THE GREAT EASTERN
SHIPPING COMPANY LIMITED
CIN: L35110MH1948PLC006472

OCEAN HOUSE, 134/A, Dr. Annie Besant Road, Worli, Mumbai - 400 018, INDIA. Tel.: +91(22) 6661 3000 / 2492 2100 Fax : +91(22) 2492 5900

September 13, 2019

Mr. Cyrus Guzder
Mumbai.

Mr. Berjis Desai
Mumbai.

Mr. Farrokh K. Kavarana
Mumbai

Ms. Rita Bhagwati
New Delhi

Dear Sirs/Madam,

Sub: Audit Committee Meeting 3rd of FY 2019-20

We enclose herewith Agenda Papers for the Audit Committee Meeting (3rd of FY 2019-20) to be held on ***Friday, 20th September 2019 at 10.30 a.m. at "Ocean House", 134-A, Dr. Annie Besant Road, Worli, Mumbai – 400 018.***

We request you to make it convenient to attend the same.

In case you wish to attend the meeting through video conferencing, please let the undersigned know so as to enable us to make suitable arrangements for the same.

Thanking you,

Yours faithfully,
FOR THE GREAT EASTERN SHIPPING CO.LTD.

Jayesh M.Trivedi
Company Secretary
Email : jayesh_trivedi@greatship.com

cc: Mr. Bharat K. Sheth
Mumbai
cc: Deloitte Haskins & Sells LLP
Mumbai- Attn: Mr. Samir Shah
cc: Mr. Avishek Banerjee/ Mr. Ketan Chhowala
Ernst & Young LLP, Mumbai
cc: Mr. P. R. Naware
cc: Mr. Tapas Icot
cc: Mr. G. Shivakumar
cc: Mr. Sandeep Joshi

THE GREAT EASTERN SHIPPING CO. LTD.

MUMBAI

AGENDA

AUDIT COMMITTEE MEETING

(3RD OF FY 2019-20)

PLACE: Ocean House,
134 – A, Dr. A. B. Road,
Worli,
Mumbai – 400 018

DATE: FRIDAY, SEPTEMBER 20, 2019 **TIME: 10.30 AM**

SR NO	PARTICULARS	REMARKS	PAGE NOS	
			FROM	TO
1.	Note Minutes of the Audit Committee meeting held on August 08, 2019.	Enclosed	1	7
2.	Consider the following internal audit reports: ➢ Period end financial statement closure process ➢ HR Shore Staff ➢ Chartering (tendering) process upto fixture ➢ Follow up review of IT and IT Security ➢ Testing of Internal Financial Controls ➢ Verification & validation (cash, investments & title deeds)	Enclosed	8	33
3.	Any other business with the permission of the Chair.	-	-	-

THE GREAT EASTERN SHIPPING CO. LTD. MUMBAI

AUDIT COMMITTEE MEETING ON SEPTEMBER 20, 2019

ITEM NO. 1

ITEM:

NOTE MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON AUGUST 08, 2019.

NOTE:

The Minutes of the Audit Committee Meeting held on August 08, 2019 are enclosed.

THE GREAT EASTERN SHIPPING COMPANY LIMITED

MUMBAI

MINUTES

(Audit Committee Meeting – 2ND OF FY 2019-20)

Place: Ocean House, 134-A, Dr. A.B. Road,
Worli, Mumbai- 400018

Date: Thursday, August 08, 2019

Time of commencement: 9.39 a.m.

Time of conclusion: 10.35 a.m.

