

# CHAIRMAN'S ADDRESS

**Dear Shareholders,**

It gives me immense pleasure in welcoming you all to the 104th Annual General Meeting of Garden Reach Shipbuilders & Engineers Ltd.

This is the first AGM in the history of the company to be held through virtual mode and I am thankful for your participation and extend my gratitude to all our esteemed investors for their confidence in our company which is further reflected by increased market capitalization over the previous year.

## **COVID – 19 Pandemic**

The world is going through an unprecedented crisis of COVID 19 pandemic and we are evaluating our company's performance and future at the middle of this biggest crisis, which we have never seen before in our lifetime. The pandemic has affected the entire humanity and plunged the world into an economic recession and disrupted several businesses across the globe. However, I believe that like any challenge, the present one also brings opportunities to innovate and think out of box in the face of adversity. This is the time to reassess, redefine and relook at exploring new ways of working. We need to Reform, Transform and Perform with new normal.

## **Commitment to self-reliance – Atmanirbharata.**

Commitment to self-reliance through indigenous development is a subject of the larger objective of combat readiness of our defence forces. Govt of India is giving huge impetus to Atmanirbhar Bharat with numerous initiatives & policy decisions in this direction. Recent announcement by the Hon'ble Raksha Mantri ji declaring 101 items in negative list of imports over next five years, which also includes variety of warships that would be constructed only in India, augurs well for the Indian shipbuilding industry.

The defence shipbuilding segment continues to look promising on account of ambitious ship acquisition plans of the Indian Navy and Indian Coast Guard in this decade. This is reflected in the form of a number of RFPs for different class of warships which have been floated over last one year and more are expected in near future. Your company has thus been responding to all these RFPs. Having won major orders on competitive



bidding for Survey Vessels (Large) and ASW-SWC projects of the Indian Navy in recent years, GRSE's technical and commercial competitiveness should help us to do well in future bids as well.

Your company continues to set new benchmark in Atmanirbharata in warship construction. GRSE has created a record of delivering 105 warships to Maritime forces till date, which includes delivery of 4th and the last ship of prestigious Anti Submarine Warfare Corvette (ASWC) programme of the Indian Navy in Feb 2020. The indigenization achieved onboard Kamorta class ASW Corvettes built by GRSE, the first warship built in the country with indigenously developed warship grade steel DMR & 49A and eventually earning the distinction of achieving 90% overall indigenous content. The Landing Craft Utility (LCU) ships, designed inhouse by GRSE, have also achieved the similar distinction of over 90% indigenous content onboard ships. Your company has delivered 7 such LCUs Mk IV ships to the Indian Navy and the 8th and the last is getting ready for delivery very soon.

## **Our Strength**

Shipyard is having a strong Order book for construction of 15 warships of the Indian navy, pertaining to 03 Projects, Stealth Frigates (P17A),

## CHAIRMAN'S ADDRESS Contd...

Survey Vessel (Large) and ASW Shallow Water Craft (ASW-SWC) over next 6-7 years. To accomplish concurrent construction of such complex warships your company has been strengthening its internal processes, systems, infrastructure and cost effective measures to improve the bottom line of the shipyard, which is continuously reflecting on the financial performance of the company.

### Industry 4.0 Practices

In tune with latest technologies, our strategies revolve around smart manufacturing (Industry 4.0) with sparked innovations in automation, robotics and industrial internet of things. Introducing Artificial Intelligence, Data analytics, Machine Learning, Interoperability and secured connectivity enabling real time monitoring, control and optimization of processes, resources and systems shall enable workload consolidation across Design, Planning Production, Quality and Supply Chain Management significantly in the future across all units of the company.

### Design Excellence and R &D.

GRSE's in-house design capabilities remains its major area of strength with the multi-disciplinary 100 plus members design team working towards developing various concept designs for current and future projects. Introduction of state-of-the-art Virtual Reality Lab has further added to our design capabilities. Entire design of both the ongoing projects of Survey Vessels (Large) and ASW (SWC) won on competitive bidding is being done in-house by our Design Team. Your company's Design and R & D Department got further boost to its efforts when it was recognized by the Department of Scientific and Industrial Research (DSIR), Min of Science & Technology, Govt of India.

The Bailey Bridge division of your company is also keeping pace with ship division in its R&D efforts of designing and developing new products. During the year 2019-20, this division developed and completed successful trials of three new products, 30ft Portable Pedestrian Assault Bridge made of light weight carbon fiber reinforced composite material for the Indian Army, 140 feet Double Lane (7.50 m wide) and 190 feet Single Lane modular bridge, both being 70R class load capacity and made of 7 feet panels.

