continuing operations.

Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in "*Risk Factors*" and this section, we believe there are no known factors that might affect the future relationship between cost and revenue.

Extent to which material increases in net sales or revenue are due to increased sales volume, introduction

of new products or services or increased sales prices

Changes in revenue in the last fiscal three (3) years are as explained in the part "*Fiscal 2018 compared to Fiscal 2017*" and "*Fiscal 2017 compared to Fiscal 2016*" in this section.

Competitive Conditions

We expect competition in our industry from existing and potential competitors to intensify. For details, please see the discussions of our competition in "*Risk Factors*" on pages 23 and 37.

Dependence on few customers

As described above, we derive our revenues primarily from the contracts with the GoI. See the section titled "*Risk Factors"* on page 22.

Significant developments after March 31, 2018, that may affect our future results of operations

To our knowledge, except as otherwise disclosed in this Red Herring Prospectus, there is no subsequent development after the date of our financial statements contained in this Red Herring Prospectus which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next twelve (12) months.

FINANCIAL INDEBTEDNESS

Pursuant to our AoA and in accordance with the provisions of Section 180(1)(c) of the Companies Act, 2013 and rules made thereunder our Company avails loans in the ordinary course of business, *inter-alia*, for the purposes of meeting its working capital requirements, meeting performance guarantee obligations towards bid bond, security deposit, earnest money deposit and procurement of raw materials for regular operations of the Company. Our Company has provided the necessary intimations required to its lenders under the relevant loan documentations for certain actions in relation to this Offer.

As on July 31, 2018, the aggregate outstanding borrowings of our Company are as follows:

(₹ in million)

Category of Borrowing	Sanctioned Amount (As on July 31, 2018)	Amount not availed (As on July 31, 2018)
Fund Based	450.00	450.00
Non-Fund Based	4,550.00	3,7768.77
Total	5,000.00	4,228.77

Set forth below is a brief summary of our Company's outstanding borrowings together with a brief description of certain significant terms of such financing arrangements.

Fund Based Borrowing

SECURED BORROWINGS

The details of the secured borrowings are provided below:

Sr. No.	Lender and Term	Type of Facility and validity	Limit/ Amount (₹ in million)	Principal amount availed as on July 31, 2018	Amount not availed as on July 31, 2018 (₹ in million)	Security / margin and Commission (p.a)	Purpose
1.	Sanction letter issued by State Bank of India dated July 25, 2017	Cash Credit (Hypothecation of Stocks/ Book Debts) sanction; Validity: One (1) year	50.00	0.00	50.00	**Security**: Entire Current Assets including raw materials, store and spares, finished goods/ receivables excluding Fixed Deposits with Banks and excluding movables which are in the nature of fixed assets as per accounting practice followed by the Company, both resent and future; **Margin**: 0.25% above MCLR; i.e. 8.00% p.a., present effective rate being 8.25% p.a. with monthly rest. The MCLR is to be reset annually. **Commission**: Nil	Working capital requirements

UNSECURED BORROWINGS

The details of the unsecured borrowings are provided below:

Sr. No.	Lender and Term	Type of Facility and validity	Limit/ Amount	Principal amount availed as on July 31, 2018	Amount not availed as on July 31, 2018	Security / margin and Commission (p.a)	Purpose
1.	Sanction Letter issued by Axis Bank dated March 27, 2017	Overdraft Facilities sanction; Validity: One (1) year from the date of sanction	400.00	0.00	400.00	**Security**: Unsecured; **Margin**: Three (3) months MCLR, i.e. 8.05% p.a., currently payable at monthly rests **Commission**: Nil.	Working capital requirements
2.	Sanction Letter issued by IDBI Bank dated March 15, 2017	Cash Credit (sub limit of Letter of Credit/ Bank Guarantee/ Trade Credit Bank Guarantee) sanction; Validity: One (1) year	(10.00)	0.00	(10.00)	**Security**: Unsecured; **Margin**: MCLR plus 145 bps; present MCLR being 8.80 % **Commission**: Nil.	Working capital requirements

Non- Fund Based Borrowing

The details of the borrowings are provided below:

Sr. No.	Lender and Term	Type of Facility and validity	Limit/ Amount	Principal amount availed as on July 31, 2018	Amount not availed as on July 31, 2018	Security / margin and Commission (pa)	Purpose
1.	Sanction letter issued by State Bank of India dated July 25, 2017*	Bank Guarantee sanction; Validity: Upto ten (10) years	300.00	58.80	241.20	Limits are sanctioned for one (1) year and are subject to renewal thereafter. **Security**: Entire Current Assets including raw materials, store and spares, finished goods/ receivables excluding Fixed Deposit with Banks; and excluding movables which are in the nature of fixed assets as per accounting practice followed by the Company, both resent and future; **Margin**: Nil; **Commission**: 0.30% (86% concession on card rate) + applicable service tax.	Working capital requirements
2.	Sanction letter issued by State Bank of	Letter of Credit (Import/ Inland)	1,150.00	48.47	1,101.53	**Security**: Entire Current Assets including raw materials, store and	Working capital requirements

Sr. No.	Lender and Term	Type of Facility and validity	Limit/ Amount	Principal amount availed as on July 31, 2018	Amount not availed as on July 31, 2018	Security / margin and Commission (pa)	Purpose
	India dated July 25, 2017*	sanction; Validity: One (1) year				spares, finished goods/ receivables excluding Fixed Deposit with Banks; **Margin**: Nil; **Commission**: Import/Inland LC- 0.04% (98% concession on card rate) + Service tax **Tenor of LC**: Demand/ Usance upto one hundred eighty (180) days.	
3.	Sanction Letter issued by ICICI Bank dated April 3, 2017*	Letter of Credit sanction; Validity: Till February 9, 2018	500.00	14.34	485.66	**Security**: Unsecured; **Margin**: Nil; **Commission**: 0.04% per annum plus applicable taxes + ₹500. **Usance/ Tenor**: Upto one (1) year for Raw materials and less than three (3) years for Capital Goods.	Procurement of raw materials, designs, know how, spares and tools and capital goods for the normal business purpose
4.	Sanction Letter issued by ICICI Bank dated April 3, 2017	Bank Guarantee (Financial and Performance guarantees as sublimit of Letter of Credit Facility) sanction; Validity: Till February 9, 2018	(500.00)	5.31	(494.69)	**Security**: Unsecured; **Cash Margin**: Guarantee Covering disputed liabilities 100%; **Commission**: 0.10% p.a. **BG Tenor**: Maximum period of BG (including claim period, if any) to be restricted to five (5) years.	Working Capital Requirements, performance guarantees towards bid bond, security deposit, earnest money deposit, contract performance/ performance guarantees, advance payment and retention money purposes; customs, central excise, sales tax, electricity, insurance purposes
5.	Sanction Letter issued by HDFC Bank dated July 13,	Letter of Credit sanction; Validity: Upto one hundred eighty (180)	800.00	0.00	800.00	**Security**: Unsecured; **Margin**: Nil; **Commission**: 0.02% p.a.+ ₹ 500 for Import LC and 0.10% p.a for	Procurement of raw materials, consumable stores, spares, packing materials and tools from

Sr. No.	Lender and Term	Type of Facility and validity	Limit/ Amount	Principal amount availed as on July 31, 2018	Amount not availed as on July 31, 2018	Security / margin and Commission (pa)	Purpose
	2017*	Days				domestic LC	indigenous/ foreign suppliers. Any other purpose as specifically approved by the Bank
6.	Sanction Letter issued by HDFC Bank dated July 13, 2017*	Bank Guarantee sanction; Validity: Upto Fifteen (15) months	(800.00)	0.00	(800.00)	**Security**: unsecured; **Margin**: Nil; **Commission**: 0.50% p.a.	Towards bid bond, security deposit, earnest money deposit, performance, advance payment, retention money purposes, customs, central excise, sales tax, electricity and insurance
7.	Sanction Letter issued by Axis Bank dated March 27, 2017*	Bank Guarantee sanction	1,100.00	481.15	618.85	**Security**: Unsecured; **Margin**: Nil; **Commission**: 0.08% plus applicable service tax, payable upfront annually **Tenor**: Upto five (5) years, including claim period.	Both Inland/Foreign Financial and performance guarantees, bid bonds to be issued in favor of MoD, Border Road Organization, Government Offices, PSU Units, Govt. of Mauritius and any other Govt. establishment in India or abroad or corporates for the purpose of executing various projects
8.	Sanction Letter issued by Axis Bank dated March 27, 2017*	Letter of Credit sanction	(1,100.00)	8.44	(1091.56)	**Security**: Unsecured; **Margin**: Nil; **Commission**: 0.02% plus applicable service tax, payable upfront annually **Usance period**: Maximum usance upto forty-five (45) days; RBI guidelines with respect to overall tenor under LC/LOU to be followed.	Procurement of raw materials for regular operations of the Company

Sr. No.	Lender and Term	Type of Facility and validity	Limit/ Amount	Principal amount availed as on July 31, 2018	Amount not availed as on July 31, 2018	Security / margin and Commission (pa)	Purpose
9.	Sanction letter issued by IDBI Bank dated March 15, 2017*	Bank Guarantee sanction; Validity: five (5) year Letter of Credit sanction and Trade Credit Bank Guarantee sanction; Validity: one hundred eighty (180) days	700.00	154.72	545.28	**Security**: Unsecured; **Margin**: 0.15% plus applicable taxes; **Commission**: Nil	Working capital requirements

**The Non-Fund based limits are inter changeable as provided in the Sanction Letters from respective banks*

Restrictive Covenants:

i. State Bank of India ("SBI") Sanction Letter

The Sanction Letter from State Bank of India entails certain restrictive covenants including:

- Effect any change in the Company's capital structure where the shareholding of the existing promoter(s) **(a) gets diluted below current level or (b) leads to dilution in controlling stake for any reason** (whichever is lower), without prior permission of the Bank- for which sixty (60) days prior notice shall be required.
- The Company shall not to induct a person who is a Director on the board of a Company which has been identified as wilful defaulter and in case such a person is found to be on the board of the company, the Company would take effective steps for removal of the person from the board.
- Our Company shall give sixty (60) day's prior notice to SBI for undertaking any of the following activities to enable the SBI to take a view. If, in the opinion of SBI, the move contemplated by our Company is not in the interest of the SBI, the SBI will have the right of veto for the activity. Should our Company still go ahead, despite the veto, the SBI shall have the right call up the facilities sanctioned. Formulation of any scheme of amalgamation or reconstruction or merger or demerger.
- Any New project or Scheme of expansion or Acquisition of fixed assets if such investment results in breach of financial covenant(s) or diversion or working capital funds for financing long term assets.
- Investment by way of share capital or Loan or Advance funds to or place deposits with any other concern (including group companies). Further, such investment should not result in breach of financial covenants relating to TOL/Adj. TNW and current Ratio agreed upon at the time of sanction.
- Entering into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits which interest indebtedness beyond permitted limits stipulated, if any, at the time of sanction. (This covenant will not be applicable for NBFCs).
- Issuing any guarantee or Letter of Comfort in the nature of guarantee on behalf of any other Company (including group companies).

- Declare dividends for any year, except out of profits, relating to that year after making all due and necessary provisions and provided further that no default is subsisting in any repayment obligation to the Bank.
- Create any charge, lien or encumbrances over its undertaking or any part thereof, in favour of any financial institution, bank, company, firm or persons.
- Sell, assign, mortgage or otherwise dispose of, any of the fixed assets charged to the Bank. However, fixed assets to the extent of 5% of Gross Block may be sold in any financial year, provided such rate does not dilute FACR below minimum stipulated level. (Not applicable for unsecured loans).
- Entering into any contractual obligation of a long-term nature (i.e. two (2) years or more) or which, in the reasonable assessment of the Bank, is an unrelated activity and is detrimental to lender's interest.
- Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees etc. except where mandated by any legal or regulatory provisions.
- Any trading activity other than the sale or products arising out of its own manufacturing operations. (not applicable in case finance is for trading activity only).
- Transfer of controlling interest or making any drastic change in the management setup including resignation or promotor directors (includes key managerial personnel).
- Repay monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans/advances. Further, the rate of interest, if any, payable on such deposits/loans/advances should be lower than the rate of interest charged by the Bank on its terms loan and payment of such interest will be subject to regular repayment of instalments to terms loans granted/deferred payment guarantees executed by the Bank or other repayment obligations, if any, due from the Company to the Bank.
- Opening of Current Account with another bank or a bank which is not a member of consortium/MBA.

  For credit facility(ies) under sole banking arrangement, Company shall confine entire business with financing bank. Further, in respect of credit facilities under consortium/MBA, the Company agrees to offer to the Bank (on a right of first refusal basis) at least pro rata business relating to remittances, non-fund based transaction including LCs/BGs, bills/cheque purchase, Forex transactions and any interest rate of currency hedging business, Merchant Banking, IPO/FPO, Capital market transactions, Cash management Product, Vehicle Loan etc.
- Payment of commission to the guarantor(s) for guaranteeing the credit facilities sanctioned by the Bank.

ii. HDFC Bank Sanction Letter

The Sanction Letter from HDFC Bank entails certain restrictive covenants including:

- The Bank's extension of the facilities is contingent upon absence of any material adverse change in the condition of the Company.
- The Bank has reserved an unconditional right to cancel/ terminate the right of the Company to avail of or make drawals from the unavailed portion of the Loan/ Facility sanctioned at any time during the currency of the Loan/ Facility, without any prior notice to the Company.
- Working capital facilities to be availed only from HDFC Bank or other Banks in the Multiple Banking Arrangement.

iii. Axis Bank Sanction Letter

The Sanction Letter from Axis Bank stipulates that The Company shall submit to the Bank the information as required vide RBI Circular No. DBOD.No.BP.BC.94 /08.12.001/2008-09 dated December 8, 2008 which includes diligence report for changes in the Company, shareholding of the Company, alteration of MOA and AOA of the Company. The Company shall undertake to facilitate exchange of information with other banks under Annexure II of the circular. Annexure II includes changes in shareholding and management from the previous report, if any.

The Sanction Letter from Axis Bank further entails certain restrictive covenants which require Bank's prior permission in writing including:

- creation of any further charge over their fixed assets.
- undertake any expansion or fresh project or acquire fixed assets, while normal capital expenditure, e.g. undertake or parts, can be incurred.
- invest by way of share capital in or lend or advance to or place deposits with any other concern (normal trade credit or security deposit in the routine course of business or advances to employees can, however, be extended).
- formulate any scheme of amalgamation/reconstruction with any other entity.
- undertake guarantee obligations on behalf of any other entity or any third party.
- declare dividend for any year except out of profits relating to that year after making all the due and necessary provisions provided that no default had occurred in any repayment obligation and Bank's permission is obtained.
- make any repayment of the loans and deposits and discharge other liabilities except those shown in the funds statement submitted from time to time.
- make any change in their management set-up.
- The Company shall not to induct a person who is a Director on the board of a Company which has been identified as wilful defaulter and in case such a person is found to be on the board of the company, the Company would take effective steps for removal of the person from the board.

iv. ICICI Bank Sanction Letter

The Sanction Letter from ICICI Bank entails certain restrictive covenants including:

- In case of any change in the directors, Memorandum of Association, Articles of Association or other constitutional documents, the Company must furnish updated records of the same with ICICI bank.
- The Company shall not request the Bank for issuance of letters of Credit in favour of any other sister concerns/associate concerns/group companies/associates of the Company upon request of the Company.
- The Company shall not induct a person in the capacity of director/ promoter who is a director/ partner/ member/ trustee of a company/ firm/ Association of persons/ trust as the case may be, identified as wilful defaulter. In case of such appointment, the Company shall take expeditious and effective steps for removal of such person.
- The Company shall not to induct a person who is a Director on the board of a Company which has been identified as wilful defaulter and in case such a person is found to be on the board of the company, the Company would take effective steps for removal of the person from the board.

v. IDBI Bank Sanction Letter

The Sanction Letter from IDBI Bank states that the Bank reserves the right to withdraw the facilities in the event of any change in circumstances including but not limited to a material change in ownership/ shareholding pattern/ management of the firm. The Sanction Letter from IDBI Bank also entails certain restrictive covenants including:

- not to escrow its future cash flow or create any charge or lien or interest of whatsoever nature without prior approval of IDBI Bank.

- Compliance with all stipulations relating to corporate governance contained in the Listing Agreement (now, SEBI Listing Regulations) as applicable to the Company.
- utilizing the loan for any purpose other than for which it has been sanctioned and shall not use the same for a) subscription or purchase of shares/debentures, b) repayment of dues of other banks or institutions, associate concerns etc. c) for extending loans to subsidiary or associate concern, d) speculation.
- diverting the facilities to inter-corporate of deposits, debentures, stocks and shares, real estate business etc. In case of diversion to other uses, the facilities will be withdrawn, forthwith will attract penal interest @ 2% p.a. over and above the rate charges till the repayment utilizing short term funds for long term purpose.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/ regulatory authorities; (iii) indirect and direct tax proceedings; and (iv) other material litigations; involving our Company and Directors. Our Board, in its meeting held on November 14, 2017, adopted a policy on identification of material litigations and material creditors ("**Materiality Policy**").*

As per the Materiality Policy, for the purposes of (iv) above, all the outstanding litigation involving our Company:

(a) where the amounts involved in such litigation exceed 5% of the profit after tax of our Company (as per the latest audited financial statements of our Company, for the entire financial year) are to be considered as material pending litigation;

(b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation does not exceed 5% of the profit after tax of our Company and amount involved in all of such cases taken together exceeds 5% of the profit after tax (as per the latest audited financial statements of our Company, for the entire financial year); and

(c) other litigation which does not meet the criteria set out in (a) and (b) above and whose adverse outcome would materially and adversely affect the operations or financial position of our Company, have been disclosed in this Section.

Additionally, as per the Materiality Policy, for the purposes of (iv) above, all outstanding litigation involving our Directors, an adverse outcome of which would materially and adversely affect the reputation, operations or financial position of our Company, have been considered as material litigation and disclosed in this section.

Accordingly, the materiality threshold for (iv) above, for our Company is ₹43.40 million (i.e. 5% of the net profit after tax of our Company i.e., ₹ 868.06 million, as per the audited financial statements of our Company) for Fiscal 2018.

Further, except as stated in this section, there are no: (i) pending proceedings initiated against our Company for economic offences; (ii) default and non - payment of statutory dues by our Company; (iii) inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five (5) years against our Company from the date of this Red Herring Prospectus ; (iv) material frauds committed against our Company in the last five (5) years; (v) overdues to banks or financial institutions by our Company; (vi) defaults against banks or financial institutions by our Company; (vii) fines imposed or compounding offences against our Company; (viii) matters involving our Company pertaining to violation of securities law, and (x) outstanding dues to material creditors and material small scale undertakings.

As per the Materiality Policy, outstanding dues to creditors in excess of 5% of the total trade payables as per last audited financial statements of our Company are to be considered as material outstanding dues. Accordingly, the threshold for material dues would be 5% of total trade payable as at March 31, 2018 i.e. 5% of ₹ 6,966.27 million which is ₹ 348.31 million. For ease of disclosure, our Board has determined the outstanding dues in excess of ₹ 348.31 million to be material dues and the same has been accordingly disclosed in this section. Further, all outstanding dues have been disclosed in a consolidated manner in this section. Details of material outstanding dues to creditors and details of outstanding dues to small scale undertakings and other creditors are disclosed on our website at www.grse.in.

Unless stated to the contrary, the information provided below is as of the date of this Red Herring Prospectus . All terms defined in a particular litigation are for that particular litigation only.

Litigation involving our Company

I. **Litigations against the Company**

(a) Criminal Complaints

1. A Criminal Case No. C-15600/14 has been filed by the State of West Bengal before Chief

Judicial Magistrate at Alipore with respect to accident of late Naresh Kumar Routh. The matter relates to his death following the fatal accident which occurred on September 2, 2014. The inspection was conducted by Inspector of Factories, West Bengal and the Dy. Chief Inspector had later filed a criminal case for offence against the then occupier and works manager, Rajabagan Dockyard, under the provisions of Factories Act, 1948 and the rules made thereunder. The Company is providing assistance for defending its officials in the case through the advocate. The matter is presently pending.

2. A criminal case no. C-1951/17 has been filed by the State of West Bengal before Chief Judicial Magistrate at Alipore with respect to accident of a contract labourer. The accident occurred on March 24, 2017 and an inspection was conducted by the Inspector of Factories, West Bengal, who had later filed a criminal case for offence against the occupier and factory manager of the Main Unit, under the provisions of the Factories Act, 1948 and the rules made thereunder. The Company is providing assistance for defending its officials in the case through an advocate. The matter is presently pending.

3. A case bearing Criminal Revision no. 102 of 2012 has been filed against the DEP management by the State Labour Department with respect to the implementation of promotion policy. The Industrial Tribunal passed its award on May 25, 1993 directing GRSE for amendment of the policy for implementation. DEP could not implement the policy & preferred to file a writ petition before High Court of Ranchi. Hon'ble High Court passed an order on November 14, 1994 dismissing the writ petition of DEP, Ranchi. After dismissal of the writ petition by the High Court, management implemented the promotion in the year 1995 giving effect of promotion from retrospective date w.e.f. January 1, 1994. However, the Union again took up the matter before Joint Labour Commissioner, Ranchi seeking intervention to direct DEP for implementation of award of Industrial Tribunal. The case is running in the lower court and the matter is still pending.

4. A criminal complaint case bearing No. C-622/18 has been filed by the Inspector of Factories, Ranchi against the Occupier and Factory Manager of the Company (DEP Unit) before Addl. Chief Judicial Magistrate, Ranchi under the provisions of section 92 of the Factories Act, 1948 relating to the fatal accident of a contract labour on November 16, 2017. The Occupier and Factory Manager was granted bail on May 02, 2018. The matter is presently pending.

5. A criminal case no. C-2938/18 has been filed by the Inspector of Factories, State of West Bengal before the Chief Judicial Magistrate at Alipore on September 7, 2018 with respect to the occurrence of the collapse of the 250 tonne Goliath Crane on April 17, 2018. An inspection was conducted by the Inspector of Factories, West Bengal, who has filed a criminal case for offence against the occupier and factory manager of the Main Works Unit, under the provisions of the Factories Act, 1948 and the rules made thereunder.

(b) Actions by Statutory and Regulatory Authorities

1. A case bearing no. 2 (C) CC 47 of 1995 has been filed by the Labour Enforcement Officer, Paradip on August 31, 1995 before the Judicial Magistrate 1st class, Kujang for contravention of Sections 23 and 24 of the Contract Labour (Regulation & Abolition) Act, 1970. The matter pertains to violations found by the Labour Enforcement Officer upon his inspection on May 30, 1995 of the site where the construction of the building and foundation for Diesel Generator Unit was being undertaken. The matter is presently pending before the magistrate at the hearing stage.

(c) Tax proceedings

1. A revision petition no. RN 128 & 129 of 2010 has been raised against the Company by the Commercial Taxes Tribunal, Ranchi with respect to a disputed value added tax for the period 2004-05 amounting to ₹2.63 million under the Jharkhand Value Added Tax Act, 2005. The Commercial Taxes Tribunal has directed the matter to be heard and disposed of by the Deputy Commissioner of Commercial Taxes, Ranchi.

2. A notice of demand bearing number 4459 has been passed against the Company by the Commercial Taxes department with respect to disputed Central sales tax and the Jharkhand value added tax for the assessment year 2009-10 amounting to ₹18.83 million. The dispute is

presently pending as an appeal has been filed before the Commissioner of Commercial Tax for demand against the Central sales tax for differential sales tax rates.

3. A notice of demand bearing number 11338 for non-fulfilment of high sea sale criteria has been raised against the Company by the Assessing Officer, Commercial Taxes Department with respect to disputed central sales tax for the period 2012-13 amounting to ₹28.37 million under the Central Sales Tax Act, 1956 (Jharkhand). The revision petition and a stay petition have been filed in the matter before the Commissioner of Commercial Taxes, Ranchi, and the matter is presently pending.