Directors Present (Physically):

Mr. Cyrus Guzder, Chairman

Mr. Berjis Desai

Mr. Farrokh Kavarana

Directors present (through video conference):

Ms. Rita Bhagwati

In Attendance:

Mr. Bharat K. Sheth, Deputy Chairman & Managing Director

Mr. Tapas Icot, Executive Director & President (Shipping)

Mr. G. Shivakumar, Executive Director & Chief Financial Officer

Invitees:

Mr. P. R. Naware, Executive Director, Greatship (India) Limited

Mr. Samir Shah, Partner (Audit & Assurance) – Deloitte Haskins & Sells LLP, Statutory Auditors

Ms. Manisha Agarwal, Director – Deloitte Haskins and Sells LLP, Statutory Auditors
Mr. Sandeep Joshi, Head (Internal Audit)
Mr. Avinash L. Sukthankar, Assistant Vice President (Accounts & MIS)
Mr. Sanjeev Jatakia, Asst. General Manager (Accounts)
Mr. Anand Punde, Asst. General Manager (Secl. & Legal)

Mr. Cyrus Guzder, Chairman of the Committee was in the chair.

Ms. Rita Bhagwati informed that she was participating from Delhi. She also confirmed that the agenda and other relevant papers for the meeting were received. She further confirmed that no one other than her was attending or having access to the proceedings of the meeting at her location.

The Chairman then confirmed that the requisite quorum was present.

The Chairman informed the Committee about the persons (other than directors) who were present at the meeting.

1. **NOTE MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON MAY 06, 2019.**

   Minutes of the Audit Committee Meeting held on May 06, 2019 were circulated in advance. The Committee noted the same.

2. CONSIDER UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019.

The Unaudited Standalone and Consolidated Financial Results (together with the notes thereon) for the quarter ended June 30, 2018 as per the proforma prescribed by the Stock Exchange were placed at the meeting.

The Committee granted its consent for placing the same at shorter notice.

Mr. G. Shivakumar presented the salient features of the financials for the quarter ended June 30, 2019 and briefly explained the performance of the Company to the Committee.

Mr. Samir Shah, Partner (Audit & Assurance) – Deloitte Haskins & Sells LLP, Statutory Auditors and Ms. Manisha Agarwal, Director – Deloitte Haskins and Sells LLP, Statutory Auditors made a presentation covering the following:

- Scope
- IndAS 116 – Leases
- Impairment of vessels
- Investment in DHFL
- Internal Financial Control
- Recognition of tax assets
- Other matters
- Regulatory updates
- Report

The Committee discussed the same in detail. Various queries of the Committee members were replied to by Mr. Bharat K. Sheth and Mr. G. Shivakumar.

Mr. Bharat K. Sheth requested Mr. Sanjeev Jatakia to look into the open purchase order positions for 1 to 3 year period and report to him.

The Committee was informed that the Limited Review Report to be issued by Deloitte Haskins & Sells LLP was unqualified.

The Committee discussed the operating results and the notes to the financial results in detail.

The Committee discussed the matter of highlighting the operating profits i.e. profits before finance cost, depreciation and amortisation, tax, unrealised gain/loss on fair valuation of derivative contracts and unrealised exchange gain/loss in the results. After discussions, it was decided to disclose the same by way of Note No. 1.

The Committee then decided to recommend the results to the Board of Directors for review and for being taken on record at the meeting of the Board, which was scheduled to be held during the day.

After discussion it was:

"**RESOLVED THAT** the results for the quarter ended June 30, 2018 as per the format prescribed by the Stock Exchange,

circulated to the Committee be and are hereby recommended to the Board for its review".

The Chairman announced recommendation of results by the Audit Committee to the Board and declared that the aforesaid resolution was passed by all the Committee Members present.

3. CONSIDER PRESENTATION ON RISK MANAGEMENT

A presentation was made by Mr. G. Shivakumar, Executive Director & CFO on risk management process covering the following:

- Restructuring of technical and operations risk committee
- Additional risk identified and added to the list of risks

The Committee noted the same.

4. REVIEW ITEMS IN COMPLIANCE WITH SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

Financial Statements of subsidiaries for the quarter ended 30.06.2019 including details of investments made by the subsidiaries were circulated to the Committee.

The Committee noted the same.

A statement of Related Party Transactions for the quarter ended 30.06.2019 was circulated to the Committee. The Committee noted and approved the same.

