

**Memorandum of
Understanding
(2020-21)**

**BETWEEN
GARDEN REACH
SHIPBUILDERS
& ENGINEERS LIMITED**

**AND
DEPTT. OF DEFENCE
PRODUCTION
MINISTRY OF DEFENCE**

Brief about GRSE for MoU for the year 2020-21

Sl.	Particulars	Details
1	Name of the CPSE	Garden Reach Shipbuilders & Engineers Limited
2	Date of Receipt of Draft MoU 2020-21	13 th December 2019
3	Holding / Subsidiary	Holding
4	Status (Maharatna/ Navratna/ Miniratna-I/ Miniratna-II/ None)	Miniratna- I
5	Schedule (A/ B/ C/ D/ Unscheduled)	B
6	Purpose for which the CPSE was set up and the main business now	<p>GRSE was set up for Shipbuilding, Ship Repair & Engineering business.</p> <p>The present businesses of the company are Shipbuilding (the main business), Ship Repair, Portable Pre-Fabricated Steel Bridge, Deck Machinery items, Marine Pumps and Diesel Engine.</p> <p>Garden Reach Shipbuilders & Engineers Ltd., was taken over by the Government of India in 1960 and the shipyard delivered the first ever indigenous warship built in India, INS Ajay to Indian Navy in 1961. GRSE has since then delivered a total of 105 warships to Indian Navy, Indian Coast Guard and Mauritius Coast Guard, which is the highest number of warships built by any shipyard in the country.</p> <p>GRSE is following a well laid blue print of dynamic growth plan, expansion and diversification to meet the future defence needs of the country. GRSE acquired Raja Bagan Dockyard in July 2006 from CIWTC Ltd for its small ship business. The shipyard has recently completed its Modernization plan with an aim to build quality ships in reduced timeframe with Modular Construction Technology. With this modernisation, shipyard has doubled its capacity. GRSE is a Mini Ratna Category I company. GRSE is a profit making and regular dividend paying Defence PSU for the last 26 years. Over the years, GRSE has developed capabilities to design and build a wide range of most modern and strategic warships for the country including Frigates, Corvettes, Fleet Tanker, Survey Vessels, LSTs, LCUs, OPVs, FACs, IPVs, FRP boats and Hovercrafts.</p> <p>GRSE is the only DPSU in the country having its own Engineering Division. The Engineering Division of GRSE has developed capabilities to design and manufacture Portable Pre-fabricated Steel bridges, Deck Machinery items, Marine Pumps and Diesel Engines. In recognition of GRSE's performance, the</p>

Sl.	Particulars	Details									
		company has been awarded 'Best Performing Shipyard' Trophy by Hon'ble Raksha Mantri for four consecutive years (2010-11 to 2013-14). In May 2017, GRSE received the Raksha Mantri's Award for In-house Design Effort of OPV for Mauritius Coast Guard. The shipyard's vision is to become world class shipyard.									
		Yes (both in NSE & BSE) on 10 th Oct 2018									
7	Whether shares are listed (if yes, name of Stock Exchange and price of the share as on date)	The scrip code of our Company, with respect to Stock Exchanges are as follows: BSE – 542011 NSE – GRSE Number: 114552000 Equity Shares <table border="0" style="width: 100%; text-align: center;"> <tr> <td>Stock Exchange</td> <td>Price as on 31.03.2019</td> <td>Price as on 13.02.2020</td> </tr> <tr> <td>NSE</td> <td>Rs. 98.65/ Share</td> <td>Rs. 172.90/ Share</td> </tr> <tr> <td>BSE</td> <td>Rs. 97.45/ Share</td> <td>Rs. 173.45/ Share</td> </tr> </table>	Stock Exchange	Price as on 31.03.2019	Price as on 13.02.2020	NSE	Rs. 98.65/ Share	Rs. 172.90/ Share	BSE	Rs. 97.45/ Share	Rs. 173.45/ Share
Stock Exchange	Price as on 31.03.2019	Price as on 13.02.2020									
NSE	Rs. 98.65/ Share	Rs. 172.90/ Share									
BSE	Rs. 97.45/ Share	Rs. 173.45/ Share									
8	Any business unit added/ hived off or to be added/ hived off and any change in Capacity during 2019-20 or proposed during 2020-21 (MoU Year)	No business unit has been hived off or added during FY 2019-20. At present there is no plan to hive off or add any business unit during FY 2020-21.									
9	Brief about the Sector in which the CPSE is operating and national & international environment, regulatory environment/ benchmarks, etc.	GRSE is a Defence Public Sector Undertaking Shipyard. The core business of the company is designing, development and construction of warships and other ships mainly for Indian Navy and Indian Coast Guard. GRSE is the only DPSU Shipyard of the country having Engineering & Engine Divisions. The Engineering Division of the company design, develop and manufactures Portable Pre-Fabricated Steel Bridge, Deck Machinery items and Marine Pumps whereas the Engine Division of the company does assembly, testing and trial of Marine Diesel Engines									
10	Details of revival plan, if approved.	Not Applicable									
11	Any adverse comment by Statutory Auditors and its impact on Revenue/ Profit/ Loss/ Assets/ Liabilities for latest year.	No									
12	Whether C&AG Supplemented the comments of Statutory Auditor. If	“Nil” Comment									