4. An assessment order CST No. RN (S) 160 (C) has been raised against the Company by the Assistant Commissioner of Commercial Taxes, Ranchi with respect to disputed central sales tax for the assessment year 2010-11 amounting to ₹120.19 million under the Central Sales Tax Act, 1956. The dispute is presently pending before the Commissioner of Commercial Taxes as an appeal has been filed by the Company.

5. An audit objection, bearing number 5507 has been raised against the Company for non-fulfilment of high sea sale criteria by the Deputy Commissioner of Commercial Taxes on August 16, 2016 for the assessment year 2010-11 amounting to ₹76.80 million under the Jharkhand Value Added Tax Act, 2005. The dispute is presently pending, and a detailed reply has been filed by the Company which is under review.

(d) Other material pending litigations

1. Writ petitions bearing nos. 7816/2011, 7687/2011 and 2570/2011 have been filed against the Company on December 23, 2011, December 23, 2011 and May 12, 2011, respectively by Central Coalfield Ltd. ("**CCL**") before the Jharkhand High Court at Ranchi against the arbitration awards passed in permanent machinery of arbitration ("**PMA**") case nos. 21, 23 and 24 respectively in favour of the Company which were upheld by the appellate awards passed under the appellate authority under PMA. The claims in respect of the Company's contractual dues from CCL were referred to the PMA in case nos. 21, 23, and 24 for adjudication through arbitration and the awards in respect thereof were passed in favour of the Company. Appeals by CCL filed before the appellate authority under the PMA were also rejected and the arbitral awards were upheld. The matter relates to withholding the contractual dues of the Company by CCL, despite passing of awards and appellate awards against CCL amounting to ₹140.09 million along with interest @ 21% per annum aggregating to about ₹815.30 million (up to July 24, 2018) and is currently pending.

2. An arbitration proceeding has been initiated against the Company by Kirloskar Pneumatic Company Limited ("**KPCL**") on January 11, 2011 before the learned sole arbitrator Probir Roy against initiation of the risk-purchase claim of about ₹131.90 million (after adjusting bank guarantee proceeds of ₹32.80 million) raised by the Company against KPCL over supply of defective and faulty gear boxes by KCPL and also claiming refund of the bank guarantee proceeds of ₹32.80 million (approx.). The Company had issued 10 supply orders for the manufacture and supply of 10 sets of gear boxes which failed to perform, resulting in the Company being forced to reject the same and initiate risk-purchase since KPCL further failed to supply rectified gear boxes within time. The dispute arose when KPCL refused to effect payment of the demanded sum and instead referred the matter for arbitration. KPCL has inter alia claimed a sum of ₹32.80 million towards refund of bank guarantee amount in the arbitration. The Company has filed its counter claim for ₹130.00 million (approximately) towards its risk-purchase costs along with interest on such amount. Final hearing in the matter is in progress.

3. A Writ Petition No. 9502(W) of 2016 has been filed against the Company by Garden Reach Contract Security and Labours Union on June 8, 2016 before the High Court at Kolkata with respect to termination of appointment of security agencies. The matter relates to cessation of jobs of Security Guards with effect from June 1, 2016 since CISF has taken over the charge of entire security function of Main Works, FOJ Unit and Rajabagan Dockyard of GRSE. The matter is presently pending.

4. Eviction proceedings No. PP Act/REV/2018-01 have been instituted by Heavy Engineering

Corporation Ltd. ("**HEC**") against the Company before the Estate Officer under Public Premises (Eviction of Unauthorised Occupants) Act, 1971 for *inter-alia* declaring that the Company is in unauthorised occupation of the DEP Unit land and eviction of the Company therefrom. Such proceedings have been instituted by HEC despite pendency of the suit filed by the Company claiming rights and interest over the DEP Unit land which suit is being contested by HEC before the Subordinate Court at Ranchi. Hearing in the matter is yet to commence. Meantime the Company has since filed a Writ Petition (W.P. No. 7271/2018) challenging the maintainability of the proceedings under Public Premises (Eviction of Unauthorised Occupants) Act, 1971 instituted by HEC. The said writ petition is pending adjudication.

Litigations by our Company

(a) Other material pending litigations

1. The Company brought a case bearing no. TS No. 117 of 2014 on March 2014 before the Subordinate Court at Ranchi against Heavy Engineering Corporation Limited ("**HEC**") and the State of Jharkhand. At the behest of the MoD in 1966, the Company set up its Ranchi unit in a land owned by the then Bihar government. Later on, Bihar government ignoring the rights of the Company transferred and conveyed the said land in favour of HEC. Thereafter, the HEC arbitrarily and unlawfully demanded astronomical sum towards lease rent from the Company for running its DEP Unit and referred the matter to the PMA in April 2013 though the PMA did not have any jurisdiction. The Company contested the reference and consequently the reference was dismissed on June 30, 2015 for want of jurisdiction. In the meantime, a suit was filed by the Company in March 2014 for a declaration that the Company has acquired irrevocable licence coupled with interest in land in lawful possession of GRSE by setting up DEP and at free of cost vis-à-vis HEC and for permanent injunction upon HEC from interfering with the Company's irrevocable right in running of the DEP, etc. On September 26, 2015, the court referred the matter for mediation under Order X Rule 1A of CPC and mediation proceedings commenced. The Company filed proposal for settlement in terms of the plaint. HEC furnished a proposal making demands in terms of their claims made in arbitration to the tune of ₹4,030 million (approximately) against which the Company communicated to the mediator of its non-acceptance of the proposal of HEC and reiterated its stand of settlement in terms of its plaint. Since the mediation failed the matter had been remanded back to the court for adjudication. Meanwhile, the Company has taken up the matter with the MoD seeking its intervention for taking up the matter with Ministry of Heavy Industries for persuading HEC to transfer the subject land.

2. A certificate case No. 154/09/Misc. 2009-10 by the Company against the KPCL under the Bengal Public Demands Recovery Act for recovery of a sum of ₹ 106.54 million towards claims arising out of breach of contract as demanded in GRSE's notice dated February 4, 2010 with interest. In this case our Company issued 10 supply orders on August 4, 2006 to KPCL for manufacture and supply of 10 sets of gear boxes for fitment into 10 no. of WJFAC at a total price of ₹ 129.90 million. The gear boxes supplied by KPCL failed to perform and the ships' trials had to be abandoned 8 nos. defective gear boxes were taken back by KPCL for modification / rectification which were to be returned after due modification/ rectification. KPCL did not return the same thus forcing our Company to resort to risk-purchase. No date has yet been fixed.

(b) Tax proceedings

1. A revision case no. RN-701 of 2012 has been filed by the Company against the Commissioner of Sales Tax in April 2012 with respect to disputed value added tax for the period 2007-08 amounting to ₹50.68 million under the West Bengal Value Added Tax Act, 2003. The dispute is presently pending before the West Bengal Taxation Tribunal and no date of next hearing has been fixed by the tribunal.

2. An appeal has been filed by our Company on June 8, 2016 against an order passed by the Additional Commissioner of Central Excise, Kolkata-V Commissionerate dated April 9, 2016 with respect to the disputed central excise for the period 2001-02 to 2005-06 amounting to ₹1.79 million under the Central Excise Act, 1944. The dispute is presently pending before the

Commissioner of Central Excise (Appeal-1) Kolkata.

3. An appeal has been filed by our Company against an order passed by the Commissioner of Central Excise, Kolkata-V bearing order-in-original no. 07/COMMR./CE/Kol-V/Adjn/2014 dated December 24, 2014 on March 24, 2015 with respect to disputed central excise for the period 2011-12 amounting to ₹7.55 million under the Central Excise Act, 1944. The dispute is presently pending before the CESTAT.

4. An appeal has been filed by the Company against an order passed by the Assistant Commissioner of Central Excise, Garden Reach Division, Kolkata-V Commissionerate bearing Order (Original) No. R/08/CE/Rebate/GRD/Kol-V/2016-17 on December 15, 2016 with respect to the disputed central excise for the period 2016-17 amounting to ₹10.65 million under the Central Excise Act, 1944. The dispute is presently pending before the Commissioner of Central Excise.

5. A rectification petition has been filed by our Company on May 29, 2013 against the Income Tax department's assessment order dated February 22, 2013 with respect to disputed income tax for the period 2009-10 amounting to ₹1.85 million under the Income Tax Act, 1961. The dispute is presently pending before the Deputy Commissioner of Income Tax (Rectification).

6. An appeal has been filed by our Company on May 11, 2015 against the Income Tax department's assessment order dated March 28, 2015 with respect to disputed income tax for the period 2008-09 amounting to ₹35.29 million under the Income Tax Act, 1961. The dispute is presently pending before the Commissioner of Income Tax (Appeals)-1, Kolkata.

7. An appeal has been filed by our Company on May 11, 2015 against the Income Tax department's assessment order dated March 25, 2015 with respect to disputed income tax for the period 2011-12 amounting to ₹11.13 million under the Income Tax Act, 1961. The dispute is presently pending before the Commissioner of Income Tax (Appeals)-1, Kolkata.

8. An appeal has been filed by our Company on March 15, 2016 against the Income Tax department's assessment order dated January 30, 2016 with respect to the disputed income tax for the period 2012-13 amounting to ₹0.07 million under the Income Tax Act, 1961. The dispute is presently pending before the Commissioner of Income Tax (Appeals), Kolkata-1.

9. An appeal has been filed by our Company on December 29, 2016 against the Income Tax department's assessment order dated November 28, 2016 with respect to the disputed income tax for the period 2013-14 amounting to ₹0.19 million under the Income Tax Act, 1961. The dispute is presently pending before the Commissioner of Income Tax (Appeals), Kolkata-1.

II. Outstanding dues to small scale undertakings and other creditors by our Company

As of March 31, 2018, we owe an amount of ₹320.61 million to a total number of 151 micro, small and medium scale undertakings and an amount of ₹6,557.05 million (excluding provision for unbilled liabilities of Nil) to a total number of 1,381 creditors.

III. Details of default and non - payment of statutory dues by our Company

Except as disclosed in "*Financial Statements*" on pages 215, 216, 217, 218 and 299 there are no default and non - payment of statutory dues by our Company.

IV. Details of pending litigation involving any other person whose outcome could have material adverse effect on the position of our Company

Other than as already disclosed under "*Litigations involving our Company*" on page 396, there are no pending litigations involving any other person whose outcome could have material adverse effect on the position of our Company.

V. Material fraud committed against our Company in the last five (5) years and actions taken by our Company in this regard

There have been no frauds committed against our Company in the last five (5) years and no actions were taken by our Company in this regard.

VI. **Pending proceedings initiated against our Company for economic offences**

There have been no proceedings initiated against our Company for economic offences.

VII. **Inquiries, investigations etc. instituted under the Companies Act in the last five (5) years against our Company**

There have been no inquiries, investigations etc. instituted under the Companies Act against our Company in the last five (5) years.

VIII. **Material Developments**

There are no material developments post March 31, 2018. For details of significant developments post March 31, 2018, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 387.

IX. **Details of fines imposed or compounding of offences under the Companies Act in the last five (5) years immediately preceding the year of this Red Herring Prospectus.**

There have been no fines imposed or compounding of offences under the Companies Act in the last five (5) years immediately preceding the year of this Red Herring Prospectus.

X. **Litigations involving our Directors**

(i) Litigations against our Directors

(a) Criminal Complaints

Except as stated below, there are no criminal proceedings which have been filed against the Directors:

1. Dr. Biswapriya Roychoudhury

Sr. No.	Name of Court	Case No.	Description of offence
1.	Chief Judicial Magistrate, Malda	GR 137/2005	Under Sections 147, 447, 353, 506, 34 of the IPC
2.	Chief Judicial Magistrate, Malda	GR 403/1993	Under Sections 143, 37, 427, 186 of the IPC and Section 3 of Prevention of Damage to Public Property Act, 1984
3.	Chief Judicial Magistrate, Malda	GR 706/1992	Under Sections 147, 149, 427 of the IPC
4.	Chief Judicial Magistrate, Malda	GR 52/ 2007	Under Sections 353, 143 of the IPC
5.	ACJM, Bidhannagar	ECPS Case No. 120/17 dated October 23, 2017; GR 849/17	Under Sections 143,186,332 and 506 of the IPC

(b) Other litigations

There are no other litigations against our Directors.

(ii) Litigations by our Directors

There are no pending litigations filed by our Directors.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake this Offer and our Company can undertake its current business activities, and no further major approvals from any governmental or regulatory authority are required to undertake this Offer or continue the business activities of our Company. Unless otherwise stated, these approvals are valid as of the date of this Red Herring Prospectus. Certain approvals may have lapsed in their normal course and our Company has either made applications to the appropriate authorities for renewal of such licenses and/or approvals or are in the process of making such applications. For details in connection with the regulatory and legal framework within which we operate, see *"Regulations and Policies" on page* 157.

1. **Incorporation Details**

- Certificate of incorporation dated February 26, 1934 issued to our Company by the RoC.
- Fresh certificate of incorporation dated November 5, 1957 consequent to change of name from "Garden Reach Workshops Limited" to "Garden Reach Workshops Private Limited";
- Fresh certificate of incorporation dated November 30, 1961 consequent to change of name from "Garden Reach Workshops Private Limited" to "Garden Reach Workshops Limited";
- Fresh certificate of incorporation dated December 31, 1976 consequent to change of name, from "Garden Reach Workshops Limited" to "Garden Reach Shipbuilders & Engineers Limited".
- Fresh certificate of incorporation dated November 17, 2017 consequent to conversion of the Company from private limited to a public limited.

2. **Approvals in relation to this Offer**

- Our Board has, by way of resolution dated February 28, 2018, approved this Offer.
- IPO Committee of the Board, by way of resolution dated March 26, 2018, approved the DRHP.
- Letter bearing number 4/26/2017-DIPAM-II-A dated August 31, 2018, issued by DIPAM for inclusion of 28,638,000 Equity Shares as part of the Net Offer for sale portion in the Offer and approval for Employee Reservation Portion of the Offer comprising of up to 572,760 Equity Shares of our Company.
- Our Board has, by way of resolution dated September 4, 2018, approved this RHP for inclusion of 28,638,000 Equity Shares as part of the Net Offer for sale portion in the Offer and approval for Employee Reservation Portion of the Offer comprising of up to 572,760 Equity Shares of our Company. The Selling Shareholder through its consent letter dated March 12, 2018 and September 6, 2018 conveyed the approval granted by the GoI for this Offer and its consent for inclusion of 29,210,760 Offered Shares of our Company held by the President of India, acting through the MoD.

3. **In Principle Approvals from Stock Exchanges**

Our Company received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated April 17, 2018 and April 11, 2018 respectively.

4. **Material approvals for our business and operations**

We require various approvals and/ or licences under various rules and regulations to operate our business in India. We have obtained the necessary permits, licences and approvals from the appropriate regulatory and governing authorities required to operate our business.

The material approvals required by our Company to conduct its operations are set out herein below unit wise:

Main Works Unit:

Environmental License

Sr. No.	Name/ description of license/ approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	Consent to establish/ NOC (bearing No. N059689) for modernization of inclined Berth, dry dock, hull shop-II etc.	WBPCB	October 11, 2010	-
2.	Consent to operate (bearing Consent Letter No. C015752 and Memo No. 149/WBPCB/RO-5/R/1260/2017) under Sections 25 and 26 of the Water (Prevention & Control of Pollution) Act, 1974 and under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981	WBPCB	September 5, 2017	August 31, 2022

Industry Related Licenses

Sr. No.	Name/ description of license/ approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	Approval Plan Order (bearing No. 408 /P) under Factories Act, 1948 and the rules made thereunder	Chief Inspector of Factories, Directorate of Factories, Government of West Bengal	March 27, 2015	-
2.	License (bearing no. 1001) under the Factories Act, 1948 and the rules made thereunder	Directorate of Factories, Government of West Bengal	September 20, 2017	December 31, 2018
3.	Approval of drawings for the proposed Septic Tanks and soak pit chlorination arrangement bearing Memo No. 284/ST/DSE/HQ	Office of the Deputy Superintending Engineer (HQ), Public Health Engineering Directorate, Government of West Bengal	April 8, 2011	-

Employment Related Licenses

Sr. No.	Name/description of license/approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	Certificate of registration (bearing No. 46/R(2)/99-E-4) under sub-Section 2 of Section 7 of Contract Labour (Regulation and Abolition) Act, 1970	Office of the Regional Labour Commissioner (Central), Ministry of Labour, GoI	May 11, 2015	-
2.	Exemption Letter (bearing reference number R-Ex-301/WB/684/376) under para 27A of the Employees Provident Fund Scheme, 1952	Office of the Regional Provident Fund Commissioner, West Bengal, The Andaman & Nicobar Islands	April 1, 1980	-

Approvals in relation to 250 tonnes Goliath Crane at Kolkata

Sr.	Name/ description of license/ approval	Issuing authority	Date of issue/	Date of expiry, if

No.			renewal	specified
1.	Approval (bearing No. RIO/ER/GRSE/313) for Test charging of electrical installations of GRSE, associated with 250 tonnes Goliath Crane at Kolkata, under Regulation 43 of the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010	Regional Inspectorial Organization, Ministry of Power, Central Electricity Authority	September 28, 2012	-

Approvals in relation to 1600 KVA, 6.0/0.415 KV at Kolkata

Sr. No.	Name/ description of license/ approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	Approval (bearing No. RIO/ER/GRSE/532) for energization of electrical installations of GRSE, associated with 1600 KVA, 6.0/0.415 KV at Kolkata, under Regulation 43 of the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010	Regional Inspectorial Organization, Ministry of Power, Central Electricity Authority	February 15, 2012	-

Pending Approvals

We have made the following application for registration / renewal in relation to our Main Works Unit:

1. An application has been filed with Bhabha Atomic Research Centre, safety council secretariat division vide our letter bearing QA/A-50/2018 dated August 8, 2018 for renewal of nomination of Radiological Safety Officer in Industrial radiography facility in terms of Rule 10 of the Atomic Energy (Radiation Protection) Rules, 2004.

2. An application has been filed with Petroleum and Explosives Safety Organization, Ministry of Commerce and Industry, GoI vide our letter dated February 28, 2018 for renewal of the license (bearing No. S/HO/WEB/03/52) to store Liquid Oxygen, Gas in Pressure Vessels under the Static and Mobile Pressure Vessels (Unfired) Rules, 1981.

FOJ Unit:

Industry Related License

Sr. No.	Name/description of license/approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	Approval Plan Order (bearing No. 1331/P) dated October 14, 2015	Joint Director/Joint Chief Inspector of Factories (Chem), Directorate of Factories, Government of West Bengal	October 14, 2015	-
2.	Connection for supply of high-voltage electricity (bearing no. 01071013000)	CESC Limited	February 5, 2018	-

Employment Related License

Sr. No.	Name/description of license/approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	Certificate of registration (bearing No. 46/R (1)/99-E-4) under sub-Section 2 of	Office of the Regional Labour Commissioner (Central), Ministry of	July 4, 2016	-

	Section 7 of Contract Labour (Regulation and Abolition) Act, 1970	Labour, GoI		

Pending Approvals

We have made the following applications for registration / renewal in relation to our FOJ Unit:

1. Application for consent to operate filed with the WBPCB dated December 4, 2015 under Section 25 and 26 of the Water (Prevention & Control of Pollution) Act, 1974 and under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981. The WBPCB identified certain anomalies in the aforesaid application with respect to details regarding gross capital investment, use of processed water, submission of effluent analysis report, expiration of hazardous waste authorization and communicated the same to the Company vide Memo No. 285/WBPCB-RO-1/O/1137/2007 dated July 13, 2016 in terms of which it further requested the Company to submit the relevant supporting documentation addressing the anomalies for processing the application for consent to operate at the FOJ Unit, P-70, Karl Marx Sarani, Kolkata.

2. Application for renewal of factory license under Factories Act, 1948 made to Chief Inspector of Factories, Directorate of Factories, Government of West Bengal dated March 29, 2016.

61 Park Unit:

Environmental License

Sr. No.	Name/ description of license/ approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	Consent to establish/NOC (bearing Memo No. 18/ WBPCB-RO-I/O/275/2001) for increase of gross capital investment without increase of production capacity	WBPCB	June 13, 2017	-

Industry Related License

Sr. No.	Name/ description of license/ approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	License (bearing No. 7806) for running a Factory under Factories Act, 1948 and the rules made thereunder	Directorate of Factories, Government of West Bengal	February 15, 2017	-
2.	Approval Plan Order (bearing no. 262) issued under Factories Act, 1948	Directorate of Factories, Government of West Bengal	May 25, 2015	-
3.	Agreement for supply of high-voltage electricity (bearing no. 0900063168)	CESC Limited	July 29, 2016	-

Employment Related License

Sr. No.	Name/ description of license/ approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	Certificate of registration (bearing No. 46/R(14)/99-E-4/E-3) under sub-Section 2 of Section 7 of the Contract Labour (Regulation and Abolition) Act, 1970	Office of the Regional Labour Commissioner (Central), Ministry of Labour, GoI	July 3, 2008	-

Taratala Unit (Deck Machinery):

Industry Related Licenses

Sr. No.	Name/ description of license/ approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	License (No. 7715) under Factories Act, 1948 and rules made thereunder	Chief Inspector of Factories, Directorate of Factories, Government of West Bengal	January 25, 2016	December 31, 2018
2.	Approval Plan Order issued under Factories Act, 1948	The Board of Trustees of the Port of Kolkata	January 29, 2005	-

Employment Related Licenses

Sr. No.	Name/ description of license/ approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	Certificate of registration (bearing reference no. 46/R (8)/99-E-4) under sub-Section 2 of Section 7 Contract Labour (Regulation and Abolition) Act, 1970	Office of the Regional Labour Commissioner (Central), Ministry of Labour, GoI	January 22, 2007	-

Pending Approvals

1. Our Consent to Operate bearing No. 89/WBPCB-RO-I/O/273/2001 under Sections 25 and 26 of the Water (Prevention & Control of Pollution) Act, 1974 and under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 issued by WBPCB expired on March 31, 2018. We have applied for renewal for consent to operate having reference no. co0000000200744 dated May 22, 2018. Further, we have also applied for consent to establish having reference no. nc0001000047367 dated July 6, 2018 has also been filed due to expansion in building, plant and machineries value.

Rajabagan Dockyard:

Employment Related Licenses

Sr. No.	Name/ description of license/ approval	Issuing authority	Date of Issue/ renewal	Date of expiry, if specified
1.	License (No. 333) under Factories Act, 1948 and rules made thereunder	Chief Inspector of Factories, Directorate of Factories, Government of West Bengal	January 1, 2016	December 31, 2018
2.	Certificate of registration (bearing reference no. 46/R (08)/2006-E-43/E-2) sub-Section 2 of Section 7 under Contract Labour (Regulation and Abolition) Act, 1970	Office of the Deputy Chief Labour Commissioner (Central), Ministry of Labour, GoI	August 18, 2016	-

Industry Related Licenses

Sr. No.	Name/ description of license/ approval	Issuing authority	Date of Issue/ renewal	Date of expiry, if specified
1	Connection for supply of high-voltage electricity (bearing no. 01071009008)	CESC Limited	September 6, 2017	-

Pending Approvals

We have made an application for obtaining the consent to establish in relation to our Rajabagan Dockyard:

Application for consent to establish filed with the WBPCB under Section 25 and 26 of the Water (Prevention & Control of Pollution) Act, 1974 and under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 vide its letter bearing no. RBD/GM/2018/81 dated July 26, 2018. Please refer to *"Risk Factor - We have not been able to obtain the 'consent to operate' for our Rajabagan Dockyard"* on page 36.