5. SCRUTINIZE INTER-CORPORATE LOANS AND INVESTMENTS MADE BY THE COMPANY AS ON JUNE 30, 2019.

Statements of Investments made by the Company in Mutual Fund and Investment in Term Deposit in (USD and INR) as on June 30, 2019 were circulated to the Committee.

The Committee scrutinized the same.

6. NOTE REPORT UNDER INSIDER TRADING CODE.

The report as per the requirements of Code for trading in securities of The Great Eastern Shipping Company Limited for quarter ended June 30, 2019 was circulated to the Committee in advance.

The Committee noted the same.

There being no other business the meeting ended with a vote of thanks to the chair.

CHAIRMAN

Date :

Place :

Date of Entry:

THE GREAT EASTERN SHIPPING CO. LTD. MUMBAI

AUDIT COMMITTEE MEETING ON SEPTEMBER 20, 2019

ITEM NO. 2

ITEM:

CONSIDER THE FOLLOWING INTERNAL AUDIT REPORTS:

- **PERIOD END FINANCIAL STATEMENT CLOSURE PROCESS**
- **HR SHORE STAFF**
- **CHARTERING (TENDERING) PROCESS UPTO FIXTURE**
- **FOLLOW UP REVIEW OF IT AND IT SECURITY**
- **TESTING OF INTERNAL FINANCIAL CONTROLS**
- **VERIFICATION & VALIDATION (CASH, INVESTMENTS & TITLE DEEDS)**

NOTE:

The presentation on Internal Audit Reports is enclosed.

The Great Eastern Shipping Co. Ltd.

Audit Committee Presentation

Q4 2018-19

July 24, 2019



EY
Building a better working world

Contents

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G.	Limitations of our work / Disclaimer	23

A. Internal Audit Plan & Status for 2018-19

#	Scope	Q1	Q2	Q3	Q4
1	**Transaction Audit**				
a)	High value transactions review		✓		
b)	Comprehensive review of transactions		✓		
	Process audit				
2	End to End vessel review - any one vessel		✓		
3	Chartering (tendering) process up to Fixture			✓	
4	Sales and Purchase of Vessels	✓			
5	HR Shore Staff				✓
6	Period end financial statement closure process				✓
7	Follow up audit on IT and IT Security (ISMS)			✓	
8	Verification and validation (cash & investments)	✓	✓	✓	✓
9	Action Taken Review of previous open points				✓
10	Testing of Internal Financial Controls (RACM)				✓

Completed as per coverage

EY

B. Scope for Q3 & Q4

Period end Financial Statement Closure Process (FSCP)

- Book closure process (Provisioning, pre-paid expenses, depreciation, stock valuation and deferred tax)
- Review of Debtors, Creditor, BRS, Trial Balance and Ledger Scrutiny, Write offs and impairment accounting
- Review of back dated entries, capitalization process, CWIP inventory recording and accounting process

HR Shore Staff

- Recruitment, Attendance and Leave monitoring
- Segregation and F&F process
- Statutory compliance with respect to payroll processing

Chartering (tendering) process up to Fixture

- Adherence to documented policies & procedures
- Tendering and Bidding Process
- Charter Party Agreements

Follow up review of IT and IT Security (ISMS)

Testing of Internal Financial Controls (Max 50 key controls)

Verification & Validation

- Surprise Verification and Review of Cash, Investments (FD, Mutual Funds etc.) and device to access Web based system of bank
- Review of Title Deeds

EY

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C Audit Observations

Summary of Observations

Process Audit Area		Risk Rating				Total
		Critical	High	Medium	Low	
1.	Period end Financial Statement Closure Process (FSCP)	-	1	1	2	4
2.	HR Shore Staff	-	-	5	2	7
3.	Chartering (tendering) process up to Fixture	-	-	4	-	4
Grand Total		**0**	**1**	**10**	**4**	**15**

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Financial Statement Closure Process