Sl.	Particulars	Details	
	not, give details alongwith impact for latest year.		
13	Number and Name of Subsidiary companies along with amount invested and Share in its Profit/ (Loss) during last five years:	Not Applicable	
14	Number and Name of Joint Venture companies along with amount invested and Share in its Profit/ (Loss) during last five years:	Not Applicable	
15	The score and MoU rating of CPSE for last 5 years is as follows:		
	Year	Score	Rating
	2014-15	3.45	Good
	2015-16	74.84	V Good
	2016-17	51.65	Good
	2017-18	93.08	Excellent
	2018-19	92.72	Excellent

Annex – II PART A

Mandatory/ Compulsory Parameters
(Applicable to all Operating CPSEs except CPSEs Distributing Government grant)

Sl. No.	Financial Performance Criteria	Unit	Marks	Current Year FY 2019-20 (Est.)	Best in 5 years	MoU Target for the FY 2020-21					% Improvement*
						Excellent	V Good	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
Turnover - Revenue from Operations (Rs.Crore) – 10 marks											
1	Revenue from Operations (Net of Taxes)	Rs. Crore	10	1433.30	1656	1656	1100	1000	900	850	-23.25
Operating Profit/ Loss (%) – 20 marks											
2	Operating profit as % of Revenue from operations	%	20	0.63	2.94	2.94	0.25	0.10	0.09	0.08	-60.32
Return on Investment: – 20 marks											
3	PAT as a % of Average Net Worth	%	20	15.73	15	15.73	10	9	8	7	-36.43
Total (A)			50								
* Improvement would be worked out on Very Good Target for MoU year over Current year expected actuals.											

Other/ Optional Parameters
Applicable to all Operating CPSEs except CPSEs in Finance Sector

Sl. No.	Performance Criteria	Units	Marks	Current Year FY 2019-20 (Est.)	Best in 5 years	MoU Target for the FY 2020-21					% Improvement *
						Excellent 100%	V Good 80%	Good 60%	Fair 40%	Poor 20%	
4	Production										
a	Blasting & Painting	MT	5	2380	2430	2580	2380	2132	1938	1772	0.0
b	Steel Throughput for Hull Construction	MT	5	1230	1272	1550	1409	1281	1165	1059	14.55
5	CAPEX	Rs. Crore	3	51.89	56	140	60	50	35	25	15.63
6	Percentages of value of CAPEX contracts/ projects running/ completed during the year without time / cost overrun to total value of CAPEX contracts running / completed during the year	%	2	-	-	100	95	90	85	80	-
7	Exports	Rs. Crore	3	-	-	79	72	57	43	29	-
8	Percentage reduction in Imports as % of Revenue from Operations over Previous Year	%	3	-	-	3.0	2.5	2.0	1.5	1.0	-

Other/ Optional Parameters
Applicable to all Operating CPSEs except CPSEs in Finance Sector

Sl. No.	Performance Criteria	Units	Marks	Current Year FY 2019-20 (Est.)	Best in 5 years	MoU Target for the FY 2020-21					% Improvement *
						Excellent	V Good	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
9	Completion of milestone of clients' orders / agreements without time overrun (Date)										
a	Launching of first Stealth Frigate (P-17A Project) GRSE Yd. 3022	Date	1	-	-	31.12.20	20.02.21	10.03.21	20.03.21	31.03.21	-
b	Keel Laying of Last Stealth Frigate (P-17A Project) GRSE Yd. 3024	Date	1	-	-	10.03.21	15.03.21	20.03.21	25.03.21	31.03.21	
c	Keel Laying of second Survey Vessel Large (SVL) GRSE Yd. 3026	Date	2	-	-	31.12.20	15.01.21	31.01.21	15.02.21	28.02.21	
d	Delivery of FPV Yard 2116 to Govt of Seychelles	Date	2	-	-	15.01.21	31.01.21	28.02.21	15.03.21	31.03.21	
e	Consolidation of design inputs of ASW SWC Project & Start Production of first ASW-SWC GRSE Yd. 3029	Date	2	-	-	10.02.21	20.02.21	28.02.21	15.03.21	31.03.21	
f	Delivery of LCU Yard 2099 to Indian Navy	Date	2	-	-	31.12.20	15.01.21	31.01.21	15.02.21	28.02.21	
10	Technology up-gradation parameters:										
a	In-house Hull form Development of Next Generation Corvette Hull	Date	2	-	-	15.01.21	31.01.21	28.02.21	15.03.21	31.03.21	-