DEP Ranchi:

Industry Related Licenses

Sr. No.	Name/description of license/approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	License No. FCA1636400066501 under Rule 4 to 10 of the Jharkhand Factories Rule, 1950 and Section 6(1) of the Factories Act, 1948	Inspector of Factories, Factory Inspection Department, (Department of Labour, Employment, Training & skill Development), Government of Jharkhand	December 28, 2017	December 28, 2020
2.	Approval Plan (bearing No. 8690) for Marine Diesel Engine Plant, Ranchi	Chief Inspector of Factories, Bihar, Ranchi	December 28, 1968	-
3.	Connection for supply of electricity (bill no. 70)	Jharkhand Urja Vikas Nigam Limited	November 10, 2017	-

Employment Related License

Sr. No.	Name/description of license/approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	Certificate of registration (bearing No. R-1/2000 under sub-Section (2) of Section 7 of Contract Labour (Regulation and Abolition) Act, 1970 and the Rules made thereunder	Office of the Assistant Labour Commissioner (Central) & Registering Officer, Ministry of Labour, GoI	October 17, 2017	-

Pending Approval

We have made the following online renewal application in relation to our DEP:

Consent for Emission/ continuation of emission under Section 21 of Air (Prevention and Control of Pollution Act, 1981) and discharge/ continuation of discharge under Sections 25 and 26 of the Water (Prevention & Control of Pollution) Act, 1974 dated February 8, 2018 from the Regional Officer, Jharkhand State Pollution Control Board for the period commencing from January 1, 2018 till December 31, 2018.

Belur Unit:

Industry Related Licenses

Sr. No.	Name/description of license/approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	License No. 8692 issued under the Factories Act, 1948	Directorate of Factories, Government of West Bengal	January 1, 2016	December 31, 2018

Other licenses/approvals received by our Company:

Tax Related Approvals

Sr. No.	Name/description of license/approval	Issuing authority	Date of issue/ renewal
1.	Goods and Services Tax Identification Number (GSTIN) of our Company is **19AAACG9371K1Z4**	GoI & Government of West Bengal	June 28, 2017
2.	PAN number issued under the Income Tax Act, 1961 of our Company is **AAACG9371K**	Commissioner of Income Tax, West Bengal	-
3.	Tax Deduction Account number of our Company is **CALG00408C**	Income Tax Department, GoI	-

Foreign Trade Related Approvals

Sr. No.	Name/ description of license/ approval	Issuing authority	Date of issue/ renewal	Date of expiry, if specified
1.	Import Export Code of our Company is **0288001133**	Office of Joint Director General of Foreign Trade, Ministry of Commerce, GoI	May 4, 1988	-

Patents

Our Company holds patents for stiffened steel deck system for single lane bridges and manufacture of double lane portable steel bridges which were awarded to it in the year 2011 and 2007, respectively. Further, two (2) more patent applications pertaining to Improvised Single Lane Steel bridge system and Improvised Steel Decking system are under processing for certification. We have not filed any application for registration of copyrights and/ or trademarks including for our corporate logo.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Offer

Our Board of Directors has approved this Offer pursuant to a resolution passed at their meeting held on February 28, 2018 and Augsut 31, 2018.

IPO Committee of the Board, by way of resolution dated March 26, 2018, approved the DRHP.

The Board, by way of resolution dated September 4, 2018, approved this RHP.

DIPAM vide letter bearing number 4/26/2017-DIPAM-II-A dated August 31, 2018, conveyed its decision for inclusion of 28,638,000 Equity Shares as part of the Net Offer for sale portion in the Offer and approval for Employee Reservation Portion of the Offer comprising of up to 572,760 Equity Shares of our Company. Further, DIPAM vide its letter bearing reference number 4/26/2017-DIPAM-II-A dated September 7, 2018 has communicated the Offer program.

The Department of Defence Production, Ministry of Defence vide its letter bearing reference number D. O. No. 23 (60/2015/D(NS.I) dated September 6, 2018, has consented the approval of GoI for inclusion of 29,210,760 Equity Shares as part of the offer for sale portion in the Offer equivalent to 25.50% of the post Offer paid up share capital of the Company of which up to 572,760 Equity Shares shall comprise the Employee Reservation Portion.

The Selling Shareholder has confirmed that they have held the Equity Shares proposed to be offered and sold in this Offer for at least one (1) year prior to the date of filing the Red Herring Prospectus and the Equity Shares proposed to be offered and sold by them shall not be sold or transferred, charged, pledged or otherwise encumbered.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Directors, our Promoter, persons in control of our Company, have not been prohibited from accessing capital market for any reason by SEBI or any other authorities in India.

Our Promoter, our Directors, persons in control of our Company were not, or also are not, a promoter or a director or persons in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

None of our Directors are associated in any manner with the securities market, including securities market related business, and there has been no action taken by SEBI against our Directors or any entity in which any of our Directors are involved as a promoter or director.

Prohibition with respect to willful defaulters

Neither our Company, nor our Promoter or Directors have been identified as a willful defaulter by any bank or financial institution or consortium thereof in accordance with the guidelines on willful defaulters issued by the RBI. Further, there are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for this Offer

Our Company is eligible for this Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations as explained under the eligibility criteria calculated in accordance with the restated financial statements prepared in accordance with sub-clause (i) (ii) and (iii) of clause (b) of sub-Section (1) of Section 26 of Chapter III of the Companies Act, 2013 read with Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the SEBI ICDR Regulations:

- Our Company has net tangible assets of at least ₹30 million in each of the preceding three (3) full years (of twelve (12) months each);
- Our Company has a minimum average pre-tax operating profit of ₹150 million, calculated on a restated basis, during the three most profitable years out of the immediately preceding five (5) years;

- Our Company has a pre-Offer net worth of at least ₹10 million in each of the three (3) preceding full years (of twelve (12) months each);
- The aggregate of the proposed Offer and all previous issues made in the same Fiscal in terms of this Offer size is not expected to exceed five times the pre-Offer net worth of our Company as per the audited balance sheet of the preceding Fiscal; and
- Our Company has not changed its name in the last year.
- Our Company's net tangible assets, pre-tax operating profit and net worth derived from our Restated Financial Statements are set forth below:

(₹ in million)

Particulars	2013	2014	2015	2016	2017	2018
	Prepared in accordance with Indian GAAP		**Prepared in accordance with IND-AS**			
Net tangible assets*	59,396.96	64,244.83	39,952.97	44,508.79	45,612.45	42,540.27
Pre-tax operating profit**	1,206.38	998.78	349.78	644.72	(1,877.53)	(437.89)
Net worth***	8,673.30	9,549.20	10,068.24	11,366.55	10,831.44	10,159.37
Monetary assets, as restated****	10,585.56	4,479.55	19,790.51	24,820.28	23,543.91	22,031.51

** 'Net tangible assets' mean the sum of all net assets of the issuer, excluding intangible assets as defined in Accounting Standard 26 or Ind AS 38, as the case may be.*
*** 'Pre-tax Operating Profit' is defined as the restated profit before tax but after adjusting other income, loss on sale of investment, lease rentals written off, interest income written off and finance costs.*
**** 'Net Worth' means the aggregate of equity share capital and reserves.*
***** 'Monetary Assets' comprise of cash and bank balances.*

In accordance with Regulation 26(4) of the SEBI ICDR Regulations, the Selling Shareholder and our Company shall ensure that the number of prospective Allottees to whom the Offered Shares will be allotted under this Offer shall not be less than 1,000 otherwise the entire application money will be refunded. If such money is not repaid within the time prescribed under the Applicable Laws, our Company and the Selling Shareholder shall be liable to pay interest on the application money in accordance with the Applicable Laws.

The status of compliance of our Company with the conditions as specified under Regulations 4(2) and 4(5)(a) of the SEBI ICDR Regulations are as follows:

(i) Our Company, the Selling Shareholder and our Directors are not debarred/ restrained from accessing the capital markets by SEBI;

(ii) The companies with which our Promoter or our Directors are or were associated as promoter or director or as a person in control are not debarred from accessing the capital markets under any order or direction passed by SEBI;

(iii) Our Company has applied to BSE and NSE for obtaining their in-principle approvals for listing of the Equity Shares under this Offer and has received the in-principle approvals from BSE and NSE pursuant to their letters dated April 17, 2018 and April 11, 2018, respectively. For the purposes of this Offer, pursuant to a resolution of our Board/IPO Committee, the NSE shall be the Designated Stock Exchange;

(iv) Our Company along with the Registrar to the Offer has entered into tripartite agreements dated February 6, 2018 and February 5, 2018 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;

(v) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Red Herring Prospectus; and

(vi) None of our Company, our Promoter, and Directors is a willful defaulter (as defined in the SEBI ICDR Regulations).

Given that this Offer is through an Offer for Sale by the Selling Shareholder and this Offer Proceeds will not be received by our Company, Regulation 4(2)(g) and Clause VII (C) (1) of Part A of Schedule VIII of the SEBI ICDR Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through this Offer and existing identifiable internal accruals) does not apply.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING IDBI CAPITAL MARKETS & SECURITIES LIMITED AND YES SECURITIES (INDIA) LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND THIS RED HERRING PROSPECTUS, AND THE SELLING SHAREHOLDER WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THE DRAFT RED HERRING PROSPECTUS AND THIS RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR THE PORTION OF THE EQUITY SHARES OFFERED BY WAY OF THE OFFER OF SALE, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY AND THE SELLING SHAREHOLDER DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 26, 2018 WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGERS TO THE OFFER, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER[1];**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY;**

   WE CONFIRM THAT:

   A. **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER[1];**

   B. **ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

C. **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, EACH AS AMENDED AND OTHER APPLICABLE LEGAL REQUIREMENTS[1].**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID;**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS - NOTED FOR COMPLIANCE;**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS - COMPLIED WITH;**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS - COMPLIED WITH AND NOTED FOR COMPLIANCE;**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER – NOT APPLICABLE;**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – COMPLIED WITH TO THE EXTENT APPLICABLE;**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE**

PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013. NOTED FOR COMPLIANCE;

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE UNDER SECTION 29 OF THE COMPANIES ACT, 2013, THE EQUITY SHARES IN THE OFFER ARE TO BE ISSUED ONLY IN DEMATERIALISED FORM;**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION[1];**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    A. **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**

    B. **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME[1].**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER – NOTED FOR COMPLIANCE;**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.;**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY;**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE OFFER)', AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR CIR/CFD/DIL/7/2015 DATED OCTOBER 30, 2015 IN ANNEXURE III C;**

17. **WE CERTIFY THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 / IND-AS 24 IN THE RESTATED FINANCIAL STATEMENTS AND INCLUDED IN THE DRAFT RED HERRING PROSPECTUS AS CERTIFIED BY G. P. AGRAWAL & CO., CHARTERED ACCOUNTANTS, THE STATUTORY AUDITOR OF THE COMPANY;**

18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y(1)(A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE) – NOT APPLICABLE.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/ OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

[1]*The Company being a defence public sector undertaking, due to the national interest and security related concerns, certain material information/ documents in relation to the business and operations of the Company have been classified as 'sensitive/ confidential' by the Ministry of Defence, Government of India and the Company. Considering the confidential nature of the document/ information relating to the business of the Company, SEBI has granted relaxations in terms of their letters SEBI/HO/DIL1/OW/P/2017/18400/1 dated August 3, 2017 and CFD/DIL-1/OW/5502/2018 dated February 21, 2018 from the strict enforcement of certain requirement under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to representation from Department of Investment and Public Asset Management, Ministry of Finance, Government of India and Ministry of Defence, Government of India. As a result, such information/ documents have not been made accessible to the BRLMs and the Legal Counsels for their due diligence and this has limited the overall due diligence process undertaken by the BRLMs and the Legal Counsels. Hence, such documents and information have not been disclosed in the Draft Red Herring Prospectus, and as a result in certain cases the disclosure contained in the Draft Red Herring Prospectus is not as detailed as may be required. Appropriate risk factors to this extent have been included in the Draft Red Herring Prospectus.*

THE FILING OF THIS RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE ANY PERSON WHO HAS AUTHORIZED THE OFFER OF THIS RED HERRING PROSPECTUS FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS, THIS RED HERRING PROSPECTUS AND THE PROSPECTUS.

Disclaimer from our Company, our Directors, the Selling Shareholder and the BRLMs

Our Company, our Directors, the Selling Shareholder and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's of the Selling Shareholder's instance and anyone placing reliance on any other source of information, including our Company's website: www.grse.in would be doing so at his or her own risk. The Selling Shareholder accepts no responsibility for any statements made other than those made in relation to it and/or to the Equity Shares offered through this Offer for Sale.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in this Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

None among our Company, the Selling Shareholder or any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Investors who Bid in this Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Offered Shares of our Company and will not issue, sell, pledge, or transfer the Offered Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Offered Shares of our Company. Our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Offered Shares of our Company.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and the Selling Shareholder in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and the Selling Shareholder for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are not competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts registered under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, permitted insurance companies, permitted provident fund and pension funds, insurance funds set up and managed by the army and navy or air force of the Union of India, National Investment Fund and insurance funds set up and managed by the Department of Posts, India) and to FPIs, FIIs, Eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Kolkata only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The offer and sale of the Equity Shares has not been, and will not be, registered under the U.S. Securities Act or any state securities laws in the United States and the Equity Shares may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States and only in offshore transactions in reliance on Regulation S under the Securities Act and pursuant to the applicable laws of the jurisdiction where those offers and sales occur.

The Offered Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 (forty) days after the commencement of this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the Securities Act unless made pursuant to (i) Rule 144A only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as "U.S. QIBs" (for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Red Herring Prospectus as "QIBs") or (ii) another available exemption from the registration requirements of the Securities Act and in accordance with applicable state securities laws.

All Equity Shares Offered and Sold in this Offer

Each purchaser that is acquiring the Offered Shares offered pursuant to this Offer outside the United States, by its acceptance of the Red Herring Prospectus and of the Offered Shares offered pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with our Company and the BRLMs that it has received a copy of the Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Offered Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that this offer and sale of the Offered Shares offered pursuant to this Offer has not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the purchaser is purchasing the Offered Shares offered pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S promulgated under the U.S. Securities Act;

(4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offered Shares offered pursuant to this Offer, was located outside the United States at the time (i) this offer was made to it and (ii) when the buy order for such Offered Shares was originated and continues to be located outside the United States and has not purchased such Offered Shares for the account or benefit of any person in the United Sates or entered into any arrangement for the transfer of such Offered Shares or any economic interest therein to any person in the United States;

(5) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

(6) the purchaser is not acquiring the Offered Shares as a result of any "directed selling efforts" (within the meaning of Rule 902(c) of Regulation S);

(7) our Company will not recognize any offer, sale, pledge or other transfer of such Offered Shares made other than in compliance with the above-stated restrictions; and

(8) the purchaser acknowledges that our Company, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Offered Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Offered Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

In relation to each EEA State that has implemented the Prospectus Directive (Directive 2003/71/EC) (each, a "Relevant Member State"), an offer to the public of any Equity Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors), subject to obtaining the prior consent of the Underwriters; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Offered Shares shall result in a requirement for our Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who receives any communication in respect of, or who acquires any Offered Shares under, the offers contemplated in this Red Herring Prospectus will be deemed to have represented, warranted and agreed to with the Underwriter and our Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Offered Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of this offer and the Offered Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offered Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Offered Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Offered Shares acquired by it in the offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offered Shares to the public in a Relevant Member State prior to the publication of a prospectus in relation to the Offered Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, other than their offer or resale to qualified investors or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale.

Our Company, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Disclaimer Clause of BSE

"BSE has given vide its letter dated April 17, 2018 permission to the Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

a. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

b. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

c. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer Clause of the NSE

"As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/35637 dated April 11, 2018 permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at L&T Chambers, 3rd Floor, 16 Camac Street, Kolkata - 700017, West Bengal along with a soft copy of the same.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered (along with a soft copy) for registration with RoC at the following address of the RoC.

Registrar of Companies

ROC Kolkata
Nizam Palace, 2nd MSO Building
2nd Floor, 234/4, A.J.C.B. Road
Kolkata – 700020, West Bengal, India

Listing

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. Our Company received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated April 17, 2018 and April 11, 2018 respectively. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the Bidders/Applicants in pursuance of the Red Herring Prospectus/ the Prospectus. If such money is not repaid within the prescribed time after our Company is liable to repay it, then our Company and every Director of our Company and every officer of our Company who is in default may, on and from expiry of such period, shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges mentioned above are taken within six Working Days of the Bid/ Offer Closing Date. Further, the Selling Shareholder confirm that they shall provide assistance to our Company and the BRLMs, as may be reasonably required and necessary, for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/ Offer Closing Date.

If our Company and Selling Shareholder do not Allot Offered Shares pursuant within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by SEBI, all amounts received in the Public Offer Account will be transferred to the Refund Account and it shall be utilised to repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

Price information of past issues handled by the BRLMs

1. IDBI Capital Markets & Securities Limited:

Price information of past issues handled by IDBI Capital Markets & Securities Limited during current financial year and two financial years preceding the current financial year:

Sr. No.	Issue Name	Issue Size (in ₹ Million)	Issue Price (₹)	Listing Date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	RITES Limited	4,604.40	185.00(4)	July 02, 2018	190.00	+34.97% (+6.56%)	N.A.	N.A.
2.	Mishra Dhatu Nigam Limited	4,328.96	90.00(3)	April 04, 2018	87.00	+67.89% (+5.44%)	+40.44% (+5.22%)	N.A
3.	Bharat Dynamics Limited	9,527.88	428.00(2)	March 23, 2018	370.00	-4.65% (+5.87%)	-9.78% (+7.74%)	N.A
4.	Security and Intelligence Services (India) Limited	7,795.30	815.00	August 10, 2017	879.00	-3.29% (+1.17%)	3.14% (5.40%)	+39.12% (+8.62%)
5.	Central Depository Services (India) Limited	5,239.91	149.00	June 30, 2017	250.00	+127.92% (+5.84%)	+128.86% (+2.26%)	+146.71% (+10.61%)
6.	Housing and Urban Development Corporation Limited	12,095.70	60.00(1)	May 19, 2017	73.00	+13.17% (+2.44%)	+34.67% (+4.98%)	+35.67% (+8.05%)

(1): Price for retail individual bidders bidding in the retail portion and to eligible employees was INR 58.00 per equity share
(2): Price for retail individual bidders bidding in the retail portion and to eligible employees was INR 418.00 per equity share
(3): Price for retail individual bidders bidding in the retail portion and to eligible employees was INR 87.00 per equity share
(4): Price for retail individual bidders bidding in the retail portion and to eligible employees was INR 179.00 per equity share
N.A: Not Available

Notes:
a. Source: www.nseindia.com for the price information
b. Wherever 30th/ 90th/ 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
c. The Nifty 50 index is considered as the benchmark index.

Summary statement of price information of past issues handled by IDBI Capital Markets & Securities Limited

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹ Million.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018 - date of this date of RHP*	2	8,933.36	-	-	-	1	1	-	-	-	-	-	-	-
2017 - 18	4	34,658.79	-	-	2	1	-	1	-	-	-	1	2	-
2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-

** The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.

2. YES Securities (India) Limited

Price information of past issues handled by YES Securities (India) Limited:

Sr. No.	Issue Name	Issue Size (Rs. million)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date (in Rs.)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Lemon Tree Hotels Limited	10,386.85	56.00	April 9, 2018	61.60	+30.18% - change in closing price; [+3.49% - change in closing benchmark]	+30.09% - change in closing price; [+4.56% - change in closing benchmark]	-
2	Bharat Dynamics Limited	9,609.44	428.00	March 23, 2018	370.00	-4.65% - change in closing price; [+5.87% - change in closing benchmark]	-10.69% - change in closing price; [+7.43% - change in closing benchmark]	-
3	Aster DM Healthcare Limited	9,801.37	190.00	February 26, 2018	183.00	-10.63% - change in closing price; [-4.43% - change in closing benchmark]	-5.39% - change in closing price; [+1.00% - change in closing	-8.18% - change in closing price; [+10.48% - change in closing

Sr. No.	Issue Name	Issue Size (Rs. million)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date (in Rs.)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
							benchmark]	benchmark]
4	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	+4.09% - change in closing price; [+3.85% - change in closing benchmark]	+6.27% - change in closing price; [-2.83% - change in closing benchmark]	-1.29% - change in closing price; [+3.96% - change in closing benchmark]
5	The New India Assurance Company Limited	96,000.00	800.00	November 13, 2017	750.00	-29.83% - change in closing price; [-0.31% - change in closing benchmark]	-7.81% - change in closing price; [+3.08% - change in closing benchmark]	-11.69% - change in closing price; [+5.69% - change in closing benchmark]
6	Reliance Nippon Life Asset Management Company Limited	15,422.40	252.00	November 06, 2017	295.90	+1.21% - change in closing price; [-3.90% - change in closing benchmark]	+8.12% - change in closing price; [+2.05% - change in closing benchmark]	-1.65% - change in closing price; [+2.52% - change in closing benchmark]
7	Dixon Technologies (India) Limited	5,992.79	1,766	September 18, 2017	2,725.00	+50.78% - change in closing price; [+0.57% - change in closing benchmark]	+98.26% - change in closing price; [+2.32% - change in closing benchmark]	+92.73% - change in closing price; [-0.58% - change in closing benchmark]
8	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-1.88% - change in closing price; [+1.89% - change in closing benchmark]	+3.14% - change in closing price; [+4.92% - change in closing benchmark]	+45.54% - change in closing price; [+6.90% - change in closing benchmark]
9	GTPL Hathway Limited	4,848.00	170.00	July 4, 2017	170.00	-13.32% - change in closing price; [+4.16% - change in closing benchmark]	-18.88% - change in closing price; [+2.56% - change in closing benchmark]	-3.68% - change in closing price; [+8.55% - change in closing benchmark]
10	Central Depository	5,239.91	149.00	June 30, 2017	250.00	+127.92% - change in closing price;	+128.62% - change in closing price;	+139.03% - change in closing price;

Sr. No.	Issue Name	Issue Size (Rs. million)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date (in Rs.)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
	Services (India) Limited					[+5.84% - change in closing benchmark]	[+2.61% - change in closing benchmark]	[+10.19% - change in closing benchmark]

Notes:

1. Benchmark Index taken as CNX NIFTY
2. Price on NSE is considered for all of the above calculations
3. % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index on the day of the listing date.
4. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 30, 90 and 180 calendar days. If either of the 30th, 90th or 180th calendar days is a trading holiday, the next trading day has been considered for the computation.
5. Restricted to last 10 issues

Summary statement of price information of past issues handled by YES Securities:

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-2019	1	10,386.85	-	-	-	-	1	-	-	-	-	-	-	-
2017-2018	9	161,206.66	-	1	4	2	-	2	-	-	5	2	1	-
2016-2017	2	15,125.00	-	-	1	1	-	-	-	-	-	1	-	1

Notes:

Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date.

The information for the financial year is based on issue listed during such financial year.

Track record of past issues handled by the BRLMs

For the details regarding the track record of the BRLMs to this Offer as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, refer to the websites of the BRLMs as set forth in the table below:

Sr. No.	Name of the BRLMs	Website
1.	IDBI Capital Markets & Securities Limited	www.idbicapital.com
2.	YES Securities (India) Limited	www.yesinvest.in

Consents

Consents in writing of: (a) our Directors, our CFO, our Company Secretary and Compliance Officer, Indian Legal Counsel to our Company and the Selling Shareholder, International Legal Counsel to our Company and the Selling Shareholder, Indian Legal Counsel to the BRLMs, Bankers to our Company and (b) the BRLMs, the Syndicate Members, and the Registrar to this Offer to act in their respective capacities have been, obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 26 and 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, our Statutory Auditors, M/s G. P. Agrawal & Co. Chartered Accountants, have given their written consent for inclusion of their reports dated August 21, 2018, on the Restated Financial Statements of our Company and the statement of tax benefits dated August 21, 2018 in the form and context, included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

Expert opinion

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors, namely M/s G. P. Agrawal & Co. Chartered Accountants who hold a valid peer review certificate, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Red Herring Prospectus and as an "Auditor" and "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the examination report dated August 21, 2018 of the Statutory Auditors on the Restated Financial Statements of our Company as of and for Fiscals ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the statement of tax benefits dated August 21, 2018, included in this Red Herring Prospectus and such consents have not been withdrawn as on the date of this Red Herring Prospectus.