#	Observation	Management Comment
1	**Strengthen Control over Book closure Process**	**High**
	Provision not created due to incomplete report generated in system • Outstanding Liability (OL) for Mar-19 as per system report was INR 67.4 Cr. • We noted 9 (out of 30) invoices of INR 1.1. Cr. was not captured in 'OL report' due to system error	*IT has identified root cause of error and is in process of rectification* *(Mr. Pavan Sunduru - 27 June 2019)*

	No process for monitoring backdated GRN entries
	• There is no system control to restrict backdated GRNs post closure of books
	  ◦ 3 backdated GRN entries amounting to INR 31.2 Lacs (of 60 cases), were recorded post closure of books
	  ◦ We were informed that the Accounts Department identified GRN entries amounting to INR 1.31 Cr. which were recorded post book closure. *Subsequently, they sent an email to IT on 3 June 2019 to restrict Backdated GRN entries.*
		We will evaluate possibility of closing periods in E-Proc.
		(Mr. G. Shivakumar - 31 July 2019)

2	**Need to strengthen control over reviewing of entries recorded in system post Board Meeting**	**Medium**
	• Absence of process of approval for recording entries in system after book closure and board presentation. • We noted that 9 entries were updated in system after board meeting. *(Note: There is no change in the entries / numbers considered for published results vis-a-vis. updated in system)*	*IT to develop automated reports for backdated JVs and it will be reviewed by AVP and CFO* *(Mr. Pavan Sunduru - 10 August 2019)*

EY

Financial Statement Closure Process

Low

#	Observation	Management Comment
3	**Need to document policy for revision of residual valuation for depreciation calculation**	

	• No policy defining periodicity and tolerance level (in percentage or value) for consideration of revaluation of residual value and variation in exchange rate.
	  ▪ Exchange rate has increased from INR 66.25 in 2016 to INR 69.15 as on 2019 (4.4% change).
	  ▪ If the 2019 exchange rate is considered, scrap value shall increase by INR 60 Cr (approx.)
		Note on residual value and useful life of vessels is updated for currency exchange rate consideration.
		(Mr. Avinash Sukthankar - Implemented)

4	**Need to strengthen monitoring of MSME vendor liabilities**	
	• On review we noted that total 76 invoices of INR 1.16 crores were outstanding for more than 45 days. • There is no process to monitor outstanding of MSME vendors and make timely payments	*We have now started tagging all MSME vendor through system and flagging is done to ensure timely payments* *(Mr. Avinash Sukthankar - Implemented)*

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HR & Payroll - Snapshot

Employee joining and exit trend for the year 2018-2019

As on Apr 2018	Hired	Exit	As on Mar 2019
197	17	10	204
Attrition	5%		

Source - Employee Master provided by HR
(Above data does not include advisors)

Manpower Budget for the year 18-19

Particulars	Corporate	Shipping	Total
Amount (in Cr)	29.17	59.06	88.22

Source - Manpower budget provided by Accounts Dept
(Amount includes all perquisites - Car, club membership, gratuity etc)

Category wise employee age

Category	Average Years of Experience in GESCO	Age Bucket					
		20 to 30 Yrs	31 to 40 Yrs	41 to 50 Yrs	51 to 60 Yrs	> 60 Yrs	Grand Total
Lower Level + Union Staff	13 years	24	29	26	25	1	105
Middle Level	13 years	-	12	47	24	2	85
Senior Level	20 years	-	-	3	16	6	25
Grand Total		24	41	76	65	9	215
%		11%	19%	35%	30%	4%	100%