### Capacity Building.

Having achieved the capacity of building 20 warships concurrently, post phase II Modernisation of the facilities at our Main Unit, we are now moving forward with capacity building at Rajabagan Dockyard Unit.

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This 31.5 acre unit promises a great potential for building small and medium size platforms. The marine infrastructure and other allied shipbuilding facilities are being modernized, augmented and rejuvenated with an aim to increase your company's overall capacity to 24 warships construction in next 3-4 years.

As part of the Atmanirbhar Bharat week celebrations a State-of-the-art indigenous CNC Underwater Plasma Plate cutting Machine and two modern Hull Block Fabrication complexes at the RBD Unit were virtually inaugurated by Hon'ble Raksha Mantri, Shri Rajnath Singhji on 10 Aug 2020. Both these facilities at RBD will go a long way in enhancing the production capacity of the shipyard.

### Human Capital

At GRSE we are driven by an empowered team of dedicated and experienced employees who are aligned with our core values and company's vision. Competency building, developing managers to assume leadership roles and enabling them to embrace new disruptive management techniques through tools of Industry 4.0 are the new focus of our HR initiatives.

### Our Performance.

The performance of the company continued to be strong during the year 2019-20. Revenue from operations registered a growth of 3.38% from

₹ 1,386.42 crore in FY 2018-19 to ₹ 1,433.30 crore in 2019-20 and Profit After Tax has also increased by 48.70% from ₹ 109.94 crore to ₹ 163.48 crore. I am pleased to inform you that the company has declared its highest ever dividend of 71.40% per equity share of face value of ₹ 10/- each. Your company has already paid interim dividend of 57.40% per equity share. The Board has also recommended a final dividend of 14% per equity share of face value of ₹ 10/- each to be paid after approval of shareholders at this Annual General Meeting.

#### **Thrust on Export.**

Having built and delivered over 780 vessels, including wide array of warships to the Indian Navy and Indian Coast Guard, GRSE has all the potential to pursue export opportunities to increase its global foot prints. Towards this, we are giving huge thrust for exports and realigning marketing strategies to match with the dynamic global environment.

With an aspiration to become part of global value chain, your company has signed an MoU with M/s Kongsberg, Sweden for manufacture & assembly of Water Jets used in the propulsion system of marine vessels. We also signed MoU with M/s BERD, Portugal for exploring Design Support to manufacture next generation modular portable bridge solutions in India.

#### **Committed to Develop Strong Ecosystem.**

GRSE is consciously engaged towards developing a robust ecosystem around its area of operations and has been putting in sincere efforts to foster business partnerships and aid MSME Vendors in joining hands towards delivering Maritime & Engineering products to the nation and to friendly foreign countries.

Our consistent thrust on developing vendor base in the Eastern Region and across India with strategic focus in engagements thus created with existing and prospective business partners through regular vendor meets and interactions has helped increase our vendor base considerably. During the year, we have achieved 38% of the total procurement from MSME Vendors, much above the minimum threshold of 25% stipulated by GOI.

Skill development is one of the thrust area of our CSR objective. Your company continues to do extensive work towards skill development in line with the Skill India Mission by facilitating vocational training for improving employability and entrepreneurship opportunities for the youth and to bridge skill gaps.

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This annual report also comes with our first Business Responsibility Report which gives a framework of our environmental, social and governance initiatives. During the year the company spent ₹ 221 lakh towards various social development initiatives under our CSR outlay.

#### **Concluding Remarks**

I would like to conclude by saying that we are at the cusp of a major transformation facilitated by our operational capabilities gained over the years, GRSE's brand equity, a healthy balance sheet and our dedicated Team GRSE. We are determined to move forward and meet the future challenges with passion for change.

I express my heartfelt thanks to Ministry of Defence, Central and State Government Authorities and Indian Navy & Indian Coast Guard Authorities for their unstinted support and valuable guidance. I would also like to take this opportunity to convey my gratitude to all our esteemed shareholders for their enduring faith and confidence they have reposed in us. Last, but not the least, I appreciate the entire team at GRSE for their untiring efforts and unflinching commitment to achieve the goals of the Company and the Board of Directors who have supported and guided the Company to put it on a path of accelerated growth.

**Jai Hind,**

V. K. Saxena  
Rear Admiral, IN (Retd.)  
Chairman & Managing Director