Offer Expenses

The total expenses of the Offer are estimated to be approximate ₹[●] million. The expenses of the Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal expenses, statutory advertisement expenses, Registrar and depository fees and listing fees.

All Offer related expenses shall be borne by the Selling Shareholder through the DIPAM. However, expenses in relation to: (i) the filing fees to SEBI; (ii) NSE/BSE charges for use of software for the book building; (iii) payments required to be made to Depository or the Depository Participants for transfer of shares to the beneficiaries account; and (iv) payments required to be made to Stock Exchange for initial processing, filling and listing of Equity Shares but on a reimbursable basis from the Company/DIPAM; and printing and stationery expenses, shall be borne by the BRLMs. Payments, if any, made by our Company in relation to this Offer shall be on behalf of the Selling Shareholder and such payments will be reimbursed to our Company.

For further details of this Offer expenses, see "*Objects to the Offer*" on page 100.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as per the Syndicate Agreement, a copy of which will be available at our Registered Office from 10:00 A.M. to 04:00 P.M. on Working Days from the date of the RHP until the Bid/ Offer Closing Date. For details of this Offer related expenses, see "*Objects of the Offer*" on page 100.

Commission payable to the SCSBs, Registered Brokers, RTAs and CDPs

For details of the commission payable to the SCSBs, Registered Brokers, RTAs and CDPs, see "*Objects of the Offer*" on page 100.

Fees Payable to the Registrar to this Offer

The fees payable to the Registrar to this Offer including fees for processing of ASBA Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar Agreement, a copy of which is available for inspection at our Registered Office from 10:00 A.M. to 04:00 P.M. on Working Days from the date of the RHP until the Bid/ Offer Closing Date.

The Registrar to this Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to this Offer to enable it to send refund orders or Allotment Advice by registered post/ speed post (subject to postal rules)/under certificate of posting.

Particulars regarding public or rights issues by our Company during the last five (5) years

Our Company has not made any public or rights issues during the five (5) years preceding the date of this Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in "*Capital Structure*" on page 86 our Company has not issued any Equity Shares for consideration other than for cash.

Commission and Brokerage paid on previous issues of the Equity Shares

Since this is the initial public offer of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

Previous capital issue during the previous three (3) years by listed group companies and associates of our Company

Since our Company does not have any group companies and associates, which have undertaken a capital issue in the last three (3) years preceding the date of this Red Herring Prospectus.

Performance vis-à-vis objects – public/ rights issue of our Company and/ or listed group companies and associates of our Company

Our Company has not undertaken any previous public or rights issue. Our Company does not have Group Companies and associates which have undertaken any public or rights issue in the last ten (10) years preceding the date of the Red Herring Prospectus.

Outstanding Debentures or Bonds

Our Company does not have any outstanding debentures or bonds as of the date of this Red Herring Prospectus.

Outstanding Preference Shares

Our Company has not issued any preference shares since incorporation and hence there are no outstanding preference shares (including redeemable preference shares) as on the date of this Red Herring Prospectus.

Partly Paid-up Shares

Our Company does not have any partly paid-up Equity Shares as on the date of this Red Herring Prospectus.

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to this Offer for a period of at least three (3) years from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Offer for redressal of their grievances.

All grievances may be addressed to the Registrar to this Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder should give full details such as name of the Sole or First Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the Bidder.

Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/ information mentioned hereinabove.

Further, with respect to the ASBA Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/ information mentioned hereinabove.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to this Offer or the Designated Intermediaries, for the redressal of routine investor grievances shall be 10 (ten) Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee. For details, see "*Our Management – Committees of the Board – Stakeholder Relationship Committee*" on page 188.

Our Company has also appointed Mr. Sandeep Mahapatra, Company Secretary of our Company as the Compliance Officer for this Offer and he may be contacted in case of any pre-Offer or post-Offer related issues at the following address:

Garden Reach Shipbuilders & Engineers Limited
43/46, Garden Reach Road, Kolkata – 700024, West Bengal, India
Tel: 033-2469 8545
Facsimile: 033-2469 8150
Email: co.sec@grse.co.in

Our Company has not received any investor complaint during the three (3) years preceding the date of filing of this Red Herring Prospectus.

Our compliance officer shall monitor the SCORES portal on an ongoing basis and address the investor grievances at the earliest and in any case not later than the time prescribed by SEBI.

Changes in Auditors

There has been no change in the statutory auditors of our Company during the three (3) years preceding the date of this Red Herring Prospectus.

Vide letter dated July 19, 2018 bearing number CA.V/COY/CENTRAL GOVERNMENT, GRSE (2)/62, Office of the Comptroller and Auditor General of India has appointed M/s. A Kayes & Co, as the statutory auditor and M/s. Sinha & Ghelani as the branch auditor of our Company for the financial year 2018-2019 and the appointment shall be effective from the date of the next EGM of our Company.

Capitalisation of Reserves or Profits

Other than as disclosed in "*Capital Structure*" on pages 86 and 94 of this RHP, our Company has not capitalised its reserves or profits at any time during the last five (5) years.

Revaluation of Assets

Our Company has not re-valued its assets in the last five (5) years.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Offer comprises an Offer for Sale by the Selling Shareholder. The Offered Shares being issued and transferred pursuant to this Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, SEBI Listing Regulations, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN/ Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/ certificates that may be executed in respect of this Offer. The Offered Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital, and listing and trading of securities issued from time to time by the SEBI, the GoI, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of this Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or any other authorities, as in force and to the extent applicable or such other conditions as may be prescribed by such authorities, while granting its approval for this Offer.

Offer related expenses

The total expenses of this Offer are estimated to be approximately ₹[●] million. The expenses of this Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal expenses, statutory advertisement expenses, registrar and depository fees and listing fees.

All Offer related expenses shall be borne by the Selling Shareholder through the DIPAM. However, expenses in relation to: (i) the filing fees to SEBI; (ii) NSE/ BSE charges for use of software for the book building; (iii) payments required to be made to Depository or the Depository Participants for transfer of shares to the beneficiaries account; and (iv) payments required to be made to Stock Exchange for initial processing, filling and listing of Equity Shares but on a reimbursable basis from the Company; and printing and stationery expenses, shall be borne by the BRLMs. Payments, if any, made by our Company in relation to this Offer shall be on behalf of the Selling Shareholder and such payments will be reimbursed to our Company/DIPAM. Payments, if any, made by our Company in relation to this Offer shall be on behalf of the Selling Shareholder and such payments will be reimbursed to our Company. For further details in relation to Offer related expenses, see "*Objects of the Offer*" and "*Other Regulatory and Statutory Disclosures*" on pages 100, 423 and 427, respectively.

Ranking of the Offered Shares

The Equity Shares being issued and transferred pursuant to this Offer shall be subject to the provisions of the Companies Act, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see "*Main Provisions of Articles of Association*" on page 486 and 487.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to its Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association, the SEBI Listing Regulations and other applicable law. All dividends, declared by our Company after the date of Allotment (pursuant to the Allotment of Offered Shares), will be payable to the Bidders who have been Allotted Offered Shares, for the entire year, in accordance with applicable law. For further details, in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of Articles of Association*" on page 198 and 486, respectively.

Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹10. The Floor Price of the Offered Shares is ₹115 per Equity Share and the Cap Price is ₹118. The Price Band, minimum Bid Lot size, the Retail Discount and the Employee Discount for this Offer will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and advertised in all newspapers wherein the Pre-Offer Advertisement will be published, at least five (5) Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the ASBA Forms available on the websites of the Stock Exchanges. The Offer Price shall be determined by the Selling Shareholder and our Company, in consultation with the BRLMs, after the Bid/ Offer

Closing Date, on the basis of assessment of market demand for the Offered Shares by way of Book Building Process.

At any given point of time there shall be only one denomination of Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of our Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or "e-voting";
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and other preferential claims being satisfied;
- Right of freely transfer their Equity Shares, subject to foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the applicable law, including the Companies Act, the SEBI Listing Regulations, and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Main Provisions of Articles of Association*" on page 486.

Market Lot and Trading Lot

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to this Offer:

- Agreement dated February 6, 2018 amongst NSDL, our Company and the Registrar to this Offer; and
- Agreement dated February 5, 2018 amongst CDSL, our Company and the Registrar to this Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 120 Equity Shares.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for this Offer is with the competent courts/ authorities in Kolkata, West Bengal.

Nomination facility to Bidders

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debenture) Rules, 2014, as amended, the First or sole Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Offered Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer of equity share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

(a) to register himself or herself as the holder of the Equity Shares; or
(b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialized mode, there shall be no requirement to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidders will prevail. If the investors wish to change their nomination, they are requested to inform their respective depository participant.

Withdrawal of the Offer

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the entire or portion of this Offer for any reason at any time after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the same newspapers in which the pre-Offer advertisements were published, within two (2) days of the Bid/ Offer Closing Date, providing reasons for not proceeding with this Offer. Our Company shall also promptly inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. The BRLMs, through the Registrar to this Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one (1) Working Day from the date of receipt of such notification.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six (6) Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed, and (ii) the final RoC approval of the Prospectus after it is registered with the RoC and filed with the SEBI and Stock Exchanges. If our Company and the Selling Shareholder withdraws this Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue/ offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Bid/ Offer Program

FOR ALL BIDDERS*	September 24, 2018 to September 26, 2018

** The Selling Shareholder and our Company may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one (1) day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.*

An indicative timetable in respect of this Offer is set out below:

Event	Indicative Date
Bid/ Offer Closing Date	September 26, 2018
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about October 1, 2018

Unblocking of funds from the ASBA Account	On or about October 3, 2018
Credit of Equity Shares to depository accounts of Allottees	On or about October 3, 2018
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about October 5, 2018

The above timetable, other than the Bid/ Offer Closing Date, is indicative and does not constitute any obligation on our Company or the Selling Shareholder or the BRLMs.

Whilst our Company and the Selling Shareholder shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six (6) Working Days of the Bid/ Offer Closing Date or such period as may be prescribed, the timetable may be changed due to various factors, such as extension of the Bid/ Offer Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholder confirms that it shall extend complete co-operation required by our Company, the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six (6) Working Days from the Bid/Offer Closing Date.

Submission of Bids:

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) ("**IST**")
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges, in case of Bids by Retail Individual Bidders.

On Bid/ Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders after taking into account the total number of applications received and as reported by the BRLMs to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs will be rejected.

In case of any discrepancy in the data entered in the electronic book *vis-a-vis* data contained in physical or electronic ASBA Form for a particular Bidder, the details of the Bid file received from Stock Exchanges may be taken as final data for purposes of Allotment.

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders are advised to submit their Bids one (1) day prior to the Bid/ Offer Closing Date and, in any case, not later than 1.00 p.m. IST on the Bid/ Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under this Offer. Investors may please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids will be accepted only during Monday to Friday (excluding any public holiday). Bids by the Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. Neither our Company, the Selling Shareholder nor any member of the Syndicate shall be liable for any failure in uploading or downloading the Bids due to faults in any software/ hardware system or otherwise. Any time mentioned in this Red Herring Prospectus is Indian Standard Time.

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/ Offer Period in accordance with the SEBI ICDR Regulations. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price, as advertised at least five (5) Working Days before the Bid/ Offer Opening Date and the Cap Price will be revised accordingly.

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three (3) additional Working Days after such revision, such that the total Bid/ Offer Period shall not exceed 10 (ten) Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

Minimum Subscription

The requirement of minimum subscription is not applicable to this Offer in accordance with the SEBI ICDR Regulations. However, if our Company does not make the minimum Allotment as specified under terms of the Rule 19(2)(b) of the SCRR, including devolvement of Underwriters, if any, within sixty (60) days from the date of Bid/ Offer Closing Date, the Selling Shareholder and our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, the Selling Shareholder and our Company and shall pay interest prescribed under the applicable law.

Further, the Selling Shareholder and our Company and shall ensure that the number of prospective Allottees to whom the Offered Shares will be allotted shall not be less than 1,000 in compliance with Regulation 26(4) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholder and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

Arrangements for Disposal of Odd Lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restrictions on Transfer and Transmission of Equity Shares

Except for the lock-in of the pre-Offer capital of our Company, the Promoters' minimum contribution as provided in "*Capital Structure*" on pages 93 and except as provided in the Articles of Association of our Company, there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, see "*Main Provisions of Articles of Association*" on page 486.

Option to receive Offered Shares in Dematerialized Form

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares in this Offer shall be allotted only in dematerialised form. Further, as per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges.

OFFER STRUCTURE

Initial public offering of 29,210,760 Equity Shares of face value of ₹10 each through an Offer for Sale by the Selling Shareholder, for cash at a price of ₹[●] per Equity Share, including a premium of ₹[●], aggregating to ₹[●] million, comprising a Net Offer of 28,638,000 Equity Shares and Employee Reservation of up to 572,760 Equity Shares. The Offer shall constitute 25.50% of the post-Offer paid-up Equity Share Capital of our Company and Net Offer shall constitute 25.00% of the post-Offer Equity Share Capital of our Company.

The Offer less the Employee Reservation Portion being 28,638,000 Equity Shares. The Offer includes a reservation of up to 572,760 Equity Shares aggregating to ₹[●] million for subscription by Eligible Employees. The Offer less Employee Reservation Portion is referred to as the Net Offer. The Offer and the Net Offer will constitute 25.50% and 25.00% respectively, of the post Offer paid-up Equity Share capital of our Company.

The Offer is being made through the Book Building Process.

Particulars	Eligible Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Offered Shares available for Allotment/ allocation* (1)	Up to 572,760 Equity Shares available for allocation	Not more than 14,319,000 Equity Shares or Net Offer less allocation to Non-Institutional Bidders and Retail Individual Bidders	Not less than 4,295,700 Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than 10,023,300 Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	0.50% of this Offer Size	Not more than 50% of the Net Offer size shall be available for allocation to QIBs. However, 5% of the QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the balance QIB Portion. The unsubscribed portion in the Mutual Fund reservation portion will be available for allocation to QIBs.	Not less than 15% of the Net Offer or Net Offer less allocation to QIBs and Retail Individual Bidders	Not less than 35% of the Net Offer or the Net Offer less allocation to QIBs and Non-Institutional Bidders
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate#	Proportionate as follows: (a) 715,950 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) 13,603,050 Equity Shares shall be Allotted on a proportionate basis to all other QIBs, including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate, subject to minimum Bid Lot. For details, see "*Offer Procedure – Part B – Allotment Procedure and Basis of Allotment – Allotment to RIIs*" on page 474
Minimum Bid	120 Equity Shares and in multiples of 120, such that the Bid Amount (net of Employee Discount, if any) does not exceed ₹500,000	Such number of Equity Shares in multiples of 120 Equity Shares such that the Bid Amount exceeds ₹200,000	Such number of Equity Shares in multiples of 120 Equity Shares such that the Bid Amount exceeds ₹200,000	120 Equity Shares in multiples of 120 Equity Shares, such that the Bid Amount (net of Retail Discount, if any) does not exceed ₹200,000

Particulars	Eligible Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Maximum Bid	Such number of Equity Shares, in multiples of 120 Equity Shares, so that the Bid Amount does not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under- subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).	Such number of Equity Shares, in multiples of 120 Equity Shares not exceeding the size of this Offer, subject to applicable limits to the Bidder	Such number of Equity Shares in multiples of 120 Equity Shares not exceeding the size of this Offer, subject to applicable limits to the Bidder	Such number of Equity Shares in multiples of 120 Equity Shares so that the Bid Amount does not exceed ₹200,000
Bid Lot	120 Equity Shares and in multiples of 120 Equity Shares thereafter			
Allotment Lot	A minimum of 120 Equity Shares and in multiples of 120 Equity Shares thereafter			
Trading Lot	One Equity Share			
Who can apply(2)	Eligible Employees	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual funds, FPIs other than Category III foreign portfolio investors, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund (subject to applicable law) with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million, in accordance with applicable law, National Investment Fund set up by the GoI, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals and Category III foreign portfolio investors	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)

Particulars	Eligible Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		managed by the Department of Posts, India and Systemically Important Non-Banking Financial Companies		
Terms of Payment	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form[3]			

* *Assuming full subscription in this Offer.*

[1] *Subject to valid Bids being received at or above this Offer Price. This Offer is being made in accordance with Rule 19(2)(b) of the SCRR and under the SEBI ICDR Regulations.*

[2] *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.*

[3] *Retail Discount of ₹5 to this Offer Price may be offered to the Retail Individual Bidders and the Employee Discount of ₹5 to this Offer Price may be offered to Eligible Employees bidding in the Retail Portion and Employee Reservation Portion, respectively.*

[#] *The Offer less the Employee Reservation Portion being 28,638,000 Equity Shares. The Offer includes a reservation of up to 572,760 Equity Shares aggregating to ₹[●] million for subscription by Eligible Employees. The Offer less Employee Reservation Portion is referred to as the Net Offer. The Offer and the Net Offer will constitute 25.50% and 25.00% respectively, of the post Offer paid-up Equity Share capital of our Company.*

Eligible Employees bidding in the Employee Reservation portion can Bid up to a Bid Amount of ₹500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000 (excluding Employee Discount). In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids.

The Offer is being made through the Book Building Process, in reliance of Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**"). 5% of the QIB Portion will be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion will be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above this Offer Price. Further, not less than 15% of this Offer will be available for allocation on a proportionate basis to Non- Institutional Bidders and not less than 35% of this Offer will be available for allocation to Retail Individual Bidders, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above this Offer Price.

Under subscription, if any, in any category except the QIB Category, would be met with spill-over from the other categories (including the Employee Reservation Portion) at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange.

A total of up to 572,760 Equity Shares aggregating to ₹[●] million shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Offer Price. Under- subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer to public.

Retail Discount

The Retail Discount, if any, will be offered to Retail Individual Bidders at the time of making a bid. Retail Individual Bidders bidding at a price within the Price Band can make payment at the Bid Amount, at the time of making a Bid. Retail Individual Bidders bidding at the Cut-Off Price have to ensure payment at the Cap Price at the time of making a Bid. Retail Individual Bidders must ensure that the Bid Amount does not exceed ₹200,000. Retail Individual Bidders must mention the Bid Amount while filling the Bid cum Application Form.

Employee Discount

The Employee Discount, if any, will be offered to the Eligible Employees bidding in the Employee Reservation Portion, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion bidding at a price within the Price Band can make payment at the Bid Amount (which will be less Employee Discount) at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion bidding at the Cut-Off Price have to ensure payment at the Cap Price, less Employee Discount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion are required to ensure that the Bid Amount (which will be less Employee Discount) does not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) on a net basis only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount). Refer to "*Offer Procedure - Maximum and Minimum Bid Size*" on page 458.

Period of operation of subscription list

See "*Terms of the Offer – Bid/ Offer Program*" on page 429.

OFFER PROCEDURE

All Bidders should review the "General Information Document for Investing in Public Issues" prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI, modified and updated pursuant to, among others, the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 notified by SEBI, the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016, SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018 ("General Information Document") included below under "Part B – General Information Document" beginning on page 449, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant portions of the General Information Document which are applicable to this Offer. All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and SCSBs should ensure compliance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018 in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.

Our Company, the Selling Shareholder and the BRLM's do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus.

PART A

Book Building Procedure

The Offer is being made through the Book Building Process, in accordance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation to QIBs on a proportionate basis. Further, such number of Offered Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above this Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Offered Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs, subject to valid Bids being received at or above this Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above this Offer Price. Further, up to 572,760 Equity Shares will be offered for allocation and Allotment on a proportionate basis to the Eligible Employees bidding in the Employee Reservation Portion, subject to valid Bids being received from them at or above this Offer Price.

In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹200,000), shall be added to the Net Offer. In the event of under-subscription in the Net Offer, spill over to the extent of under- subscription shall be allowed from the Employee Reservation Portion. Subject to valid Bids being received at or above this Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Selling Shareholder and our Company in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis, subject to applicable law. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. This offer is being made in accordance with Rule 19(2)(b) of the SCRR.

The Equity Shares, upon listing, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors should note that the Offered Shares will be Allotted to all successful Bidders only in dematerialised form. The ASBA Forms which do not have the details of the Bidders' depository accounts, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Offered Shares in physical form.

Bid cum Application Form

All Bidders (other than Anchor Investors) are required to mandatorily participate in this Offer only through the ASBA process.

Copies of the ASBA Form and the Abridged Prospectus will be available with the Designated Intermediaries at the Bidding Centers, and at the Registered Office of our Company. Electronic copies of the ASBA Form will also be available for download on the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com) at least one (1) day prior to the Bid/Offer Opening Date.

ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected.

ASBA Bidders shall ensure that their Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms). ASBA Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the ASBA Form for the various categories of Bidders is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including Eligible NRIs, FVCIs, FPIs, FIIs (other than sub- accounts which are foreign corporates or foreign individuals Bidding under the QIB Category), and registered multilateral and bilateral development financial institutions applying on a repatriation basis	Blue
Eligible Employees bidding in the Employee Reservation Portion **	Pink

** Excluding electronic ASBA Form*

*** The Offer less the Employee Reservation Portion being 28,638,000 Equity Shares. The Offer includes a reservation of up to 572,760 Equity Shares aggregating to ₹[●] million for subscription by Eligible Employees. The Offer less Employee Reservation Portion is referred to as the Net Offer. The Offer and the Net Offer will constitute 25.50% and 25.00% respectively, of the post Offer paid-up Equity Share capital of our Company.*

Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or the Banker(s) to this Offer.

NO PERSON OUTSIDE INDIA MAY BID FOR OFFERED SHARES UNLESS THAT PERSON HAS RECEIVED A PRELIMINARY OFFERING MEMORANDUM FOR THE OFFER, WHICH COMPRISES THE RED HERRING PROSPECTUS AND AN "INTERNATIONAL WRAP" THAT CONTAINS, AMONG OTHER THINGS, THE SELLING RESTRICTIONS APPLICABLE TO THE OFFER OUTSIDE INDIA.

Participation by the BRLMs the Syndicate Members and their associates/affiliates

The BRLMs and the Syndicate Members shall not be allowed to purchase Offered Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may subscribe to or purchase Offered Shares in the Net Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders. Such Bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the ASBA Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of the ASBA Form from the Designated Intermediaries. Eligible NRIs Bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("**NRE**") account or Foreign Currency Non-Resident ("**FCNR**") account for the full bid amount, while eligible NRIs Bidding on a non-repatriation basis by using the Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("**NRO**") account for the full Bid Amount, at the time of the submission of the ASBA Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the ASBA Form meant for Non-Residents (blue in colour).

Bids by FPIs (including FIIs)

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three (3) years for which fees have been paid as per the SEBI FII Regulations. Accordingly, such FIIs can participate in this Offer in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, QFIs which are not registered as FPIs under the SEBI FPI Regulations shall not be eligible for participation in this Offer.

In terms of the SEBI FPI Regulations, the issue of equity shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer equity share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board followed by a special resolution passed by the shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

FPIs are permitted to participate in this Offer subject to compliance with conditions and restrictions which may be specified by the GoI from time to time. FPIs who wish to participate in this Offer are advised to use the ASBA Form for non-residents (blue in colour). FPIs are required to Bid through the ASBA process to participate in this Offer.

An FPI shall issue ODIs only to those subscribers who meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III FPI and unregulated broad based funds, which are classified as Category II FPI by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made, by or on behalf of it, to any persons that are not regulated by an appropriate foreign regulatory authority.

An FPI is also required to ensure that any transfer of ODIs is made by, or on behalf of it subject to the following conditions:

(a) such ODIs are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the ODIs are to be transferred to are pre-approved by the FPI.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments ("**ODIs**"). Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments in our Company.

Bids by VCFs, AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations, *inter-alia*, prescribe the investment restrictions on the VCFs, FVCIs and AIFs, respectively.