EY

HR Shore Staff

Medium

#	Observation	Management Comments
1	**Need to strengthen approval process for recruitment of unbudgeted position and "CTC offer"**	
	Absence of DOA for deviation from budgeted CTC band - Increment from last drawn salary offered ranged from 28% to 89% (5 cases) - Absence of documentation for 'basis of salary offered' **Absence of documented approval for new positions / unbudgeted positions** - 9 new positions with CTC of INR 3.8 Cr. - 5 unbudgeted positions with CTC of INR 1.33 Cr.	▪ *We will document basis of salary offered and seek approval from Head HR on email* *(Sonia Saigal & Priyanka Hadawale - 31 Aug 19)* ▪ *Any new positions / unbudgeted positions shall be approved by defined authorities.* *(Salil Raghavan & Savitha K. - 31 Aug 19)*
2	**Need to strengthen process of overtime payments to union staff**	
	Shortfall in overtime paid than required as per Shops & Establishment Act - Overtime paid at 1.5 times of wages instead of 2 times *(Potential shortfall in payment : INR 34,000 (approx.))* **Overtime done over and above permissible hours** - Overtime allowed is 125 hours in 3 months, excess of 77 hours worked ***Non-compliance with provisions of Shops and Establishments Act may lead to fine up to INR 1 lakh***	▪ *We will take a legal opinion on all compliance requirement w.r.t Union employees* ▪ *HOD of the said employees have been informed and measures are taken for reduction of excess working hours* *(Mr. Salil Raghavan - 31 July 19)*

EY

HR Shore Staff

Medium

#	Observation	Management Comments
3	**Weak system control over incomplete working hours**	
	No process to regularize single punch in system: • 399 instances (2%), employee marked present with same "time-in" & "time-out" **Inadequate system report for 'incomplete hours' :** • 164 instances, incomplete working hours are not recorded (67), incorrectly recorded (80) and employees are not flagged as "Late" in the system (17) **No process for reconciliation of attendance records and leave report:** • Cancelled leaves in the leave management system (I zone) were not reflected in the attendance records.	*We shall explore possibility of system alert to HOD in case of non-completion of required no. of hrs. for more than 3 instances in a month.* *We are migrating to new system "Workline"* *System bug w.r.t attendance and leave integration will be addressed in the new system "Workline" (Mr. Salil Raghavan - 1 July 2019)*
4	**Ensure Controls over Leave Management**	
	• **Absence of process to periodically regularize 'no swipes'** • **Post Facto Leave application in system:** Leaves for previous year were applied in current year (63 instances) & Leave was applied after availing leave (175 instances) • **System allows approval of leave by HR without approval of HOD**	*We shall implement a policy for regularization of leave within stipulated time* *Approval of HR prior to HOD approval has been blocked by IT.* *(Ms. Sonia Saigal and Priyanka Hadawale - 31 August 2019)*

EY

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HR Shore Staff

Low

#	Observation	Management Comments
5	**Need to strengthen process of Reference Check of Employees (HR)**	
	• Absence of documented approval for not verifying defined parameters of 'Reference Check' for overseas employees. • Further, there is no clause in offer letter for "Right to Termination" on account of discrepancy in reference check	*Reference check for cases where employee is from outside India will be need basis* *Clause w.r.t reference check will be included in offer letter. (Ms. Sonia Saigal and Priyanka Hadawale - 31 August 2019)*
6	**Ensure proper documentation of Employee File (HR)**	
	• Documents such as interview Assessment Form, Related Party Transaction Policy, Previous Employer Salary Slip, Confirmation Letter and Signed Offer Letter not attached for 17 new recruits	*All the documents have now been filed. Going forward, we will ensure timely filling of documents. (Ms. Sonia Saigal - 21 July 2019)*

#	Improvement Opportunities
7	Maintain Database of all candidates interviewed
8	Implement process for signing separate non-disclosure agreement (NDA) and non-compete agreements by employees