Other/ Optional Parameters
Applicable to all Operating CPSEs except CPSEs in Finance Sector

Sl. No.	Performance Criteria	Units	Marks	Current Year FY 2019-20 (Est.)	Best in 5 years	MoU Target for the FY 2020-21					% Improvement *
						Excellent	V Good	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
	form and CFD (Computational Fluid Dynamics) validation										
b	Plume Trajectory Analysis Engine Exhaust for Anti-Submarine Warfare Shallow Water Craft (ASW-SWC)	Date	2	-	-	15.01.21	31.01.21	28.02.21	15.03.21	31.03.21	-
c	Design & Development of the optimal layout of various antennas to minimise EMI/ EMC interference for ASW SWC Platform.	Date	2	-	-	31.01.21	15.02.21	28.02.21	15.03.21	31.03.21	-
d	Completion of Basic Design of stealth Anti-Submarine Shallow water Platform.	Date	2	-	-	31.12.20	31.01.21	28.02.21	15.03.21	31.03.21	-
11	Trade Receivables (Net) as number of days of Revenue from Operations (Gross)	Days	4	123	20	36	45	60	75	90	173.33
12	Percentage of procurement of goods and services	%	5	-	-	25	20	15	10	5	-

Other/ Optional Parameters
Applicable to all Operating CPSEs except CPSEs in Finance Sector

Sl. No.	Performance Criteria	Units	Marks	Current Year FY 2019-20 (Est.)	Best in 5 years	MoU Target for the FY 2020-21					% Improvement *
						Excellent	V Good	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
	through GeM portal to total procurement of goods and services during the previous year i.e. FY 2019-20										
13	Completion of one AI Enabled Project - “AI Enabled Design Assistant”	Date	2	-	-	20.02.21	28.02.21	10.03.21	20.03.21	31.03.21	-
	TOTAL		50.0								

* Improvement would be worked out on Very Good Target for MoU year over Current year expected actuals.

Para 12, 13, 13.1, 13.2, 14, 14.1, 14.2, 14.3, 15 & 16 of DPE OM No. M-03/0017/2016-DPE(MoU) dated 17th January 2019 on the subject – MoU Guidelines.

12. MoU Signing Process: MoU based on the parameters, targets and weightage recommended by IMC without any deviation shall be signed between CMD/ MD of CPSE and Secretary of administrative Ministry/ Department in case of holding/ independent CPSEs and between CEO/ MD of subsidiary company and CMD/ MD of holding CPSE in case of subsidiary by 31st March (i.e. before start of financial year in respect of which targets are fixed) or within 21 days from issue of IMC meeting minutes, whichever is later. In case, deviation is detected, IMC minutes would prevail.

13. MoU Evaluation: Evaluation of MoU of the CPSE is done after the end of the year on the basis of actual achievements vis-à-vis the MoU targets. CPSEs (Holding as well as Subsidiaries) are required to submit performance evaluation reports on the basis of audited accounts to Department of Public Enterprises after approval of the Board of CPSE and through the administrative Ministries/ Departments on or before **30th September (in respect of immediately preceding year) or any other date communicated by DPE.** Figures and information in the MoU achievement which are not verifiable from audited accounts would be relied on the basis of certification by way of resolution of the Board given separately for each parameter.

13.1 Pro-rata adjustment may be made in the targets in case of improvement in actual performance over the estimated performance in the base year informed at the time of target setting.

13.2 If at the time of evaluation, it is observed that any CPSE may have under-pitched their projected performance for the year concerned to have soft targets fixed. DPE/ IMC may call the CMD of such CPSE to clarify the matter for enabling the IMC to evaluate the performance and assign marks and rating based on justification given by the CMD.

14. MoU Score and Rating: MoU score is an aggregate of score on all parameters with respect to performance vis-a-vis the targets.