Accordingly, the holding in any company by any individual VCF or FVCI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up and such funds shall not have launched any new scheme after the notification of the SEBI AIF Regulations. Our Company, the Selling Shareholder or the BRLMs shall not be responsible for the loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs, AIFs, FPIs and FVCIs. All Bidders (except Eligible Employees bidding in the Employee Reservation Portion) will be treated on the same basis with other categories for the purpose of allocation.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the ASBA Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason therefor.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company in consultation with the Selling Shareholder, reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies, not being subsidiaries, as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

Bids by SCSBs

SCSBs participating in this Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs.

Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

(a) equity shares of a company: the lower of 10%* of the investee company's outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or a general insurance or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) or (c) above, as the case may be.

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the ASBA Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Eligible FPIs (including FIIs), AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholder, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Form.

Bids by Eligible Employees under the Employee Reservation Portion

Bids by Eligible Employees under the Employee Reservation Portion shall be subject to the following:

(a) Made only in the prescribed Bid cum Application Form or Revision Form (*i.e.* pink colour form).

(b) The Bid must be for a minimum of 120 Equity Shares and in multiples of 120 Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹500,000. The maximum Bid in this category by an Eligible Employee cannot exceed ₹200,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).

(c) Such Bidders should mention their employee identification number at the relevant place in the Bid cum Application Form.

(d) The Bidder should be an Eligible Employee as defined above. In case of joint bids, the First Bidder shall be an Eligible Employee.

(e) Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion.

(f) Bids by Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above this Offer Price, would be considered for Allotment under this category.

(g) Eligible Employees can apply at Cut-off Price. The Bid must be for a minimum of 120 Equity Shares and in multiples of 120 Equity Shares thereafter subject to a maximum Bid Amount of ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).

(h) Bid by Eligible Employees can be made also in the "Net Offer to the Public" and such Bids shall not be treated as multiple Bids.

(i) If the aggregate demand in this category is less than or equal to 572,760 Equity Shares at or above this Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

(j) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer. In case of under-subscription in the Net Offer, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.

(k) If the aggregate demand in this category is greater than 572,760 Equity Shares at or above the Offer Price, the Allotment shall be made on a proportionate basis. For the method of proportionate basis of allocation, see "*Offer Procedure – Allotment Procedure and Basis of Allotment*" on page 474.

* *The Offer less the Employee Reservation Portion being 28,638,000 Equity Shares. The Offer includes a reservation of up to 572,760 Equity Shares aggregating to ₹[●] million for subscription by Eligible Employees. The Offer less Employee Reservation Portion is referred to as the Net Offer. The Offer and the Net Offer will constitute 25.50% and 25.00% respectively, of the post Offer paid-up Equity Share capital of our Company.*

In accordance with existing regulations, OCBs cannot participate in this Offer.

The above information is given for the benefit of Bidders. The Selling Shareholder and our Company, our Directors, the officers of our Company and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a Pre-Offer Advertisement.

Information for Bidders

In addition to the instructions provided to Bidders set forth in the sub-section titled "*Offer Procedure– Part B – General Information Document for Investing in Public Issues*" on page 449, Bidders are requested to note the following additional information in relation to this Offer.

1. The relevant Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an acknowledgement slip ("**Acknowledgement Slip**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three Acknowledgement Slips for each ASBA Form. It is the Bidder's responsibility to obtain the Acknowledgement Slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Offered Shares shall be allocated/ Allotted. Such Acknowledgement will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised Acknowledgement Slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

2. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the Selling Shareholder, the management or any scheme of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus or this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

3. In the event of an upward revision in the Price Band, Retail Individual Bidders or Eligible Employees bidding in the Employee Reservation Portion who had Bid at Cut-off Price could either (i) revise their Bid; or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹200,000 (for Retail Individual Bidders) or ₹500,000 (for Eligible Employees bidding in the Employee Reservation Portion) if such Bidder wants to continue to Bid at Cut-off Price. The revised Bids must be submitted to the same Designated Intermediary to whom the original Bid was submitted. In case the Bid Amount for any Bid under the Retail Portion or Employee Reservation Portion exceeds ₹200,000 and ₹500,000, respectively, due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount, then such Bid may be rejected if it is at the Cut-off Price. If, however, the Retail Individual Bidder or Eligible Employee does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Offered Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder or Eligible Employee and the Retail Individual Bidder or Eligible Employee is deemed to have approved such revised Bid at Cut-off Price.

4. In the event of a downward revision in the Price Band, Retail Individual Bidders or Eligible Employees who have bid at the Cut-off Price may revise their Bid; otherwise, the excess amount paid at the time of Bidding would be unblocked after Allotment is finalised.

5. Any revision of the Bid shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Bid.

In addition to the information provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Interest and Refunds*" on page 476.

Signing of the Underwriting Agreement and the RoC Filing

The Selling Shareholder and our Company intend to enter into an Underwriting Agreement with the Underwriters on or immediately after the finalisation of the Offer Price. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Offer Size and underwriting arrangements and would be complete in all material respects.

General Instructions

In addition to the general instructions provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues*" on page 449, Bidders are requested to note the additional instructions provided below

Do's:

1. All Bidders should submit their Bids through the ASBA process only;

2. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws;

3. Ensure that you have Bid within the Price Band;

4. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

5. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Offered Shares will be in the dematerialised form only;

6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;

7. Ensure that the ASBA Form is signed by the account holder in case the Bidder is not the ASBA Account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form;

8. Ensure that you request for and receive a stamped Acknowledgement Slip of the ASBA Form for all your Bid options from the concerned Designated Intermediary as proof of registration of the ASBA Form;

9. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;

10. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgment Slip;

11. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications wherein PAN is not mentioned will be rejected;

12. Ensure that the Demographic Details are updated, true and correct in all respects;

13. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

14. Ensure that the name(s) given in the ASBA Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the ASBA Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the ASBA Forms;

15. Ensure that you tick the correct investor category and the investor status, as applicable, in the ASBA Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

16. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust, etc., relevant documents are submitted;

17. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;

18. Ensure that the DP ID, the Client ID and the PAN in the ASBA Form entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database;

19. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the ASBA Form and the Red Herring Prospectus;

20. Ensure that while Bidding through a Designated Intermediary that the Bid cum Application Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in);

23. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form; and

24. Ensure that you have correctly signed the authorization/undertaking box in the ASBA Form or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid or revise Bid Amount to a price less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another ASBA Form after you have submitted a Bid to the Designated Intermediary;

4. Do not pay the Bid Amount by cheques and demand drafts or in cash, by money order or by postal order or by stock invest;

5. Do not send ASBA Forms by post. Instead submit the same to a Designated Intermediary;

6. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;

7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

8. Do not submit more than five ASBA Forms per ASBA Account;

9. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders) and ₹500,000 for Bids by Eligible Employees under the Employee Reservation Portion;

10. Do not fill up the Bid cum Application Form such that the Offered Shares Bid for exceeds this Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or maximum amount permissible under the applicable laws or under the terms of the RHP/ Prospectus;

11. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

12. Do not submit the General Index Registration ("**GIR**") number instead of the PAN;

13. Do not submit the Bids without instructions to block funds equivalent to the Bid Amount in the ASBA Account;

14. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to this Offer;

15. Do not submit Bids on plain paper or on incomplete or illegible ASBA Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

18. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per demographic details provided by the Depository);

19. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor; and

20. Do not submit Bids to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit the Bid cum Application Forms.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Grounds for Technical Rejection

In addition to the grounds for rejection of Bids on technical grounds as provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Issue Procedure in Book Built Issue – Rejection & Responsibility for Upload of Bids – Grounds for Technical Rejections*" on page 470 Bidders are requested to note that Bids maybe rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSB to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

3. Bids submitted on a plain paper;

4. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

5. Bids submitted without the signature of the First Bidder or Sole Bidder;

6. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

7. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

8. GIR number furnished instead of PAN;

9. Bids by Retail Individual Bidders or Eligible Employees bidding in the Employee Reservation Portion with Bid Amount for a value of more than ₹200,000 or ₹500,000, respectively;

10. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

11. Bids accompanied by stock invest, money order, postal order or cash;

12. Bids by persons outside India who have not received a preliminary offering memorandum for this Offer, which comprises the Red Herring Prospectus and an "International Wrap" that contains, among other things, the selling

restrictions applicable to this offer outside India; and

13. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges.

Depository Arrangements

The Allotment of the Offered Shares shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, as of the date of this Red Herring Prospectus, the following agreements have been signed among our Company, the respective Depositories and the Registrar to this Offer:

- Agreement dated February 6, 2018 among NSDL, our Company and the Registrar to this Offer; and
- Agreement dated February 5, 2018 among CDSL, our Company and the Registrar to this Offer.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-Section (1) of section 38 of the Companies Act, 2013, which is reproduced below:

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six (6) months extending up to ten (10) years (provided that where the fraud involves public interest, such term shall not be less than three (3) years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Undertakings by our Company

Our Company undertakes that:

- if our Company and/or the Selling Shareholder do not proceed with this Offer after the Bid/Offer Closing Date but prior to allotment, the reason thereof shall be given as a public notice within two (2) days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer Advertisements were published. The Stock Exchanges shall also be informed promptly;

- the Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI ICDR Regulations;

- the complaints received in respect of this Offer shall be attended to by our Company expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges, within six (6) Working Days of Bid/Offer Closing Date or such other time period as may be prescribed, shall be taken;

- if the Allotment is not made within the prescribed time period under applicable law, the application monies will be unblocked in the ASBA Accounts within the time as prescribed under applicable law, failing which interest will be due to be paid to the Bidders as per applicable laws;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within such time as prescribed under the applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit for the refund;

- no further Offer of Equity Shares shall be made until the Offered Shares are listed or until the Bid monies are unblocked in ASBA Account on account of non-listing, under-subscription, etc.;

- our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time; and

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.

Undertakings by the Selling Shareholder

The Selling Shareholder undertakes the following:

- The Equity Shares are free and clear of all liens or encumbrances and shall be transferred to the successful Bidders within the specified time;

- None of the Equity Shares of our Company held by it are pledged with any bank or financial institution as collateral security for loans granted by such banks or financial institutions or with any other creditor;

- There shall be no recourse to the proceeds of this Offer until the final listing and trading approvals have been obtained from all the Stock Exchanges where listing is proposed.

- If the permission to deal in and for quotation of Equity Shares of our Company held by the President of India, acting through MoD as part of this offer for sale portion in this Offer ("**Offer for Sale Shares**"), is not granted by any of the Stock Exchanges, the Selling Shareholder shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within fifteen (15) days after the Selling Shareholder becomes liable to repay it, then Selling Shareholder shall, on and from expiry of fifteen (15) days, be liable to repay the money, with interest in accordance with the applicable law;

- In relation to this Offer for Sale Shares, the funds required for making refunds to unsuccessful applicants or dispatch of allotment advice by registered post or speed post as per the modes described in the Red Herring Prospectus and the Prospectus shall be made available to the Registrar to this Offer;

- Where the refunds are made through electronic transfer of funds, suitable communication shall be sent to the applicant(s) within six (6) working days of Bid/Offer Closing Date, or such other time period as may be prescribed by SEBI, giving details of the bank(s) where refunds shall be credited along with the amount and expected date of electronic refund;

- The certificates of the securities/ refund orders or allotment advice to the Bidders, including those to non-residents Indians shall be dispatched within the specified time;

- It will take all such steps as may be required to ensure that the Equity Shares are available for transfer in this Offer for Sale;

- It will not sell, transfer, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares available in this Offer for Sale;

- It shall not sell or transfer, charge, pledge or otherwise encumber any locked-in Equity Shares proposed to form part of minimum promoter's contribution during the period starting from the date of filing the Draft Red Herring Prospectus with the SEBI till the date of commencement of lock-in period, as stated in the Draft Red Herring Prospectus and thereafter, till such time that the lock-in remains effective, save and except as may be permitted under the SEBI ICDR Regulations, including *inter-se* transfer under Regulation 40 of the SEBI ICDR Regulations; and

- It has authorized the Compliance Officer of our Company and the Registrar to this Offer to redress any complaints received from Bidders in respect of this Offer for Sale.

The decisions with respect to the Price Band, the minimum Bid lot, reservations in this Offer, the rupee amount of the Retail Discount and the Employee Discount, as applicable, revision of the Price Band, the Offer Price, shall be taken by the Selling Shareholder and our Company, in consultation with the BRLMs.

Utilisation of Offer Proceeds

The Selling Shareholder along with our Company declare that all monies received out of this Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-Section (3) of Section 40 of the Companies Act, 2013.

Withdrawal of this Offer

For details, see "*Terms of the Offer – Withdrawal of the Offer*" on page 429.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Offers. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, and on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus ("**RHP**")/ Prospectus filed by the Issuer with the Registrar of Companies ("**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Offer and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section "Glossary and Abbreviations".

SECTION 2: BRIEF INTRODUCTION TO IPOs/ FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (to the extent applicable), the SCRR, industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Offer Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Offer ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-offer advertisement was given at least five Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities.

Bidders/ Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

2.5 OFFER PERIOD

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of the Stock Exchange(s).

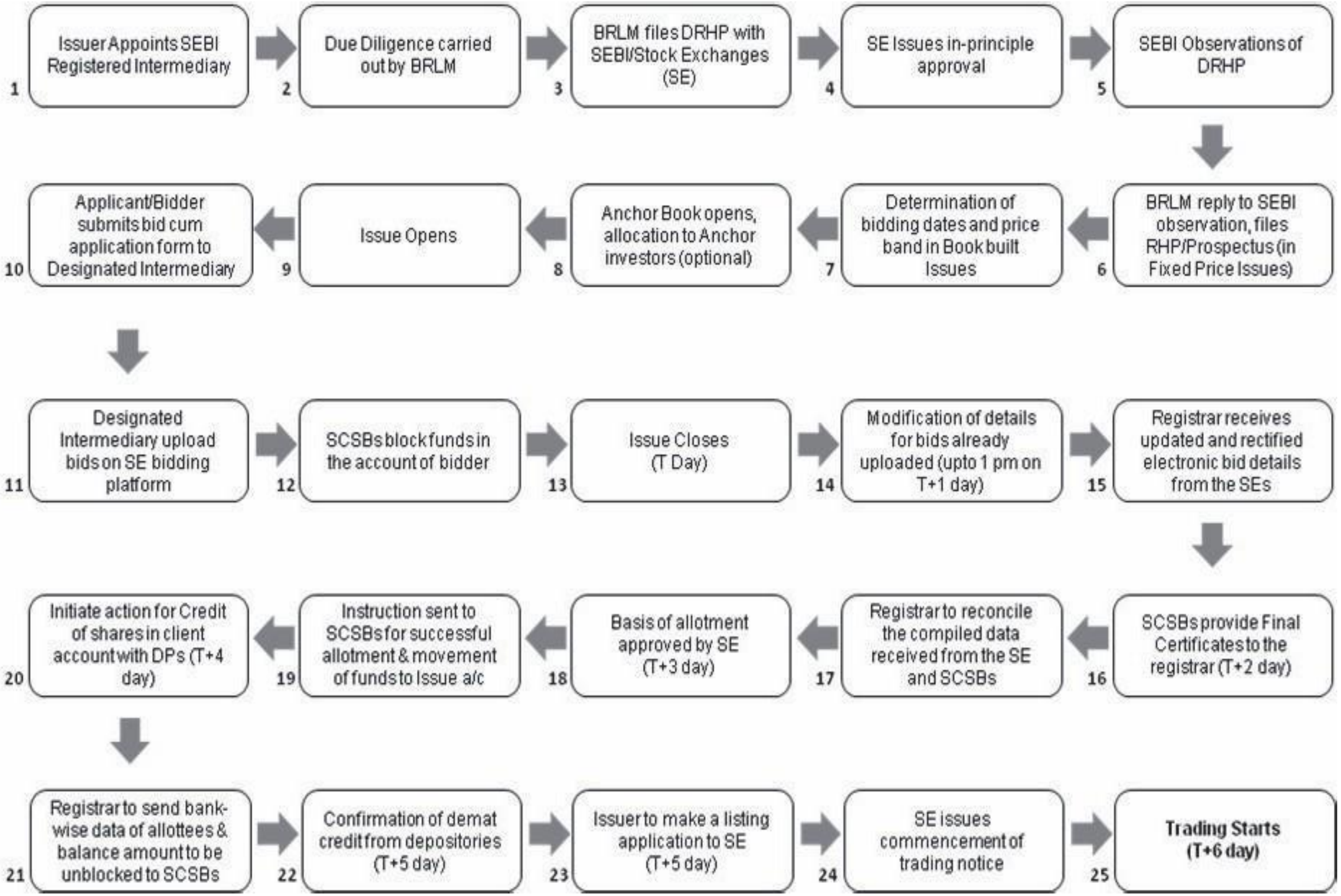
In case of a Book Built Issue, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Offer Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Offer other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

i. Step 7 : Determination of Offer Date and Price
ii. Step 10: Applicant submits Bid cum Application Form with Designated Intermediaries.


1
Issuer Appoints SEBI Registered Intermediary
2
Due Diligence carried out by BRLM
3
BRLM files DRHP with SEBI/Stock Exchanges (SE)
4
SE Issues in-principle approval
5
SEBI Observations of DRHP
6
BRLM reply to SEBI observation, files RHP/Prospectus (in Fixed Price Issues)
7
Determination of bidding dates and price band in Book built Issues
8
Anchor Book opens, allocation to Anchor investors (optional)
9
Issue Opens
10
Applicant/Bidder submits bid cum application form to Designated Intermediary
11
Designated Intermediary upload bids on SE bidding platform
12
SCSBs block funds in the account of bidder
13
Issue Closes (T Day)
14
Modification of details for bids already uploaded (upto 1 pm on T+1 day)
15
Registrar receives updated and rectified electronic bid details from the SEs
16
SCSBs provide Final Certificates to the registrar (T+2 day)
17
Registrar to reconcile the compiled data received from the SE and SCSBs
18
Basis of allotment approved by SE (T+3 day)
19
Instruction sent to SCSBs for successful allotment & movement of funds to Issue a/c
20
Initiate action for Credit of shares in client account with DPs (T+4 day)
21
Registrar to send bank-wise data of allottees & balance amount to be unblocked to SCSBs
22
Confirmation of demat credit from depositories (T+5 day)
23
Issuer to make a listing application to SE (T+5 day)
24
SE issues commencement of trading notice
25
Trading Starts (T+6 day)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to hold and invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIIs category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares; Scientific and/or industrial research organisations in India, authorised to invest in equity shares;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified Bid cum Application Form bearing stamp of a Designated Intermediary as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer.Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus. For Anchor Investors, Bid cum Application Forms shall be available at the offices of the BRLM.

Fixed Price Issue: Applicants should only use the specified Bid cum Application Form bearing the stamp of the Designated Intermediary as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, their sub-accounts (other than sub-accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in accordance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

Application Form–For Residents

TEAR HERE

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : .... Contact Details: .... CIN No..............	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	**ESCROW BANK/SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	Bid Price 3 | 2 | 1	Retail Discount 3 | 2 | 1	Net Price 3 | 2 | 1	"Cut-off" (Please ✓ tick)
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder
☐ Non-Institutional Bidder
☐ QIB

6. INVESTOR STATUS

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians - NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VCF
☐ Alternative Investment Funds - AIF
☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date :	3)	

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No.
Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

Application Form–For Non–Residents

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

Address : .... Contact Details: .... CIN No ....

FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE

BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE

ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO.

SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

NRI Non-Resident Indian(s) (Repatriation basis)

FII FII or Sub-account not a Corporate/Foreign Individual

FIISA FII Sub-account Corporate/Individual

FVCI Foreign Venture Capital Investor

FPI Foreign Portfolio Investors

OTH Others (Please Specify)_______

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words) ____________

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER

Date : ____________

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED

INITIAL PUBLIC ISSUE - NR

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)

Bank & Branch

Stamp & Signature of SCSB Branch

ASBA Bank A/c No.

Received from Mr./Ms. ____________

Telephone / Mobile

Email

TEAR HERE

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No. ____________

Bank & Branch ____________

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications (including letters notifying the unblocking of the bank accounts of Bidders (other than Anchor Investors) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such First Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such First Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) Nomination Facility to Bidder/Applicant: Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT

(a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of the PAN, DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for any correspondence(s) related to an Offer.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 **FIELD NUMBER 4: BID OPTIONS**

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))

(c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the BRLM may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000.

In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

(b) For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.

(d) RII may revise or withdraw their bids until Bid/ Offer Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

(e) In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Offer size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e)).

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

ii. For Bids from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Net Offer portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5 : CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and allotment in the Offer are RIIs, NIIs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked based on the authorization provided in the Bid cum Application Form. If the Discount is applicable in the Offer, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) RIIs who Bid at Cut-off price shall be blocked on the Cap Price.

(c) All Bidders (other than Anchor Investors) can participate in the Offer only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash, cheque, demand draft, through money order or through postal order.

4.1.7.1. **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a Book Running Lead Manager.

(b) Payments should be made either by RTGS, NACH or NEFT.

(c) The Escrow Bank(s) shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2. **Payment instructions for Bidders (other than Anchor Investors)**

(a) Bidders may submit the Bid cum Application Form either

i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

ii. in physical mode to any Designated Intermediary.

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by a Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Bidders should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

(g) **Bidders bidding through Designated Intermediaries** other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.

(h) **Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.1.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, (iv) the amount to be unblocked, if any in case of partial allotments and (v) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

4.1.7.2 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may block for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.

(c) The signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

(a) Bidders should ensure that they receive the Acknowledgment slip or the acknowledgement number duly signed and stamped by a Designated Intermediary, as applicable, for submission of the Bid cum Application Form.

(b) All communications in connection with Bids/Applications made in the Offer should be addressed as under:

i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, unblocking of funds, the Bidders/Applicants should contact the Registrar to the Issue.

ii. In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.

iii. In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.

iv. In case of queries relating to uploading of Bids by a Designated Intermediary, the Bidders/Applicants should contact the relevant Designated Intermediary.

v. Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Issue.

(c) The following details (as applicable) should be quoted while making any queries –

i. full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.

ii. name and address of the Designated Intermediary, where the Bid was submitted or

iii. Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISIONFORM

(a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise their Bids or withdraw their bids until Bid/Offer Closing date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/ Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

COMMON BID REVISION FORM | **XYZ LIMITED - INITIAL PUBLIC ISSUE - R** Address : .... Contact Details: .... CIN No .... | **FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS**

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. /Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) 8 7 6 5 4 3 2 1	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price 3 2 1	Retail Discount 3 2 1	Net Price 3 2 1	"Cut-off" (Please ✓ tick)
Option 1					
(OR) Option 2	OLD BID				
(OR) Option 3					

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) 8 7 6 5 4 3 2 1	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price 3 2 1	Retail Discount 3 2 1	Net Price 3 2 1	"Cut-off" (Please ✓ tick)
Option 1					
(OR) Option 2	REVISED BID				
(OR) Option 3					

6. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT PART PAYMENT

Additional Amount Paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER

Date :

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED
BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹) | Bank & Branch | Stamp & Signature of SCSB Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.
Bank & Branch

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹200,000. In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding will be unblocked.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) All Bidders/Applicants are required to authorize blocking of the full Bid Amount (less Discount (if applicable) at the time of submitting the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicant, Bidder/Applicant may Offer instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that no additional amount is required for blocking Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.

4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

(a) The Issuer may mention Price or Price Band in the draft Prospectus. However, a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Lead Manager to the Offer (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIIs**,** Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Offer size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

ii. For applications from Mutual Funds submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Offer portion in public category.

ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

iii. Applications by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 **FIELD NUMBER 5 : CATEGORY OF APPLICANTS**

(a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

(a) All Applicants (other than Anchor Investors) are required to make use ASBA for applying in the Offer

(b) Application Amount cannot be paid in cash, cheques or demand drafts through money order or through postal order or through stock invest.

4.3.5.1 **Payment instructions for Applicants**

(a) Applicants may submit the Application Form in physical mode to the Designated Intermediaries.