Chartering (tendering) process up to Fixture - Snapshot

Fleet Profile as on 31 December 2018

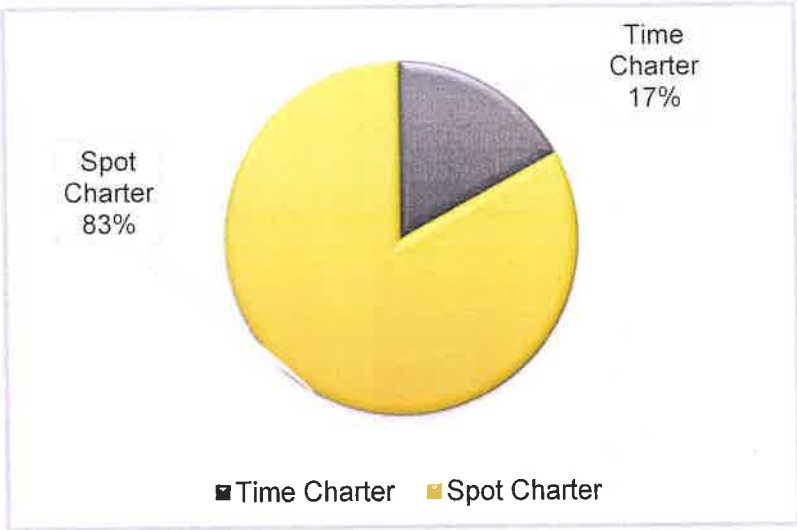
Fleet	No. of Ships	Average Age (Years)
Crude Carriers	12	13.40
Product Carriers	17	11.30
Gas Carriers	6	18.78
Dry Bulk Carriers	13	6.31
TOTAL	**48**	**11.38**

Average TCY Details (April - December'18)

Fleet	Average (TCY $/ Day)
Crude Carriers	14,361
Product & Gas Carriers	13,568
Dry Bulk Carriers	13,411

Division wise details of the Charter (April - December'18)

Division	% of Time charter	% of Spot Charter
Tanker	17	83
Dry Bulk	16	84
Total	**17**	**83**



Source - Data received from Accounts Department & Investor Presentation

EY

Chartering (tendering) process up to Fixture

PROCESS	Improvement Opportunities	Management Comment
Preparation of revenue budget and monitoring	➢ Need to document basis and assumptions for revenue budgets ➢ Need to document reasons for change in budget *(budget revised in July 2018, reason not documented)*	➢ We shall maintain a tracker for budget change along with date and reason for change ➢ We shall document key basis and assumptions for to support he budgets prepared. *Mr. Somesh Kapila, Mr. Anand Narayan, Immediate*
Evaluating chartering options, entering into fixture, preparing charter party	➢ Need to monitor timely preparation of charter party agreements ➢ *136 out of 341 (40%)- draft CPA was not prepared by chartering team ageing up to 814 days*	➢ *We shall monitor Charter Party status on a quarterly basis and update the same in the system tracker* *Mr. Somesh Kapila, 30th June, 2019*
Creation of voyage in system	➢ Need to define timeline for creation of 'voyage' in system ➢ Delay in creation of 'voyage' for 5 vessels (10 to 14 days)	➢ *We shall define and monitor voyage creation within 3 days of fully fixing the charter. Any deviations, shall be explained with adequate reasons* *Mr. Somesh Kapila, 30th June, 2019*
Invoicing and Collections	➢ Evaluate possibility of system trigger for generating demurrage invoices on voyage completion ➢ *12 cases, 'NIL' demurrage invoices not raised in system (ageing from 145 to 386 days)*	➢ *We shall coordinate with IT Team for possibilities of system based trigger / MIS for monitoring of demurrage invoices.* *Captain Prakash Correa, Mr. Abhinandan Das Mahapatra,, Captain Pranesh Kumar -30 June 2019)*

EY

D ICFR Testing

Summary of Testing Results

Process wise summary

#	Process	No. of controls as per Risk Control Matrix provided by GESCO				Testing Results		
		Automated	Manual	Automated + Manual	Total	Tested	Effective	Ineffective
1	Revenue	3	17	-	20	20	20	-
2	Financial Reporting Closure Process	0	30	-	30	30	30	-
3	Shore Staff Payroll	4	13	-	17	17	17	-
4	Inventory				8	-	-	-
5	Fleet Payroll	8	12	1	21	-	-	-
6	Borrowings	0	13	1	14	-	-	-
7	Property Plant & Equipment				28	-	-	-
8	Stores & Spares				5	1	1	-
9	Repairs & Maintenance	1	3	-	4	1	1	-
10	Misc Expenses	0	2	-	2	1	1	-
11	Advance to suppliers	0	4	-	4	-	-	-
12	Creditors	0	3	-	3	-	-	-
13	Port Dues & Agency Fees	1	2	-	3	-	-	-
14	Hire of Vessels	0	2	-	2	-	-	-
15	Insurance	0	5	-	5	-	-	-
TOTAL		**17**	**106**	**2**	**166**	-	-	-