14.1 The system of rating of CPSEs on the basis of MoU Aggregate Score is as follows:

Aggregated Score	Rating
$90 \leq \text{Score} \leq 100$	Excellent
$70 \leq \text{Score} < 90$	Very Good
$50 \leq \text{Score} < 70$	Good
$33 \leq \text{Score} < 50$	Fair
$0 \leq \text{Score} < 33$	Poor

14.2 Score and rating as per para 14.1 would be subject to fulfilling following criteria failing which aggregate MoU score would be reduced by 1 mark for each instance of non-compliance subject to maximum of 5 marks and the rating would be modified accordingly:

- i. Compliance of Provisions of The Companies Act, 2013 or the relevant Act under which they have been regulated (To the extent compliances are within the ambit of CPSEs).
- ii. In case of listed CPSEs, compliance of provisions of Listing Agreement (To the extent compliances are within the ambit of CPSEs).
- iii. Compliance of DPE Guidelines having financial implications.
- iv. No adverse observations by CAG on Annual Accounts pointing out misappropriation of funds of any amount or Over statement of Profit/ surplus/ assets or understatement of loss/ deficit/ liabilities amounting to 5% of Revenue from Operation.
- v. Holding of AGM without seeking extension of time.
- vi. Submission of Draft MoU/ MoU evaluation through administrative ministry/ department to DPE by prescribed date.
- vii. Signing of MoU as prescribed without deviation from minutes of the IMC meeting.
- viii. Compliance of Public Procurement Policy for Micro and Small Enterprises issued by M/o Micro Small and Medium Enterprises.
- ix. Compliance of DPE Guidelines issued from time to time for CSR Expenditure by CPSEs.
- x. Compliance to DPE Guidelines on Digital India.
- xi. Compliance to DPE Guidelines on any policy, issued from time to time, and prescribed specifically in this regard.

14.3 Compliance of each of additional eligibility criteria to be confirmed/ certified by Board of Directors by way of resolution.

15. CPSEs not signing of MoU or not submitting MoU Evaluation: The CPSEs who do not submit MoU/ MoU evaluation through their administrative Ministries/ Departments within a stipulated time of the prescribed date will be rated as “poor”. Stipulated time would be decided by Secretary, DPE (presently stipulated time is six months vide OM No. M-03/0017/2016-DPE (MoU) dated 14.07.2017). The Prescribed dates are given in para 10 and 13 of the guidelines.

16. Approval of Score and Rating: DPE would carry out the evaluation of the performance of CPSE base on the MoU received through the administrative ministries/ department. The results of MoU score and rating of CPSEs would be submitted to the IMC. IMC may scrutinize the evaluation and wherever it is felt necessary, modify the score and rating. The score and the ratings of the CPSEs would be submitted to chairman of the HPC for approval. Score and rating would be final after it is approved by the Chairman of the HPC.

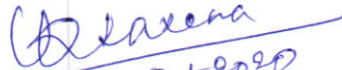
Extracts of Minutes [Refer DPE O.M. No. M-01/0016/2020-DPE (MoU) Dated 15th October, 2020] of the IMC Meeting on MoU 2020-21 held on 13.10.2020.

Para 7 - In working out achievements for the year, quantified qualifications of CAG / Statutory Auditors would be adjusted in case of overstatement of Revenue/ Profit/ Surplus or understatement of Loss/ Deficit, in addition to the negative marks prescribed in MoU guidelines.

Para 8 - Adjustment would be made in the targets in case of improvement in actual performance over the estimated performance in the base year (2019-20) as per MoU Guidelines.

Para 9 - It was agreed that targets decided are unconditional and no offset will be allowed on any ground. Further, evaluation would be subject to compliance of Additional Eligibility criteria as contained in MoU guidelines.

Targets approved by IMC along with estimated figure provided by CPSEs as recorded in minutes of IMC meeting.


20 Oct 2020

CHAIRMAN & MANAGING DIRECTOR
GARDEN REACH SHIPBUILDERS &
ENGINEERS LIMITED

रियर एडमिरल वी के सक्सेना भा.नौ. (से.नि)
Rear Admiral V K Saxena IN (Retd.)
अध्यक्ष एवं प्रबन्ध निदेशक
Chairman & Managing Director
गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड
Garden Reach Shipbuilders and Engineers Ltd.



SECRETARY TO THE GOVT OF INDIA
DEPT. OF DEFENCE PRODUCTION,
MINISTRY OF DEFENCE

MOU 2020-21

ACTION PLAN FOR IMPLEMENTATION & MONITORING OF THE MOU.

Actual performance against the criteria in the Annex – II PART A (Mandatory/ Compulsory Parameters) and Annex – II PART B (Other/ Optional Parameters) would be evaluated by DPE at the end of the financial year. The company's performance will be reviewed in the following manner:

- (a) Monthly by Management.
- (b) Quarterly by Board
- (c) Half Yearly by Ministry
- (d) Yearly by DPE

The final annual Evaluation Report for MoU 2020-21 will be presented to the Ministry by 30th September 2021.

V K Saxena
20 Oct 2020

**CHAIRMAN & MANAGING DIRECTOR
GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED**

रियर एडमिरल वी के सक्सेना भा.नौ. (से.नि)
Rear Admiral V K Saxena IN (Retd.)
अध्यक्ष एवं प्रबन्ध निदेशक
Chairman & Managing Director
गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड
Garden Reach Shipbuilders and Engineers Ltd.