(b) Applicants must specify only such Bank Account number maintained with the SCSB in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

(c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;

(d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.

(h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

(i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.

(j) Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

(k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.

(l) SCSBs applying in the Offer must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.3.5.2 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Application to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Offer may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within six Working Days of the Offer Closing Date.

4.3.5.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Offer may make payment for an amount i.e. the Application Amount less Discount (if applicable).

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM

4.4.1 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	To the Book Running Lead Managers at the Specified Locations mentioned in the Bid cum Application Form
All Applications (other than Anchor Investors)	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the CRTAs at the Designated RTA Locations or the CDPs at the Designated CDP Locations (b) To the Designated Branches of the SCSBs where the ASBA Account is maintained

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

SECTION 5: OFFER PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Offer Period, ASBA Bidders/Applicants may approach any of the Designated Intermediary to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager to register their Bid.

(b) In case of Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

(c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis.

The book gets built up at various price levels. This information may be available with the BRLM at the end of the Bid/Offer Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until Bid/Offer Closing Date. In case a RII wishes to withdraw the Bid, the same can be done by submitting a request for the same to the concerned Designated Intermediary, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalization of basis of Allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediariesare individually responsible for the acts, mistakes or errors or omission in relation to

i. The Bids accepted by the Designated Intermediary;

ii. The Bids uploaded by the Designated Intermediary; and

iii. The Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

Any RII whose Bid has not been considered for Allotment, due to failures on the part of the SCSB may seek redressal from the concerned SCSB within three (3) months of the listing date in accordance with the circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018.

(b) The BRLM and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLM and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 **GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications of Bidders (other than Anchor Investors) accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;

(c) Bids/Applications by OCBs;

(d) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;

(f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(h) Bids/Applications by persons in the United States;

(i) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;

(j) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(k) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(l) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(m) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(n) Bids/Applications at Cut-off Price by NIIs and QIBs;

(o) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(p) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(q) Submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;

(r) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(s) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(t) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Offer Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(u) Bank account mentioned in the Bid cum Application Form may not be an account maintained by SCSB. Inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;

(v) In case of Anchor Investors, Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Bank;

(w) Where no confirmation is received from SCSB for blocking of funds;

(x) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

(y) Bid cum Application Form submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Bank (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Offer;

(z) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(aa) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

(b) Under-subscription in any category (except QIB category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should *note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹20 to ₹24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of equity shares is the price at which the book cuts off, i.e., ₹22.00 in the above example. The issuer, in consultation with the book running lead managers, may finalise the Offer Price at or below such cut-off price, i.e., at or below ₹22.00. All bids at or above this Offer Price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding (**"Alternate Book Building Process"**).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: OFFER PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Offer Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

ASBA Applicants may submit an Application Form either in physical form to the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (**"ASBA Account"**). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot **("Maximum RII Allottees")**. The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the RIIs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii)

Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the issuer subject to compliance with the following requirements:

i. not more than 60% of the QIB Category will be allocated to Anchor Investors;

ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to ₹10 crores;
- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹10 crores and up to ₹250 crores subject to minimum allotment of ₹5 crores per such Anchor Investor; and
- a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹250 crores and an additional 10 Anchor Investors for every additional ₹250 crores or part thereof, subject to minimum allotment of ₹5 crores per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the** Offer **Price is higher than the Anchor Investor** Offer **Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(d) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid Lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Bank shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Accounts, as per the terms of the Cash Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Cash Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/Offer Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within five Working Days from the Bid/Offer Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within six Working Days of the Bid/Offer Closing

Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON-RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than ₹5 lakhs but which may extend to ₹50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹50,000 but which may extend to ₹3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith may take steps to refund, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not refunded to Bidders within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON-RECEIPT OF MINIMUM SUBSCIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, as applicable, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/ OfferClosing Date and repay, without interest, all moneys received from Anchor Investors. This is further subject to the compliance with Rule 19(2)(b) of the SCRR. In case the Offeris in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay or unblock the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of prescribed time period under applicable laws, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations but fails to Allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

1. **In case of ASBA Bids:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.

2. **In case of Anchor Investors:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

3. In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Bid cum Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

i. **NACH** — National Automated Clearing House is a consolidated system of ECS. Payment of refunds would be done through NACH for Anchor Investors having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refunds through NACH is mandatory for Anchor Investors having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS;

ii. **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through anyone of the other modes as discussed in this section;

iii. **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account; and

iv. **RTGS**—Anchor Investors having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds ₹0.2 million, shall be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine-digit MICR code of the Anchor Investor's bank which can be mapped with the RBI data to obtain the corresponding IFSC. Charges, if any, levied by the Escrow Bank for the same would be borne by our Company. Charges, if any, levied by the Anchor Investor's bank receiving the credit would be borne by the Anchor Investor.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc. Bidders/Applicants may refer to RHP/Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working Days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Offer Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time. In case of inconsistency in the description of a term mentioned herein below and the description ascribed to such term in the Red Herring Prospectus, the description as ascribed to such term in the Red Herring Prospectus shall prevail.

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLM, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount /ASBA	An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder/Applicant
Banker(s) to the Offer/ Escrow Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offerwith whom the Escrow Accounts for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/ Offer Date by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid/Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Closing Date

Term	Description
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/ Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ OfferPeriod for QIBs one working day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. Applicants/Bidders may refer to the RHP/Prospectus for the
Bid cum Application Form	An application form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges
BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of the Circular on Streamlining of Public Issues
Collecting Registrar and Share Transfer Agents or Collecting RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of the Circular on Streamlining of Public Issues
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries

Term	Description
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the Bid cum Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Escrow Bank from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries /Collecting Agent	Syndicate Members, sub-syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and CRTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the CRTAs where Bidders can submit the Bid cum Application Forms to CRTAs. The details of such Designated RTA Locations, along with names and contact details of the CRTAs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Anchor Collection Bank and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Share Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book Running Lead Manager(s), the Escrow Bank and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Bank	Refer to definition of Banker(s) to the Offer
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable

Term	Description
Maximum RII Allottees	The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NACH	National Automated Clearing House
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Company and the Selling Shareholders in consultation with the Book Running Lead Manager(s), finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information
Public Offer Account	An account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis

Term	Description
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/ Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations
Retail Individual Investors/RIIs	Investors who applies or bids for a value of not more than ₹ 200,000 (including HUFs applying through their karta and eligible NRIs and does not include NRIs other than Eligible NRIs.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum Bid Lot, subject to availability in RII category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with the SEBI which offers the facility of ASBA and the list of which is available on the website of the http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Stock Exchanges	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of Bid cum Application Forms by Syndicate Members
Syndicate Member(s)	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date

Term	Description
Working Day	Any day, other than Saturdays or Sundays, on which commercial banks in India are open for business, provided however, for the purpose of the time period between the Bid/Offer Opening Date and listing of the Equity Shares on the Stock Exchanges, “Working Days” shall mean all trading days excluding Sundays and bank holidays in India in accordance with the SEBI circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI and by the provisions of the FEMA Regulations along with the circulars and notifications issued thereunder. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the approval route, depending upon the sector of the Indian economy in which the foreign investment is sought to be made. Moreover, the foreign investor is required to follow certain prescribed procedures for making such investment.

The Consolidated FDI Policy consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect prior to August 28, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Consolidated FDI Policy will be valid until the DIPP issues an updated circular. Subject to the provisions of the Consolidated FDI Policy, FDI is allowed under the automatic route for companies engaged in the manufacturing sector.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the Takeovers Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI.

As per existing regulations, OCBs cannot participate in the Offer.

The offer and sale of the Offered Shares has not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold onlyoutside the United States only in offshore transactions in reliance on Regulation S promulgated under the Securities Act ("Regulation S") and pursuant to the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the Book Running Lead Managers are not liable for any amendments, modification, or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:

Pursuant to the Companies Act and the SEBI ICDR Regulations the main provisions of our Articles of Association relating to, among others, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalised/ defined terms herein have the same meaning given to them in our Articles. Subject to our Articles, any words or expression defined in the Companies Act, 2013 shall, except so where the subject or context forbids; bear the same meaning in these Articles.

Article Number	Article	Particulars
3	Government Company	Our Company is a Government Company as defined under section 2(45) of the Act and being a Government Company, such provisions of the Companies Act, 2013, as shall be notified by the Government shall not apply or shall apply with such exceptions, modifications and adaptations as directed/ notified by Central Government from time to time by virtue of powers conferred under section 462 of the Companies Act.
Share Capital and Alteration of Share Capital		
8	Shares at the disposal of the Directors'	Subject to the provisions of Applicable Law, these Articles and the rights of the President, the Shares and Securities of our Company for the time being shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Board thinks fit, and may issue and allot Shares in the Capital of our Company on payment in full or part of any property sold and transferred or for any services rendered to our Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid-up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to issue Shares shall not be given to any person or persons without the sanction of our Company in the General Meeting.
9	Increase of Capital by our Company and how carried in to effect	Subject to the approval of the President, our Company may in General Meeting from time to time increase its authorized capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. Such increase shall be of such aggregate amount and to be divided into such Shares of such respective amounts, as the resolution for the same shall prescribe. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of our Company and with a right of voting at General Meeting of our Company in conformity with section 47 of the Act. Whenever the capital of our Company has been increased under the provisions of this Article, the Board shall comply with the provisions of section 64 of the Act.
11	Redeemable Preference shares	Subject to the provisions of section 55 of the Act and Applicable Law, our Company may issue preference shares from time to time, on the terms that they are redeemable within 20 (Twenty) years from the date of issue and such other terms as may be decided at the time of issue. Further, such preference shares shall always rank in priority with respect to payment of dividend or repayment of capital vis-à-vis equity shares; the Board may decide on the participation of preference shareholders in the surplus dividend, type of preference shares issued whether cumulative or otherwise, and conversion terms into equity, if any.
12	Provisions applicable to any other Securities	Subject to approval of the President, the Board shall be entitled to issue, from time to time, subject to Applicable Law, any other Securities, including Securities convertible into Shares, exchangeable into Shares, or carrying a warrant, with or

Article Number	Article	Particulars
		without any attached Securities, carrying such terms as to coupon, returns, repayment, servicing, as may be decided by the terms of such issue. Such Securities may be issued at premium or discount, and redeemed at premium or discount, as may be determined by the terms of the issuance: Provided that our Company shall not issue any Shares or Securities convertible into Shares at a discount.
13	Reduction of Capital	Our Company may subject to the provisions of sections 52, 55 and 66 of the Act or any other applicable provisions of law for the time being in force from time to time by way of special resolution reduce its share capital, any capital redemption reserve account or share premium account in any manner for the time being authorised by Applicable Law.
14	Sub-division, consolidation and cancellation of shares	Subject to the provisions of section 61 of the Act, our Company in General Meeting may from time to time (a) sub-divide and consolidate its Shares into shares of a larger amount than the existing Shares, or any class of them, and (b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum and the resolution whereby any share is sub-divided, or classified, may determine that, as between the holders of the Shares resulting from such sub-division or classification, one or more of such Shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or as compared with the other or subject nevertheless, to the provisions of the Act. Subject as aforesaid, the Company in General Meeting may also cancel Shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share Capital by the amount of the Shares so cancelled.
15	Variation / Modification of Shareholders rights	Whenever the Capital (by reason of the issue of Preference Shares or otherwise) is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of section 48 of the Act, be varied with the consent in writing by holders of at least three-fourths of the issued shares of that class or is confirmed by a special resolution passed at a separate Meeting of the holders of Shares of that class and all the provisions hereinafter contained as to General Meetings shall mutatis mutandis apply to every such class Meeting, except that the quorum thereof shall be in accordance with section 103 of the Act.
16		Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation.
17		This Article is not to derogate any power of our Company which it would have if it were omitted.
18	New Issue of Shares not to affect rights attached to existing shares of that class unless otherwise provided.	The rights conferred upon the holders of the Shares including Preference Shares, if any, of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith.
19	Further issue of capital	Subject to the provisions of section 62 of the Act and Applicable Law, where at any time it is proposed to increase the subscribed Capital of our Company by allotment of further shares, then such further shares shall be offered to the persons who on the date of the offer, are holders of the equity shares of our Company, in proportion as nearly as circumstances admit, to the capital paid-up on those shares at the date.
20		Notwithstanding anything contained in the Article 19, the further shares aforesaid may be offered in any manner whatsoever, to: (a) employees under a scheme of employees‟ stock option scheme; (b) to any persons on private placement or on preferential basis, either for cash or for a consideration other than cash, if so decided by a special resolution, as per Applicable Law.

Article Number	Article	Particulars
21		Nothing in Articles 19 & 20 shall apply to the increase of the subscribed Capital of our Company caused by the exercise of an option attached to the Debenture issued by our Company to convert such Debentures or loans into shares in our Company. Provided that the terms of issue of such Debentures or the terms of such loans containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by our Company in General Meeting.
22		Subject to the provisions of section 62 of the Act and other Applicable Law, where any Debentures have been issued or loan has been obtained from any Government and if that Government, considers, if necessary in the public interest so to do, it may, by order direct that such Debenture or loan or any part thereof shall be converted into Shares in our Company.
23	Power to issue shares/ GDR etc. outside India	Pursuant to the provisions of section 62 and other applicable provisions, if any, of the Act, and subject to such approvals, permissions and sanctions as may be necessary from the Government of India, Reserve Bank of India and/or any other authorities or institutions as may be relevant (hereinafter collectively referred to as "the Appropriate Authorities") and subject to such terms and conditions or such modifications thereto as may be prescribed by them in granting such approvals, permissions and sanctions, our Company will be entitled to issue and allot in the international capital markets, Equity Shares and/or any instruments or securities (including Global Depository Receipts) representing Equity Shares, any such instruments or securities being either with or without detachable Warrants attached thereto entitling the Warrant holder to Equity Shares/instruments or securities (including Global Depository Receipts) representing Equity Shares, (hereinafter collectively referred to as the "Securities" for the purpose of this Article) to be subscribed to in foreign currency/ currencies by foreign investors(whether individuals and/or bodies corporate and/or institutions and whether shareholders of our Company or not) for an amount, inclusive of such premium as may be determined by the Board. Such issue and allotment to be made on such occasion or occasions, at such value or values, or at a premium and in such form and in manner and on such terms and conditions or such modifications thereto as the Board may determine in consultation with Lead Manager and/or Underwriters and/or Legal or other Advisors, or as may be prescribed by the appropriate authorities while granting their approvals, permissions and sanctions as aforesaid which the Board be and is hereby authorized to accept at its sole discretion.
31	Registers of Members and Index	Our Company shall maintain a Register of Members and index in accordance with section 88 of the Act. The details of Shares held in physical or dematerialized forms may be maintained in a media as may be permitted by law including in any form of electronic media.
32		Any person other than the Member or debenture holder or Beneficial Owner of our Company shall be allowed to make inspection of the Register of Members and annual return on payment of ₹50/- or such higher amount as permitted by Applicable Law and as the Board may determine for each inspection.
34		Any Member or debenture holder or any Beneficial Owner of our Company or any other person may be allowed to make copies of the Register of Members or any other register maintained by our Company and annual return on payment of ₹10/- for each page or such higher amount as permitted under Applicable Law from time to time, as the Board may determine.
44	Buy Back of Shares by our Company	Our Company shall have power, subject to and in accordance with the provisions of sections 68 to 70 of the Act and the Rules made thereunder and other Applicable Law for the time being in force, to purchase any of its own Shares or other specified Securities. The powers conferred herein may be exercised by the Board, at any time and from time to time, where and to the extent permitted by Applicable Law, and shall be subject to such rules or approvals as required.
Underwriting and Brokerage		
45	Commission may be paid	Subject to the provisions of section 40(6) of the Act and the rules made thereunder, and subject to the applicable SEBI guidelines and subject to the terms of issue of the Shares or debentures or any other Securities, as defined in the Securities Contract

Article Number	Article	Particulars
		(Regulations) Act, 1956, our Company may at any time pay a commission out of proceeds of the issue or profit of our Company or both to any person in consideration of his subscribing or agreeing to subscribe (whether absolute or conditional) for any Shares or other Securities of our Company, or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for Shares or other Securities of our Company but so that the commission shall not exceed such rates as may be fixed by the Board within the overall limit prescribed under the Act or Securities and Exchange Board of India Act, 1992. Such commission may be satisfied by payment in cash or by allotment of fully or partly paid Shares or other Securities or partly in one way and partly in the other.
46	Brokerage	Our Company may, subject to Applicable Law, pay a reasonable and lawful sum for brokerage as sanctioned by the Board of Directors.
		Call on Shares
47	Directors may make Calls	The Board of Directors may, from time to time and subject to the terms on which any Shares have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board or otherwise as permitted by Applicable Law, make such call as it thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively, and each Member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments.
48		The option or right to make calls on Shares shall not be given to any person except with the sanction of the issuer in General Meeting.
49		Provided that no call shall exceed one-fourth of the nominal value of the Share or be payable at less than one (1) month from the date fixed for the payment of the last preceding call.
50	Notice of Calls	Each Member shall, subject to receiving at least fourteen (14) days" notice specifying the time and place of payment, pay to our Company the amount called on the Share. A call may be revoked or postponed at the discretion of the Board.
52	Calls to carry interest	If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board of Directors may determine. Nothing in this Article shall render it obligatory for the Board of Directors to demand or recover any interest from any such Member. The Board shall be at liberty to waive payment of any such interest wholly or in part.
54	Proof on trial of suit for money due on shares	At the trial or hearing of any action or suit brought by our Company against any Member or his representatives for the recovery of any money claimed to be due to our Company in respect of his Shares, it shall be sufficient to prove that the name of the Member, in respect of whose Shares the money is sought to be recovered appears entered in the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered, is alleged to have become due on the Shares in respect of such money is sought to be recovered, that the resolution making the call is duly recorded in the Minute Book, and that notice of such call was duly given to the Member or his representatives sued in pursuance of these Articles and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt
		Lien
59	Company to have lien on shares	Our Company shall have a first and paramount lien upon all the Shares (other than fully paid-up Shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares and no equitable interest in any Share shall be created except upon the footing and condition that that this Article will have full effect and any such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares.

Article Number	Article	Particulars
		Unless otherwise agreed, the registration of a transfer of Shares shall operate as a waiver of our Company's lien, if any, on such Shares
60		The Board may at any time declare any Shares wholly or in part to be exempt from the provision of the aforesaid clause. Provided that, fully paid Shares shall be free from all lien and that in case of partly paid Shares, our Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such Shares.
Forfeiture of Shares		
65	If call or installment not paid notice may be given	If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter during such time as the call or installment remains unpaid, serve notice on such Member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by our Company by reason of such non-payment.
69	Forfeited Shares to become property of our Company	Any Share so forfeited shall be deemed to be the property of our Company, and the Board may sell, re-allot or otherwise dispose of the same on such terms and in such manner as it may think fit.
70	Power to cancel forfeiture	The Board may, at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions as it thinks fit.
71	Liability on forfeiture	A person whose Share has been forfeited shall cease to be a Member in respect of the forfeited Share, but shall notwithstanding the forfeiture, remain liable to pay, and shall forthwith pay to our Company on demand, all calls, or installment, interest and expenses, owing in respect of such Share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment thereof, to any party thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so. The liability of such person shall cease if and when our Company shall have received payment in full of all such monies in respect of the shares
72	Effect of Forfeiture	The forfeiture of a Share involve extinction, at the time of the forfeiture, of all interest and all claims and demands against our Company in respect of the Share and all other rights, incidental to the Share except only such of those rights as by these Articles are expressly saved.
75	Transfer of forfeited Shares	Our Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of and the transferee shall thereupon be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.
Employee Stock Options		
77	Employee stock options	Subject to the provisions of section 62 of the Act and Applicable Law, our Company may issue options to its Directors, not being an Independent Director / Government Nominee Director, officers, or employees of our Company, its subsidiaries or its parent, which would give such Directors, officers or employees, the benefit or right to purchase or subscribe at a future date, the Securities offered by our Company at a predetermined price, in terms of schemes of employee stock options or employees share purchase or both.
78	Power to issue sweat equity shares	Subject to and in compliance with section 54 of the Act and other Applicable Law, our Company may issue equity Shares to its employees or Directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called

Article Number	Article	Particulars
Transfer and transmission of Shares		
84	Instrument of Transfer	The instrument of transfer shall be in common form and in writing and all provision of section 56 of the Act and any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof
85	To be executed by transferee and transferor	Save as provided in section 56 of the Act and other Applicable Law, no transfer of Securities shall be registered unless a proper instrument of transfer duly stamped, dated and executed by or on behalf of both the transferor and the transferee has been delivered to our Company at its Registered Office or its registrars within the period prescribed under the Act together with the certificate or, if no such certificate is in existence, the Letter of Allotment of the Shares. The instrument of transfer of any Share shall specify the name, address and occupation (if any) of the transferee, and the transferor shall be deemed to remain the holder of such Share until the name of the transferee is entered in the Register of Member in respect thereof
88	Director may refuse to register transfers	Subject to the provisions of section 56 of the Act, these Articles and other applicable provisions of the Act or any other Applicable Law for the time being in force, the Board may, in the interest of our Company or in pursuance of any power of our Company under Applicable Law, refuse to register the transfer of, or the transmission by operation of law of the right to, any Securities or interest of a Member in our Company. Our Company shall within one (1) month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to our Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to our Company on any account whatsoever except where our Company has a lien on Shares
91	Directors to recognise beneficial owners of securities	Notwithstanding anything contained in the Act or in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Securities on behalf of a Beneficial Owner
92		Save as otherwise provided hereinabove, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it, and the Beneficial Owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its Securities held by a Depository.
93		Except as ordered by a Court of competent jurisdiction or as required by law, our Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the Securities in the records of the Depository as the absolute owner thereof and accordingly our Company shall not be bound to recognise any benami, trust or equitable, contingent, future or partial interest in any Security or (except otherwise expressly provided by the Articles) any right in respect of a Security other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have express or implied notice thereof
94	Nomination	Every holder of Shares in, or debentures of our Company may at any time nominate, in the manner prescribed under the Act, a person to whom his Shares in or Debentures of our Company shall vest in the event of death of such holder
95		Where the Shares in, or Debentures of our Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares or Debentures of our Company, as the case may be, held by them shall vest in the event of death of all joint holders
96		Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such Shares in or Debentures of our Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in, or Debentures of our Company, the nominee shall, on the death of the shareholders or holder of debentures of our Company or, as the case may be, on the death of all the joint holders become entitled to all the rights in the Shares or Debentures of our Company to the exclusion of all other persons, unless the nomination is varied or

Article Number	Article	Particulars
		cancelled in the prescribed manner under the provisions of the Act.
98	Transmission in the name of nominee	Any person becoming entitled to Shares or Debentures in consequence of the death, lunacy, bankruptcy or insolvency of any Member or by any lawful means other than by a transfer in accordance with These Presents, may with the consent of the Board and subject as hereinafter provided, elect, either: (a) to be registered himself as holder of the Shares or Debentures, as the case may be; or (b) to make such transfer of the Shares or Debentures, as the case may be, as the deceased shareholder or debenture holder, could have made. Provided nevertheless that it shall be lawful for the Directors in their absolute discretion to dispense with the production of any evidence including any legal representation upon such terms as to indemnity or otherwise as the Directors may deem fit.
107	Person entitled may receive dividend without being registered as a member	A person entitled to a Share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive and may give discharge for any dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of our Company
108	Transfer to be presented with the evidence of title	Every instrument of transfer shall be presented to our Company duly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe, and every registered instrument of transfer shall remain in the custody of our Company until destroyed by order of the Board of Directors
111	Register of Transfers	Our Company shall keep a Register of Transfer and enter therein fairly and directly, particulars of every transfer or transmission of any Share or Debenture. The register shall not be available for inspection or making of extracts by the Members of our Company or any other persons. Entries in the register should be authenticated by the Company Secretary or by any other person authorized by the Board for the purpose, by appending his signature to each entry.
Dematerialisation		
116	Dematerialisation of shares	The Board shall be entitled to dematerialize or rematerialize its Securities held by our Company with the Depository and to offer Securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, as amended
117	Options to Investors	Every holder of or subscriber to Securities of our Company shall have the option to receive certificates for such Securities or to hold the Securities with a Depository. Such a person who is the Beneficial Owner of the Securities can at any time opt out of a depository, if permitted by law, in respect of any Security in the manner provided by the Depositories Act, 1996 and our Company shall, in the manner and within the time prescribed by law, issue to the Beneficial Owner the required certificates for the Securities.
Rights of Depositories and Beneficial Owners		
120		Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of Securities of our Company on behalf of the Beneficial Owner
121		Save as otherwise provided in Article 120 above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
122		Every person holding Securities of our Company and whose name is entered as the Beneficial Owner of Securities in the record of the Depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the Securities which are held by a Depository and shall be deemed to be a Member / Debenture