**67 Controls have been tested. (We were not provided with Entity level controls (ELC) & Information Technology General Controls (ITGC), hence we could not test the same*

EY

Internal Financial Control (IFC) Testing – Improvement Opportunities

- **Controls not documented** for following gaps identified in Audit
  - To verify accuracy of Outstanding Liability (OL) report generated through system
  - Approval authorities for expenses of GEIMS Admin expense
- **Define detailed control description** such as who prepares the document, what checks are performed, who reviews the document etc.

Process	Title	Risk	Entity control activity	Observation (EY)
Payroll Fleet	Tax Report	Other liabilities (statutory dues related to employee cost) are incorrectly calculated and recorded in the books of accounts.	The tax report is run by the Fleet Payroll Processing Team. Taxation calculation is done automatically in the system based on the parameters entered.	***Control Design not adequate*** *No control defined for ensuring correct tax rates recorded in system i.e. who records tax rates, who ensures any changes in taxes are adequately updated in system has not been mentioned*

- Evaluate **opportunities to automate controls** (Refer Illustrative Below)

Risk	Automation Opportunities
▪ Incorrect vendor details updated (GST)	▪ System trigger for incorrect GST updated (based on count of digits)
▪ Unauthorized PO's raised for repairs & maintenance	▪ PO approvals to be defined in EPROC for repair & maintenance PO's (EPROC) ▪ Approvals to be triggered for amendment of PO's
▪ Backdated GRN entries leading to incorrect provision working	▪ System to restrict entering back dated GRN / Approvals to be triggered for back dated GRN entries being made

EY

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E

Follow up review of IT and IT Security

Follow up review of IT and IT Security (ISMS) - Summary of Observations

Status as on	No. of open issues as per reports issued in 2016	No. of open issues as per report issued on 22 Mar 2018	No. of issues Implemented	No. issues yet to be implemented
22 Mar 2019	40	14	26	14
25 Jul 2019	14	7	7	7

Details of Open Observations

Sr. No.	Observations (as per report)	Management Comment & Action Plan	Timelines (as on 22 Mar 2019)	Revised Timelines (as on 25 Jul 2019)
1	Users can log-in at multiple systems (no limit)	The number of concurrent log-ins shall be restricted to 2 logins	30-06-2019	31-08-2019
2	System lock-out duration is high	The lock-out time will be reduced to 5 minutes	31-03-2019	31-08-2019
3	Unsupported Windows version is in use	All the listed applications will be moved to new servers	30-04-2019	31-08-2019
4	Vulnerable to URL redirection attack	Active servers IP(s) will be masked and will not be exposed to external world	30-06-2019	30-09-2019
5	Microsoft Windows SMB log-in allowed without credentials	We shall restrict Null Access for 172.16.6.35	30-06-2019	30-11-2019
6	Excessive information shown in error messages	Active servers IP(s) will be masked and will not be exposed to external world	30-06-2019	30-11-2019
7	Policies defined do not provide complete information	Changes in the policies will be made	30-04-2019	30-09-2019

EY

F

Action Taken Report

Action Taken Review of Previous Open Points

- Status of Action taken on issues identified in past reports of Quarter 1 to Quarter 3 as on 26th June 2019

Sr. No.	Audit Area	Quarter	No. of observations (Includes Performance Improvement)	Not Due	Implemented	Open
1	Sale and Purchase Of Vessel	1	6	-	6	-
2	Verification & Validation	1	1	-	1	-
3	High Value Transaction and Comprehensive Transaction Review	2	6	-	5	1
4	End to End Vessel Review	2	6	-	4	2
5	Chartering	3	4	2	2	-
Total			23	2	18	3

Note - In case of "Partially Implemented" and "Not Implemented", revised timelines have been obtained from Responsible Persons

Follow-up Review for Q4 observations shall be done in F.Y. 2019-2020.

STATUS OF OPEN ACTIONABLE ITEMS				
Sr. No.	Observation	Risk Rating	Original Timelines	Revised Timelines
1	Planned Maintenance Process needs strengthening	High	30- Apr-19	31-Oct-19
2	Process of periodic review of Open PR to be defined	Medium	31- Dec-18	30-Sep-19
2	Inconsistency in certificate tracker for same class of vessel	Improvement Opportunity	31-Dec-18	31-Oct-19

Action Taken Review of Previous Open Points

Status of Open Action Plan

#	Audit Area	Observation	Action Plan	Timelines	Revised Timelines
1	High Value and Comprehensive transaction Review	• Process of periodic review of Open PR to be defined • PR open for more than 180 days • Multiple PR's for same material	• Admin - These were test PR's which were not converted into PO. They shall be closed • Bunker - Quarterly monitoring of PR shall be initiated starting from current quarter. We are exploring possibility of restricting creation of duplicate PR in the system (Mrs. Nisha Patil • Mr. Abhinandan D Mahapatra)	31- Dec-18	30-Sep-19
2	End to End vessel Review	• Planned Maintenance Process needs strengthening • Critical Equipment's & Critical Activities not uniform in same class of vessels • Absence of periodic revalidation / revisit of PMS equipment and activities • Frequency of PMS activities not uniform across Identified Equipment's and activities • Due Dates for PMS Activities not defined for several activities • Inaccurate generation of due dates for PMS Activities • Redundant activities' generated in PMS system	• We shall revisit PMS Activities to standardize critical equipment's & activities, as well as frequency of activities. • All duplicate activities shall be reviewed and deleted from system. • Due dates as per frequency shall be rectified. Activities which do not have due dates and are not duplicate shall be updated in system along with due dates. • The non-relevant designations such as III Officer, 2nd Engineer shall be deleted from the system. (Mr. Mudit Mehrotra)	30- Apr-19	31-Oct-19
3	End to End vessel Review	• Inconsistency in certificate tracker for same class of vessel • Certificate tracker not uniform for Jag Vidhi & Jag Vishnu • Inconsistency in Certificate Tenure in tracker • Status not updated for Certificates due for renewal	• We shall prepare a standardized certificate list and monitor the same on a quarterly basis. • We shall upload all certificates in Acura in a phased manner, post which all certificates shall be tracked on system only. (Mr. Mudit Mehrotra)	31-Dec-18	31-Oct-19

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Limitations of our work / Disclaimer

Limitation of work / Disclaimer

- As it is practically not possible to study all aspects of a process during the limited time frame of an review, we have reviewed the process as per agreed upon methodology and held discussions with the process owners and other key people in the process during the planning stage of review which helped us in identifying specific areas where control weakness and process gaps may exist. Opportunities for process improvement are available. Our subsequent work was directed towards the issues identified above. Therefore, this report may not necessarily comment on all the matters perceived as important by the local Management.

- The issues identified and proposed action plans in this report are based on our discussions with the people engaged in the process, review of the relevant document/records and our physical observation of the activities in the process. We made specific efforts to verify the accuracy and authenticity of the information gathered only in those cases where it was felt necessary. The work carried out and the analysis thereof is based on the interviews with the personnel and the records provided by them. This report does not comment upon any change/development taken place in the process and functioning of audit areas after the fieldwork completion date.

- The identification of the issues in the report is mainly based on the review of records, sample verification of document/transactions and physical observations of the events. As the extent of transactions is purely judgmental unless otherwise specified in review scope, the outcome of the analysis may not be exhaustive and representing all possibilities, though we have taken reasonable care to cover the major eventualities.

- This report is solely for the information of the client and should not be used, circulated, quoted or otherwise referred to for any other purpose, nor included or referred to in whole or in part in any document without our prior written consent.

Thank you.