Article Number	Article	Particulars
		holder, as the case may be, of our Company.
124	Transfer of securities	Nothing contained in section 56 of the Act or these Articles shall apply to a transfer or transmission of Securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
125	Allotment of securities dealt with in a depository	Notwithstanding anything to the contrary contained in the Act or these Articles, where Securities are dealt with by a Depository, our Company shall intimate the details thereof to the Depository immediately on allotment of such Securities
Borrowing Powers		
129	Power to borrow	Subject to the provisions of the Act and these Articles or Applicable Law, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board or where a power to delegate the same is available, by a decision/resolution of such delegate, generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any Person, Firm, Company, Co-operative Society, any Body Corporate, Bank, Institution whether incorporated in India or abroad, Government or any Authority or any other Body for the purposes of our Company and may secure the payment of any sums of money so received, raised or borrowed, provided that the Board shall not, without the requisite sanction of our Company in General Meeting borrow any sum of money which together with money already borrowed by our Company (apart from temporary loans obtained from our Company's Bankers in the ordinary course of business) exceed the aggregate for the time being of the paid- up capital of our Company and its free reserves.
130	Terms of issue of securities	Any Debentures, Debenture stock, bonds or other securities may be issued on such terms and conditions as the Board may think fit. Provided that Debenture with a right to allotment or conversion into Shares shall be issued in conformity with the provisions of section 62 of the Act and Applicable Law. Debentures, debenture stock, bonds and other Securities may be made assignable free from any equities from our Company and the person to whom it may be issued. Debentures, debenture-stock, bonds or other Securities with a right of conversion into or allotment of Shares shall be issued only with sanction of our Company in General Meeting. Provided that our Company may issue non-transferable Debentures and accept an assignment of such instruments
General Meetings		
134	General Meetings	Our Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year
135		All General Meetings other than Annual General Meeting shall be called Extraordinary General Meeting
136		In the case of an Annual General Meeting, all businesses to be transacted at the meeting shall be deemed special, with the exception of business relating to: • the consideration of financial statements and the reports of the Board of Directors and auditors; • the declaration of any dividend; • the appointment of Directors in place of those retiring; and • the appointment of, and the fixing of the remuneration of, the Auditors.
137		In case of any other meeting, all business shall be deemed special
138		The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made.
139		Any Meeting called as above by the requisitionists shall be called in the same

Article Number	Article	Particulars
		manner, as nearly as possible, as that in which Meetings are to be called by the Board
140		Where permitted or required by Applicable Law, the Board may, instead of calling a meeting of Members/ class of Members/ Debenture holders, seek their assent by Postal Ballot, including e-voting. Such Postal Ballot will comply with the provisions of Applicable Law in this behalf
141		The intent of these Articles is that in respect of seeking the sense of Members or other Security Holders, our Company shall, subject to Applicable Law, be entitled to seek assent using such contemporaneous methods of communication as is permitted by Applicable Law. A written resolution, including assent obtained through Electronic Mode shall be deemed to be sanction provided by the Member / other Security Holder by way of personal presence in a Meeting
143	Notice of General Meeting	At least twenty-one (21) clear days' notice of every General Meeting, specifying the day, date, place and hour of the general meeting, containing a statement of the business to be transacted thereat, shall be given, either in writing or through Electronic Mode, to every Member or legal representative of any deceased Member or the assignee of an insolvent Member, every Auditor(s) and Director of our Company
144		A General Meeting may be called at a shorter notice if consented to either by way of writing or any Electronic Mode by not less than 95% of the Members entitled to vote at such Meeting
146	Quorum of General Meeting	No business shall be transacted at any General Meeting unless a quorum of Members is present at the time when the Meeting proceeds to business
147		Save as otherwise provided herein, the quorum for the General Meetings shall be as provided in section 103 of the Act
148		If, at the expiration of half an hour from the time appointed for holding a Meeting of our Company, a quorum shall not be present, the Meeting, if convened by or upon the requisition of Members shall stand dissolved, but in any other case the Meeting shall stand adjourned to the same day in the next week or, if that day is a public holiday, until the next succeeding day which is not a public holiday, at the same time and place, or to such other day and at such other time and place as the Board may determine and if at such adjourned Meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be quorum and may transact the business for which the Meeting was called
149	Chairman at General Meetings	The Chairman of the Board shall preside as Chairman at every General Meeting of our Company
150		If there is no such Chairman, or if he is not present within fifteen minutes after the time appointed for holding the Meeting, or is unwilling to act as Chairman of the Meeting, the Directors present shall elect one among themselves to be Chairman of the Meeting
151		If at any Meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the Meeting, the Members present shall choose one of themselves to be Chairman of the Meeting.
158	Voting Rights	No Member shall be entitled to vote either personally or by proxy, at any General Meeting or Meeting of a class of shareholders in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or, in regard to which our Company has exercised any right of lien
159		Subject to any rights or restrictions for the time being attached to any class or classes of Shares— • on a show of hands, every Member present in person shall have one vote; • on a poll, the voting rights of Members shall be in proportion to his share in the paid-up equity Share Capital of our Company; and • through Electronic Mode, the voting rights of Members shall be in proportion to his share in the paid-up equity Share Capital of our Company.

Article Number	Article	Particulars
167	E-voting in case of General Meeting	Where our Company conducts General Meetings by way of e-voting, our Company shall follow the procedure laid down under the Act and Applicable Law
168	Proxy	Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote by a representative duly authorised in accordance with section 113 of the Act, and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents as the body could exercise if it were an individual member
169		The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the Registered Office of our Company not less than 48 hours before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid
174	Right of President to appoint any person as his representative	The President, so long as he is a Shareholder of our Company, may from time to time, appoint / authorize one or more persons (who need not be a member or members of our Company) to represent him at all or any General Meeting of our Company
175		Any one of the persons appointed under Article 174 who is personally present at the meeting shall be deemed to be a Member for the purposes of a quorum and to be entitled to vote and be present in person and shall be entitled to represent the President at all or any such meetings and to vote on his behalf whether on a show of hands or on a poll
176		The President may, from time to time, cancel or revoke any appointment / authorization made under Article 174 and make fresh appointments
179	Passing of Resolution by Postal Ballot	Where permitted or required by Applicable Law, the Board may/shall, instead of calling a meeting of Members/ class of Members/ debenture holders, seek their assent/ dissent by postal ballot and/or e-voting. Such postal ballot and/or e-voting will comply with the provisions of Applicable Law in this behalf
180		Voting by means of postal ballot shall include voting by electronic means
181		In case of resolutions to be passed by postal ballot, no Meeting needs to be held at a specified time and space requiring physical presence of Members to form a quorum
183	Passing of Resolution by E-voting	Where our Company conducts General Meetings by way of e-voting, our Company shall follow the procedure laid down under the Act and Applicable Law
184		Where a Member has been allowed the option of voting through Electronic Mode as per Applicable Law and who has exercised such option, such Member or Members generally shall be allowed to speak at the Meeting, but shall not be allowed to vote at the Meeting
185	Maintenance of Records and inspection of Minutes by members	Where permitted / required by Applicable Law, all records to be maintained by our Company may be kept in electronic form subject to the provisions of the Act and the conditions as laid down in Applicable Law. Such records shall be kept open to inspection in the manner as permitted by the Act and Applicable Law. The term "records" would mean any register, index, agreement, memorandum, minutes or any other document required by the Act and Applicable Law made thereunder to be kept by our Company
186		Our Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such Meeting concerned or passing of resolution(s) by postal ballot, entries thereof in books kept for that purpose with their pages consecutively numbered
189		Any Member of our Company shall be entitled to a copy of a General Meeting on receipt of a specific request and at a fee of ₹10/- (Rupees Ten Only) for each page, or such higher amount as the Board may determine, subject to any Applicable Laws. No fee shall be chargeable for soft copy of minutes requested for by any Member for

Article Number	Article	Particulars
		any Meeting held in the preceding 3 (three) financial years
	Board of Directors	
190	Board of Directors	The business of our Company shall be managed by the Board of Directors subject to the compliance of conditions stipulated by Applicable Law, Department of Public Enterprises, Government of India and the Administrative Ministry from time to time
191	Number of Directors	Subject to the provisions of section 149 of the Act and Applicable Law, the President shall from time to time, determine in writing the number of Directors of our Company which, however, shall not be less than three or more than fifteen consisting of either Whole-time functional Directors or Part-time Directors. Subject to the provisions of section 149 of the Act and Applicable Law, our Company may appoint more than 15 (fifteen) Directors after approval of the President and the Members at a General Meeting
192		The composition of the Board shall be in accordance with the provisions of section 149 of the Act and other Applicable Law. Provided that where there are temporary gaps in meeting the requirements of Applicable Law pertaining to composition of Board of Directors, the remaining Directors shall (a) be entitled to transact business for the purpose of attaining the required composition of the Board; and (b) be entitled to carry out such business as may be required in the best interest of our Company in the meantime
193		Until otherwise determined by the Board, a Director shall not be required to hold any Shares in the capital of our Company as his qualification
194	Appointment of Board of Directors and Chairman & Managing Director	The Chairman and Managing Director and the Government representatives on the Board of Directors shall be appointed by the President and the terms and conditions of his appointment shall be determined by the President, subject to the provisions of the Act. Other members of the Board of Directors shall be appointed by the President in consultation with the Chairman of the Board of Directors. The Directors appointed shall be entitled to hold office for such period as the President may determine. An Individual may be appointed or re-appointed by the President as the Chairman of our Company as well as the Managing Director of our Company at the same time
195	Additional Directors	Subject to the provisions of sections 149, 152 and 161 of the Act and Applicable Law, the President shall have power at any time, and from time to time, to appoint a person as an additional Director, provided the number of the Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board by these Articles
196		Such person shall hold office only up to the date of the next Annual General Meeting of our Company but shall be eligible for appointment by our Company as a Director at that Meeting subject to the provisions of the Act
197	Nominee Directors	In the event of Company borrowing any money from any financial corporation or institution or government or any Government body or a collaborator, bank, person or persons or from any other source, while any money remains due to them or any of them, the lender concerned may have and may exercise the right and power to appoint, from time to time, any person or persons to be a Director or Directors of our Company
198		Such Directors so appointed, shall be liable to retire by rotation, subject however, to the limits prescribed by section 152 of the Act. Any person so appointed may at any time be removed from the office by the appointing authority who may from the time of such removal or in case of death or resignation of person, appoint any other or others in his place. Any such appointment or removal shall be in writing, signed by the appointer and served on our Company. Such Director need not hold any qualification shares
199	Appointment of Alternate Directors	Subject to the provisions of section 161(2) of the Act, the President may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three (3) months from India. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office when the Original Director returns to India. If the terms of office of the Original Director are determined before he so returns to India,

Article Number	Article	Particulars
		any provisions in the Act or in these Articles for the automatic reappointment of any retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director For the purpose of determining absence in Board Meetings in terms of section 167(1)(b) of the Act, the period during with an Original Director has an Alternate Director appointed in his place, absence shall not be considered
203	Independent Directors	Subject to the provisions of section 149(6) of the Act and other Applicable Law, the President shall have the power to appoint requisite number of Independent Directors to comply with the Applicable Law
204		Our Company and the Independent Directors are required to abide by the provisions specified in Schedule IV to the Act
205		An Independent Director shall not be entitled to any stock options and may receive remuneration by way of sitting fees, reimbursement of expenses for participation in Board and other meetings and also to such commission based on profits, as may, subject to provisions of Applicable Law, be approved by the Members
206	Retirement by rotation	At every Annual General Meeting of our Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office
207		Directors to retire by rotation shall be those who have been longest in office since their last appointment, but as between two persons who became Directors on the same day, those who are to retire by rotation shall be determined by the President in consultation with the Chairman of our Company
208		Subject to the provisions of section 152(6) of the Act, the Chairman & Managing Director, Independent Directors and / or any Director or Directors who by virtue of the provisions of any agreement with our Company shall not be liable to retire by rotation
211	Removal of Director	Subject to the provisions of the Act, the President from time to time or at any time remove the Chairman & Managing Director or any whole-time or part-time Director from office at his absolute discretion. The Chairman & Managing Director or any whole-time or part-time Director may be removed from office in accordance with terms of appointment or, if no such terms are specified, on the expiry of 3 (three) months' notice issued in writing by the President or with immediate effect on payment of the pay in lieu of notice period
212	Resignation	A Director may resign from his office by giving a notice in writing to the President and Board shall take note of the same. The fact of such resignation shall be mentioned in the Report of Directors laid in the immediately following General Meeting by our Company
213		The Chairman & Managing Director or a whole-time or any executive Director who has any terms of employment with our Company shall not give any notice of resignation in breach of the conditions of employment as may be applicable, either to a Director specifically or to the employees of our Company generally. A nominee Director shall not give notice of resignation except through the nominating person
214		The resignation of a Director shall take effect from the date on which the notice is received by our Company or the date, if any, specified by the Director in the notice, whichever is later. Provided that the Director who has resigned shall be liable even after his resignation for the offences which occurred during his tenure
216	Remuneration of Directors	The Directors shall be paid such remuneration as the President may, from time to time determine
217		The fees payable to a Director for attending the meetings of the Board or Committee thereof shall be such sum as may be decided by the Board of Directors from time to time within the maximum limit prescribed under section 197(5) of the Act. Fees may also be paid for attending any separate meeting of the Independent Directors of our Company in pursuance of any provision of the Act
218	Interested Directors not to	Subject to the provisions of section 184 of the Act, no director shall as Director take any part in the discussion of, or vote on any contract or arrangement entered into by

Article Number	Article	Particulars
	participate or vote in Board's proceeding	or on behalf of our Company, if he is in any way whether directly or indirectly concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void
219	Register of contracts in which directors are interested	Our Company shall keep a register in accordance with section 189 (1) of the Act and the Rules made thereunder. The register shall be kept at the Registered Office of our Company and shall be open to inspection at such office, and extracts maybe taken therefrom and copies thereof may be provided to a Member on his request, within seven (7) days from the date on which such request is made and upon payment of ₹ 10 per page or such amount as may be laid by the Board and as permitted by the Act
220	Registers of Directors and KMPs and their shareholding	Our Company shall keep at its Registered Office a Register containing the particulars of its Directors and Key Managerial Personnel, which shall include the details of Securities held by each of them in our Company or its holding, subsidiary, subsidiary of Company's holding company or associate companies in accordance to section 170 of the Act
221	Miscellaneous	All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to our Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
Proceedings of the Board		
222	Meetings of the Board	The Directors may meet together as a Board from time to time for the conduct and dispatch of the business of our Company, adjourn or otherwise regulate its meetings, as it thinks fit
223		The Board shall so meet at least once in every three (3) months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit
224		The Chairman & Managing Director or a Director may, and the manager or Company Secretary upon the requisition of Director(s) shall, at any time, summon a meeting of the Board.
225		Every Director present at any meeting of the Board or of a Committee thereof shall sign his name in a book to be kept for that purpose. The names of Directors who have participated in Board Meetings through video conferencing mode or other audio-visual means shall be entered and initialled by our Company Secretary, stating the manner in which the Director so participated
226	Notice of Meeting	Notice of every meeting of the Board shall be given in writing, including by way of electronic means, to every Director at his registered address with our Company
227		The notice of the meeting shall inform the Directors regarding the option available to them to participate through electronic mode, and shall provide all the necessary information to enable the Directors to participate through such electronic mode
228	Meetings of Board by video /audio-visual conferencing	Subject to the provisions of section 173(2) of the Act and the rules made thereunder or other Applicable Law, the Directors may participate in meetings of the Board otherwise through physical presence, through video conferencing or other audio-visual means, including net conferencing as the Board may from time to time decide and Directors shall be allowed to participate from multiple locations through modern communication equipment for ascertaining the views of such Directors as have indicated their willingness to participate by such video conferencing or other audio-visual means, including net conferencing, as the case may be.
234	Chairman for Board Meetings	The Chairman & Managing Director of our Company shall preside at all meetings of the Board as well as General Meetings. If an individual is appointed or re-appointed by the President as the Chairman of our Company as well as the Managing Director of our Company at the same time, in that case, such person shall preside at all meetings of the Board as well as General Meetings of our Company. In other cases, the Board may elect a Chairman of its meetings and determine the period for which he is to hold office as such
235		If Chairman is not present within five minutes after the time appointed for holding

Article Number	Article	Particulars
		the meeting, the Directors present may choose one of their numbers to be Chairman of the meeting
236	Quorum	The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of the section 174 of the Act. If a quorum is not present within fifteen minutes from the time appointed for holding a meeting of the Board it shall be adjourned until such date and time as the Chairman of the Board shall decide
237	Exercise of powers to be valid in meetings where quorum is present	A meeting of the Board of which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by the Act or under these Articles for the time being vested in or exercisable by the Board
238	Matter to be decided on majority of votes	Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes. In case of an equality of votes, the Chairman of the Board shall have a second or casting vote
239	Power to appoint committee and delgate	The Board may, subject to the provisions of the Act, from time to time and at any time delegate any of its powers to Committees consisting of such Director or Directors as it thinks fit and may from time to time revoke such delegation. Unless a power of the Board is not capable of being delegated, such power may be delegated by the Board to any officer or Committee of officers as the Board may determine
240		Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board
241		Subject to the provisions of the Companies Act, 2013 and the Rules made thereunder as well as other applicable laws, chairman of the committee may be appointed by the Board
242	Proceedings of committee meetings	The meetings and the proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board
243		A Committee may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be chairman of the meeting
246	Resolution without Board Meeting / Resolution by Circulation	Save as otherwise expressly provided in the Act to be passed at a meeting of the Board and subject to section 175 of the Act, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be, at their addresses registered with our Company in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be), and has been approved by a majority of the Directors or members as are entitled to vote on the resolution. Provided that, where not less than one-third of the total number of Directors of our Company for the time being require that any resolution under circulation must be decided at a meeting, the Chairman shall put the resolution to be decided at a Board Meeting. Provided further that where the resolution has been put to vote at a Board Meeting, the consent of dissent of the Directors obtained by way of resolution by circulation shall be rendered void.
247	Minutes of proceedings of meetings of Board and its Committees	Our Company shall cause minutes of proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty (30) days of the conclusion of every such meeting, entries thereof in the books kept for that purpose with their pages consecutively numbered in accordance to section 118 of the Act. Such minute book may also be kept in Electronic Mode
248		Each page of every such book shall be initialled or signed and the last page of the

Article Number	Article	Particulars
		record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting
249		In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by a pasting or otherwise, if the minutes are kept in physical form
258	Powers of the Board	Subject to the provisions of the Act and to such directives and/or instructions as the President may issue from to time and Applicable Law, the business of our Company shall be managed by the Board of Directors who may exercise all such powers and do all such acts and things as our Company is authorized to exercise and do and who may from time to time delegate such powers to the Chairman and / or Managing Director as may be necessary for the proper conduct of the business of our Company. Provided that the Board of Directors shall not exercise any power or do any act or thing which is directed or required, whether by the Act or Applicable Law or by the Memorandum or Articles of our Company or otherwise to be exercised or done by our Company in General Meeting
Powers reserved for decision of the President		
259	Powers reserved for decision of the President	The Chairman shall reserve for the decision of the President any proposals or decisions of the Directors in any matter which in the opinion of the Chairman is of such importance as to be reserved for the approval of the President. No action shall be taken by our Company in respect of any proposal or decision of the Board of Directors reserved for the approval of the President as aforesaid until his approval to the same has been obtained
261	Absolute Powers of the Board in certain cases	Without prejudice to the general powers conferred by section 179(3) of the Act and the Article 258 above, and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers; that is to say, power: (a) To make and alter rules - To make, vary and repel by-laws for regulation of the business of our Company, its officers and servants. (b) To incur capital expenditure - To sanction capital expenditure in cases where detailed Project Reports have been prepared with estimates of different component parts of the Projects and where such Project Reports have been approved by Government. In such cases, it will not ordinarily be necessary for the Board to obtain Government's sanction to the incurrence of Capital Expenditure. (i) In case of variation in approved estimates which are not more than 10 percent for any particular component part, the Board of Directors will be competent to proceed with the work without further reference to Government provided there is no substantial variation in the scope of the Project. (ii) To incur capital expenditure on new Projects, modernization, Purchase of equipment etc. without Government approval upto ₹ 500,00,00,000/- (Rupees Five Hundred Crores Only) or such other limits as may be notified, from time to time, by the Department of Public Enterprises and/or any other competent authority or the amount equal to net worth of our Company, whichever is less. (c) To establish joint ventures / strategic alliances - To establish joint ventures and subsidiaries in India subject to the condition that the equity investment shall be limited to 15% of the net worth of our Company in one project limited to ₹5,000,000,000/- (Rupees Five Hundred Crores Only) and the overall ceiling of such investments in all projects put together shall be limited to 30% of the net worth of our Company. (i) Enter into technology joint ventures, strategic alliances and to obtain technology and know-how by purchase or other arrangements subject to Government guidelines as may be issued from time to time. (d) To approve Mergers & Acquisitions - To approve mergers and acquisitions subject to the condition that (a) it shall be as per the growth plan and in the

Article Number	Article	Particulars
		core area of functioning of our Company, (b) the conditions/limits shall be as in the case of establishing Joint Ventures/Subsidiaries and (c) the Cabinet Committee of Economic Affairs, Government of India shall be kept informed in case of investment abroad. (e) To enter into contracts / negotiations - Subject to sections 184 and 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of our Company to enter into all such negotiations, contracts, agreements and to execute and do all such acts, deeds and things in the name and on behalf of our Company as they may consider expedient. (f) To open bank accounts - To open and deal with current accounts, overdraft accounts with any bank/banks for carrying on any business of our Company. (g) To acquire and dispose of property and rights - Subject to applicable provisions of the Act and Applicable Law, to purchase or otherwise acquire for our Company any property, rights or privileges which our Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and to sell, let exchange or otherwise dispose of absolutely or conditionally any part of the property, privileges, and undertaking of our Company upon such terms and conditions and for such consideration as they may think fit. (h) To pay for property in debentures, etc. - At their discretion and subject to the provisions of the Act and Applicable Law, to pay for any property, rights or privileges acquired by or services rendered to our Company, either wholly or partially, in cash or Shares, bonds, Debentures, mortgages, or other Securities of our Company, and such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon all or any part of the property of our Company and its uncalled capital or not so charged; (i) To secure contracts by mortgages - To secure the fulfilment of any contracts or engagement entered into by our Company by mortgage or charge of all or any of the property of our Company and its uncalled capital for our Company being or in such manner as they may think fit. (i) To execute in the name and on behalf of our Company or in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of our Company, such mortgages of our Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon. (j) To appoint Trustees - To appoint any Person (whether incorporated or not) to accept and hold in trust for our Company and property belonging to our Company, in which it is interested, or for any other purposes; and execute such deeds and do all such things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees; (k) To bring and defend actions etc. - To institute, conduct, defend, compound or abandon any legal proceedings by or against our Company or its officers, or otherwise concerning the affairs of our Company, and also to compound and allow time for payment or satisfaction of any debts due, and of any claim or demands by or against our Company. (l) To refer to arbitration - To refer any claims or demands by or against our Company to arbitration and observe and perform the awards and to act on behalf of our Company in all matters relating to bankrupts and insolvents. (m) To act in matters of bankrupts & Insolvents - To make and give receipts, releases and other discharges for moneys payable to our Company and for the claims and demands of our Company. (n) To invest moneys - Subject to the applicable provisions of the Act and Applicable Law, to invest and deal with any moneys of our Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they think fit, and from time to time to vary the size of such investments. Save as

Article Number	Article	Particulars
		provided in section 187 of the Act, all investments shall be made and held in our Company "s own name;
		(o) To give security by way of Indemnity - To execute in the name and on behalf of our Company in favour of any Director or other person who may incur or be about to incur any personal liability, for the benefit of our Company, such mortgages of our Company "s property (present or future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
		(p) To authorize acceptance etc. - To determine from time to time who shall be entitled to sign, on our Company "s behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividends, warrants, releases, contracts and documents and to give the necessary authority for such purpose;
		(q) To give percentages - Subject to provisions of Applicable Law, to give to a Director or any officer or any other person whether employed or not by our Company, share or shares in the profits of our Company, commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of our Company;
		(r) To establish and support charitable objects - To establish maintain, support and subscribe to any charitable or public objects, and any institution, society or club which may be for the benefit of our Company or its employees, or may be connected with any town or place where our Company carries on business, to give pensions, gratuity, or charitable aid to any person or persons who have served our Company or to the wives, children, or dependents of such person or persons, that may appear to the Directors just or proper, whether any such person, his widow, children or dependants, have or have not a legal claim upon our Company.
		(i) To subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by our Company, either by reason of locality of operation, or of public and general utility or otherwise;
		(s) To recommend dividend - Before recommending any dividend, to set aside out of the profits of our Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund, or Sinking fund, or any Special Fund to meet contingencies or to repay Debentures or Debenture stock, or for special dividends or for equalized dividends or for repairing, improving, extending and maintaining any of the property of our Company or for such other purpose (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of our Company, and subject to section 179 of the Act, to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than Shares of our Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of our Company, in such manner and for such purpose as the Board in their absolute discretion think conducive to the interest of our Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of our Company might rightly be applied or expended; and to divide the Reserve Fund into such special Funds as the Board may think fit, with full power to transfer the whole, or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division, of a Reserve Fund and with full power to employ the assets constituting all or any of the above Funds, including the Depreciation Fund, in the business of our Company or in the purchase or repayment of Debentures or debenture stock, and without being bound to keep the same, separate from the other assets ,and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
		(t) To appoint officers etc. - Subject to the provisions of the Act and applicable

Article Number	Article	Particulars
		law, to create the posts of and to appoint, and at their discretion, remove or suspend such General Managers, Deputy General Managers, Managers, other officers below the rank of Managers, Assistants, Supervisor, Clerks, and Workmen, permanent, temporary or special services as they may for time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. (u) Local Board - From time to time and at any time to establish any local board for managing any of the affairs of our Company in any specified locality in India or elsewhere and to appoint any persons to the members of such local boards and to fix their remuneration. (v) Power of Attorney - At any time and from time to time by power of attorney under the Seal of our Company, if any, to appoint any person or persons to be the Attorney or Attorneys of our Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under those presents) and excluding the powers to make calls and excluding also, except in their limits authorised by the Board, the power to make loans and borrow money“) and for“ such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit, be made in favour of the members or any of the Members of any Local Board, established as aforesaid or in favour of any company, or the shareholders, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly by the Board and any such power of Attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit. (i) Any such delegates or Attorneys as aforesaid may be authorised by the Directors to sub-delegate all or any of the power, authorities and discretions for the time being vested in them. (w) Delegations - Subject to sections 179 & 180 of the Act from time to time and at any time, delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow or moneys, and to authorise the members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation. (i) To further delegate the powers relating to Human Resource Management (appointments, transfer, postings etc.) of below Board level executives to Sub- Committees of the Board or to executives of our Company, as may be decided by the Board from time to time. (x) To take insurance - To take insurance on behalf of its Managing Director, whole-time Director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary or any person in senior management for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to our Company. (y) Miscellaneous - Notwithstanding anything contained elsewhere in these Articles, the Board of Directors shall exercise all such powers as may be enhanced, authorized or delegated by the Government to MoU signing PSUs or Mini-Ratna Companies from time to time.
262	Powers of Chairman and Managing Director	The Board of Directors may, subject to section 179 of the Act, entrust to and confer upon the Chairman & Managing or whole time Director any of the powers exercisable by them, upon such terms and conditions and with such restrictions, as they may think fit and either collaterally with or to the exclusion of their own powers and may, from time to time, revoke, withdraw or alter or vary all or any of such powers

Article Number	Article	Particulars
263	Power to authenticate documents	Any Director or the Company Secretary or any officer appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of our Company and any books, records, documents and accounts relating to the business of our Company and to certify copies or extracts thereof; and where any books, records documents or accounts are then, at the office, the local manager or other officer of our Company having the custody thereof, shall be deemed to be a person appointed by the Board as aforesaid.
264		Document purporting to be a copy of resolution of the Board or an extract from the minutes of meeting of the Board which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with our Company upon the faith thereof that such resolution has been duly passed or, as the case may be that extract is a true and accurate records of a duly constituted meeting of the Directors
The Seal		
265	The Seal	The Board may provide a Common Seal for the purposes of our Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given
266		our Company shall also be at liberty to have an official Seal for use in any territory, district or place outside India
267		The Seal of our Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf, and except in the presence of at least one Directors and of our Company Secretary or such other person as the Board may appoint for the purpose; and the Director and our Company Secretary or other person aforesaid shall sign every instrument to which the Seal of our Company is so affixed in their presence
Management outside India and Other matters		
269		Subject to the provisions of the Act the following shall have effect: a) The Board may from time to time provide for the management of the affairs of our Company outside India (or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the four next following paragraphs shall be without prejudice to the general powers conferred by this paragraph. b) Subject to the provisions of the Act, the Board may at any time establish any local Directorate for managing any of the Delegation of the affairs of our Company outside India, and may appoint any person to be member of any such local Directorate or any manager or agents and may fix their remuneration and, save as provided in the Act, the Board may at any time delegate to any person so appointed, any of the powers, authorities and discretions for the time being vested in the Board and such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and annual or vary any such delegations
270		The Board may, at any time and from time to time, by power of attorney under Seal, if any, appoint any person to be the attorney of our Company for such purposes and with such powers, authorities and discretions not exceeding those which may be delegated by the Board under the Act and for such period and subject to such conditions as the Board may, from time to time, thinks fit, and such appointments may, if the Board thinks fit, be made in favour of the members or any of members of any local directorate established as aforesaid, or in favour of our Company or of the Members, Directors, nominees or Officers of our Company or firm or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board, and any such Power of Attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys as the Board thinks fit
271		Any such delegate or Attorney as aforesaid may be authorized by the Board to sub-

Article Number	Article	Particulars
		delegate all or any of the powers, authorities and discretions for the time being vested in them
272		our Company may exercise the power conferred by the Act with regard to having an Official seal for use abroad, and such powers shall be vested in the Board, and our Company may cause to be kept in any state or country outside India, as may be permitted by the Act, a Foreign Register of Member or debenture holders residents in any such state or country and the Board may, from time to time make such regulations not being inconsistent with the provisions of the Act, and the Board may, from time to time make such provisions as it may think fit relating thereto and may comply with the requirements of the local law and shall in any case comply with the provisions of the Act and Applicable Law
	Dividends and Reserve	
273	Division of profits	The profits of our Company, subject to any special rights as to Dividend created or authorized to be created by these Articles and subject to the provisions of those presents as to reserve fund shall be divisible among the Members in proportion to the amount of capital paid-up on the Shares held by them respectively
274	The Company in General Meeting may declare a Dividend	Our Company in General Meeting may declare Dividends to be paid to Members according to their respective rights and interest in profits and may fix the time for payment, but no Dividend shall exceed the amount recommended by the Board. Our Company in General Meeting may, however declare a smaller Dividend. No dividend shall bear interest against our Company
275	Dividend only to be paid out of profits	The Dividend can be declared and paid only out of the following profits: • Profits of the financial year, after providing depreciation as stated in section 123(2) read with Schedule II of the Act and Applicable Law. • Accumulated profits of the earlier years, after providing for depreciation u/s 123(2) read with Schedule II of the Act and Applicable Law. • Out of money provided by Central or State Government for payment of dividend in pursuance of a guarantee given by the Government. If our Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of our Company for the year for which the Dividend is proposed to be declared or paid or against the profits of our Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of section 123(2) of the Act or Applicable Law, or against both.
276	Transfer to Reserve	The Board may, before recommending any dividend, set aside out of the profits of our Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of our Company may be properly applied, including provision for meeting contingencies or for equalising Dividends; and pending such application, may, at the like discretion, either be employed in the business of our Company or be invested in such investments (other than Shares of our Company) as the Board may, from time to time, thinks fit
277		Such reserve, being free reserve, may also be used to declare Dividends in the event our Company has inadequate or absence of profits in any financial year, in accordance to section 123 of the Act and the rules made in that behalf.
278		The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
279	Interim Dividend	Subject to the provisions of section 123 of the Act, the Board may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of our Company
284	Dividend to be kept in abeyance	The Board may retain the Dividends payable in relation to such Shares, any offer of rights Shares under clause (a) of sub-section (1) of section 62 and any issue of fully paid-up bonus Shares in pursuance of first proviso to sub-section (5) of section 123. The Board may also retain dividends on which Company has lien and may apply the

Article Number	Article	Particulars
		same towards satisfaction of debts, liabilities or engagements in respect of which lien exists
286	Manner of paying dividend	Any Dividend, interest or other monies payable in cash in respect of shares may be paid by any Electronic Mode to the Shareholder entitled to the payment of the Dividend, or by way of cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register of Members, or to such person and to such address as the holder or joint holders may in writing direct
287		Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. our Company shall not be liable or responsible for any cheque or Warrant or pay-slip or receipt lost in transmission, or for any Dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay-slip or receipt or the fraudulent recovery of the dividend by any other means.
Accounts		
290	Directors to keep true Accounts	Our Company shall keep at the Registered Office or at such other place in India as the Board thinks fit, proper books of account and other relevant books and papers and financial statement for every financial year in accordance with section 128 of the Act
291		Where the Board decides to keep all or any of the Books of Account at any place in India other than the Registered Office of our Company, our Company shall within seven (7) days of the decision file with the Registrar a notice in writing giving, the full address of that other place.
292		Our Company shall preserve in good order the books of account relating to the period of not less than eight (8) years preceding the current year together with the vouchers relevant to any entry in such Books of Account.
295	Inspection of books of accounts by Members	The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of our Company, or any of them, shall be open to the inspection of Members not being Directors
296		No person (not being a Director) other than the President or his nominees shall have any right of inspecting any account or book or document of our Company except as conferred by law or authorised by the Board or by our Company in General Meeting
297	Preparation of financial statements	At every Annual General Meeting the Board shall lay before such meeting financial statements prepared in accordance with the provisions of section 129 of the Act
298	Preparation of revised financial statements	Subject to the provisions of section 131 of the Act and the rules made thereunder, the Board may require the preparation of revised financial statement of our Company or a revised Boards‟ Report in respect of any of the three preceding financial years, if it appears to them that (a) the financial statement of our Company or (b) the report of the Board do not comply with the provisions of section 129 or section 134 of the Act.
Audit		
299	Auditors to be appointed	The Statutory Auditors shall be appointed or re-appointed by the Comptroller and Auditor General of India and Cost Auditors, if any, shall be appointed by the Board. The rights and duties of Auditors shall be regulated in accordance with sections 139 to 148 of the Act and Applicable Law.
300		Secretarial Auditors shall be appointed by the Board and their rights and duties shall be regulated in accordance with section 204 of the Act and Applicable Law.
Winding Up		
312	Winding up	Subject to the provisions of Chapter XX of the Act and Applicable Law thereunder—

Article Number	Article	Particulars
		a) If our Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of our Company and any other sanction required by the Act, but subject to the rights attached to any preference Share Capital, divide among the contributories in specie any part of the assets of our Company and may with the like sanction vest any part of the assets of our Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit. b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no Member shall be compelled to accept any Shares or other Securities whereon there is any liability. d) This clause is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
Indemnity		
313	Director's and others right to indemnify	Subject to provisions of the Act, every Director, or Officer or Servant of our Company or any person (whether an Officer of our Company or not) employed by our Company as Auditor, shall be indemnified by our Company, and it shall be the duty of the Directors to pay, out of the funds of our Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of our Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under section 463 of the Act on which relief is granted to him by the Court. Every officer of our Company shall be indemnified out of the assets of our Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or discharged or in which relief is granted to him by the court or the Tribunal.
314	Not responsible for acts of others	Subject to the provisions of the Act, no Director, Managing Director or other officer of our Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to our Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of our Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of our Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.
315	Bonafide exercise of membership rights	Every Member and other Security holder will use rights of such Member/ security holder as conferred by Applicable Law or these Articles bonafide, in best interest of our Company or for protection of any of the proprietary interest of such Member/ security holder, and not for extraneous, vexatious or frivolous purposes. The Board shall have the right to take appropriate measures, and in case of persistent abuse of powers, expulsion of such Member or other Security holder, in case any Member/ Security holder abusively makes use of any powers for extraneous, vexatious or frivolous purposes and in case of persistent abuse of powers, expulsion of such Member or other Security holder.

Article Number	Article	Particulars
Secrecy		
316	Secrecy	Every Director, Key Managerial Personnel, manager, auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of our Company shall, if so required by the Board of Directors, before entering upon the duties, sign a declaration pledging himself to observe strict secrecy respecting all bonafide transactions of our Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by any General Meeting or by the law of the country and except so far as maybe necessary in order to comply with any of the provisions in these presents and the provisions of the Act.
317		Subject to the provisions of these Articles and the Act, no Member, or other person (not being a Director) shall be entitled to enter the property of our Company or to inspect or to examine our Company's premises or properties of our Company without the permission of the Directors or to require discovery of or any information regarding any detail of our Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of our Company and which in the opinion of the Directors it will be expedient in the interest of our Company to communicate to the public.
Directives from the President		
318	Directives from the President	Notwithstanding anything contained in any of these Articles, the President may from time to time issue such directions or instructions as he may consider necessary in regard to the affairs or the conduct of the business of our Company or Directors thereof and in like manner may vary and annul and such direction or instruction. The Directors shall duly comply with and give immediate effect to directions or instructions so issued. In particular, the President shall have power: a) to call for such returns, accounts and other information with respect to the property and activities of our Company as may be required from time to time, and b) to give directions to our Company as to the exercise and performance of its functions in matters involving national security or substantial public interest and to ensure that our Company give effect to such directions. Provided that all directives issued by the President shall be in writing addressed to the Chairman & Managing Director of our Company. The Board shall, except where the President consider that the interest to the national security requires otherwise, incorporate the contents of directives issued by the President in the Annual Report of our Company and also indicate its impact on the financial position of our Company.
319	General Authority	Wherever in the Act, it has been provided that our Company shall have any right, privilege or authority or that our Company could carry out any transaction only if our Company is so authorised by its articles, then and in that case by virtue of this Article, our Company is hereby specifically authorised, empowered and entitled to have such right, privilege or authority to carry out such transactions as have been permitted by the Act without there being any separate/specific article in that behalf herein provided.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of this Red Herring Prospectus) which are or may be deemed material have been attached to the copy of the Red Herring Prospectus which will be delivered to RoC for registration. Copies of these contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10.00 a.m. and 5.00 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date.

A. Material Contracts for this Offer

1. Offer Agreement dated March 26, 2018 amongst our Company, the Selling Shareholder and the BRLMs.

2. Share Escrow Agreement dated September 6, 2018 amongst our Company, the Selling Shareholder and the Share Escrow Agent.

3. Registrar Agreement dated March 26, 2018 amongst our Company, the Selling Shareholder and the Registrar to the Offer.

4. Public Offer Account Agreement dated September 6, 2018 amongst our Company, the Selling Shareholder, the BRLMs, the Banker(s) and Refund Banker(s) to the Offer and the Registrar to the Offer.

5. Syndicate Agreement dated September 6, 2018 amongst our Company, the Selling Shareholder, the BRLMs, the Syndicate Members and the Registrar to the Offer.

6. Underwriting Agreement dated [●] amongst our Company, the Selling Shareholder, the Underwriters and the Registrar to the Offer.

B. Material Documents in relation to this Offer

1. Certified copies of the Memorandum and Articles of Association of our Company, as amended from time to time.

2. Certificate of incorporation dated November 5, 1957, November 30, 1961, December 31, 1976 and a fresh certificate of incorporation dated November 17, 2017 consequent upon conversion of our Company to a public limited company.

3. Resolutions of the Board of Directors dated February 28, 2018 approving the Offer and other related matters.

4. Resolutions of the IPO Committee dated March 26, 2018, respectively, approving the Draft Red Herring Prospectus.

5. MoD *vide* their letter bearing file number 23(60)/2015/GRSE/D(NS-I) dated February 1, 2018 has directed our Company to take necessary steps in relation to the Offer.

6. The Selling Shareholder has, through letter bearing reference number D. O. No. 23 (60/2015/D(NS.I) dated September 6, 2018 conveyed its consent for inclusion of 29,210,760 Equity Shares as part of the offer for sale portion in the Offer.

7. The President of India, acting through the MoD has consented to include 20% of its post Offer paid-up Equity Share capital as minimum promoter's contribution to the Offer, which shall be considered for lock-in for a period of three (3) years from the date of allotment of Equity Shares in the Offer vide its letter dated March 12, 2018.

8. Letter issued by the Securities and Exchange Board of India vide letter numbered SEBI/HO/CFD/DIL1/OW/P2017/18400/1 dated August 03, 2017 and CFD/DIL-1/OW/5502/2018 dated February 21, 2018 issued by SEBI whereby our Company has received relaxation from the strict enforcement of certain requirements under the SEBI ICDR Regulations and SEBI Listing Regulations.

9. Letter bearing number 4/26/2017-DIPAM-II-A dated August 31, 2018, issued by DIPAM for inclusion of 28,638,000 Equity Shares as part of the Net Offer for sale portion in the Offer and approval for Employee Reservation Portion of the Offer comprising of up to 572,760 Equity Shares of our Company.

10. Letter issued by DIPAM bearing reference number 4/26/2017-DIPAM-II-A dated September 7, 2018 regarding the Offer program.

11. Our Board has, by way of resolution dated September 4, 2018, approved this RHP for inclusion of 28,638,000 Equity Shares as part of the Net Offer for sale portion in the Offer and approval for Employee Reservation Portion of the Offer comprising of up to 572,760 Equity Shares of our Company.

12. The examination reports of the Statutory Auditor dated August 21, 2018, on our Company's Restated Financial Statements, included in this Red Herring Prospectus.

13. Copies of the annual reports of our Company for the Fiscals 2013, 2014, 2015, 2016 and 2017.

14. Statement of Tax Benefits dated August 21, 2018 from our Statutory Auditor.

15. Consent of Directors, Statutory Auditors, BRLMs, Syndicate Members, Indian Legal Counsel to our Company and the Selling Shareholder, Indian Legal Counsel to the BRLMs, International Legal Counsel to our Company and the Selling Shareholder, Registrar to the Offer, Banker(s) to the Offer, Refund Bank(s), Bankers to our Company, Company Secretary and Compliance Officer and Chief Financial Officer as referred to in their specific capacities.

16. Consent of our Statutory Auditors dated March 26, 2018, to include their name as experts in relation to their reports on the Restated Financial Statements dated August 21, 2018 and the statement of tax benefits dated August 21, 2018 included in this Red Herring Prospectus.

17. MoD Order No. 2(12)/2015/GRSE/D(NS-II) dated January 19, 2017 for the appointment of Vipin Kumar Saxena, IN (Retired) as Chairman & Managing Director and MoD Order No. No. 2(12)/2015/GRSE/D(NS-II) dated May 02, 2017 prescribing the terms and conditions of his employment.

18. MoD Order No. 2(13)/2013/GRSE/D(NS-II) dated December 12, 2014 for the appointment of Sarvjit Singh Dogra as Director (Finance) and MoD Order No. 2(13)/2013/GRSE/D(NS-II) dated February 18, 2015 prescribing the terms and conditions of his employment.

19. MoD Order No. 2(14)/2015/GRSE/D(NS-II) dated November 1, 2017 for the appointment of Cmde Sanjiv Nayyar as Director (Shipbuilding).

20. MoD Order No. 2(2)/2015/GRSE/D(NS-II) dated March 3, 2016 for the appointment of Asit Kumar Nanda as Director (Personnel).

21. MoD Order No. 8(80)/2015-D(Coord/DDP) dated March 9, 2016 for the appointment of Ashwani Kumar Mahajan as Part Time Official (Government Nominee) Director.

22. MoD Order No. 11(57)/2017/Misc/D/(NS) dated September 15, 2017 for the appointment of Bharat Bhushan as Part-Time Non-Official (Independent) Director.

23. MoD Order No. 11(57)/2017/Misc/D/(NS) dated September 15, 2017 for the appointment of Kanwajit Deol as Part-Time Non-Official (Independent) Director.

24. MoD Order No. 11(57)/2017/Misc/D/(NS) dated March 9, 2018 for the appointment of Dr. Ajai Bhandari as Part-Time Non-Official (Independent) Director.

25. MoD Order No. 11(57)/2017/Misc/D/(NS) dated March 9, 2018 for the appointment of RAdm Inder Paul Singh Bali, IN (Retired) as Part-Time Non-Official (Independent) Director.

26. MoD Order No. 11(57)/2017/Misc/D/(NS) dated July 25, 2018 for the appointment of Dr. Biswapriya Roychoudhury as Part-Time Non-Official (Independent) Director.

27. Memorandum of Understanding dated May 23, 2017executed between the Company and the Department of Defence Production, MOD for the financial year 2017-2018.

28. Tripartite Agreement dated February 6, 2018 amongst our Company, NSDL and Registrar to the Offer.

29. Tripartite Agreement dated February 5, 2018 amongst our Company, CDSL and Registrar to the Offer.

30. Due Diligence Certificate dated March 26, 2018 addressed to SEBI from the BRLMs.

31. In principle listing approvals dated April 17, 2018 and April 11, 2018 issued by the BSE and the NSE respectively.

32. SEBI Observations Letter dated April 16, 2018 and May 22, 2018.

33. Consent for inclusion of ICRA Report dated March 23, 2018 from ICRA Limited.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules/ regulations and guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, SCRR, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY DIRECTORS OF OUR COMPANY

RAdm Vipin Kumar Saxena
Chairman and Managing Director

Bharat Bhushan
Part Time Non-Official (Independent) Director

Sarvjit Singh Dogra
Director (Finance) and Chief Financial Officer
Whole Time Director

Kanwaljit Deol
Part Time Non-Official (Independent) Director

Asit Kumar Nanda
Director (Personnel)
Whole Time Director

Dr. Ajai Bhandari
Part Time Non-Official (Independent) Director

Cmde Sanjeev Nayyar
Director (Shipbuilding)
Whole Time Director

RAdm (Retired) Inder Paul Singh Bali
Part Time Non-Official (Independent) Director

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

Ashwani Kumar Mahajan
Government Nominee Director

Sarvjit Singh Dogra
Chief Financial Officer

Date: September 7, 2018

Place: Kolkata, West Bengal

DECLARATION

On behalf of the Selling Shareholder, I certify that the statements and undertakings made in this Red Herring Prospectus about or in relation to the Selling Shareholder and the Equity Shares offered pursuant to this Offer for Sale are true and correct.

Signed on behalf of the Selling Shareholder

Authorised Signatory of the President of India, acting through the Ministry of Defence, Government of India

Name: Sharda Prasad

Designation: Deputy Secretary (NS)

Date: September 7, 2018

Place: New Delhi