

MESSAGE FROM CMD



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Dear Shareholders,

It gives me immense pleasure in welcoming you all to the 106th Annual General Meeting of the Garden Reach Shipbuilders & Engineers Limited, and I thank each one of you for attending the meeting in the Virtual mode.

This is my maiden address to the shareholders of the company and I am indeed delighted to do so, considering that this is a special occasion, as we Indians are celebrating 'Azadi ka Amrit Mahotsav – to commemorate 75 years of our Independence'. The journey of GRSE over the years has been glorious, with the shipyard evolving & setting new benchmarks in shipbuilding and engineering excellence. While the clarion call for 'Make in India' has been resounding across our Nation in the last few years, "Make in India" has been in our DNA for the last 60 years, and with 788 marine platforms including 107 warships delivered as on date, GRSE today epitomizes "Atma Nirbharta" in warship building.

Further, our diversified product portfolio is our USP (Unique selling point) and this provides us an edge amongst all listed Indian Shipbuilding Yards.

The year gone by was challenging, considering the fallout of the pandemic and its aftereffects. Despite being a labour-intensive industry with high dependency on supply chain management, the company effectively managed these challenges and progressed operations with agility, business resilience & determination, and came out with flying colours, both in terms of financial & production performance.

Performance Overview

Your Company has posted the best ever performance in the history of the Shipyard and recorded the highest ever turnover of ₹ 1,748 Crore for FY 2021-22, reflecting YoY growth of 54%. The profit after tax grew to ₹189 Crore as against ₹153 crore in previous year. A detailed review of our revenue and margins is elaborated in the Directors' Report.

I am glad to inform you that the Board of your Company has recommended final dividend @ 8.50% of paid up capital i.e. @ ₹0.85/- per share subject to approval of Shareholders in this Annual General Meeting in addition to the interim dividend @ 49.50% of paid-up capital, i.e. ₹4.95/- per share already paid. You may also note that your company has been paying dividend consistently for the last 29 consecutive years.

On the Production performance front too, we have met the project milestones despite the challenges of the pandemic. In December 2021, the first of four Survey Vessels (Large), 'INS Sandhayak', with the ship at nearly 40% physical progress of construction, was launched. Further, the keel of the third P-17A ship for the Indian Navy was laid, and construction of all the three ships of this prestigious project is progressing smoothly. In the beginning of the last financial year, 'SCG PS Zoroaster' built by your company was handed over by the Hon'ble Prime Minister of India to the President of Seychelles.

Ship repairs have been a focus area for your Company and the GRSE-KPDD unit (Khidderpore Dry Dock) took off last year, a new gateway for "Ship Repair & Refit" as a structured business vertical for the Company. During the year, your Company has carried out refits of total four (4) ships including the refit of CGS Barracuda for the Government of Mauritius.

The Bailey Bridge division has been provided a fillip with new products & "go to market strategies" in the Single & Double Lane Portable Bridges & signing a historic MoU with DGBR for supply of 27 bridges for difficult terrains in the North East region of India.

The Engine Division has successfully completed FATs and delivered the 1st shipset of the 1 MW Diesel Alternators for the P17A project, a key achievement of last year.

Orderbook Position

Our orderbook stands at a very healthy ₹ 24,103.60 crore as on 31st March 2022, and on the shipbuilding front, six (6) projects are currently under execution, with three projects

I am also happy to inform you that your company has been declared L2 in an RFP for construction of Next Generation Ocean Going Patrol Vessels (NGOPV) for the Indian Navy, and as per the tender conditions, the L2 shipyard will be awarded a contract for construction of four (4) ships.



comprising of fifteen (15) ships for the Indian Navy, one (1) FPV project for India Coast Guard, and two export projects, an ocean-going passenger cum cargo ferry for Govt of Guyana and six patrol boats for Govt. of Bangladesh.

Way Ahead

Going forward, considering the production maturity of the ongoing shipbuilding projects, our revenue is expected to grow significantly during the next three years. I am also happy to inform you that your company has been declared L2 in an RFP for construction of Next Generation Ocean Going Patrol Vessels (NGOPV) for the Indian Navy, and as per the tender conditions, the L2 shipyard will be awarded a contract for construction of four (4) ships. We have also concluded a contract in Jul 22 with the Govt of West Bengal for construction of a Next Generation Electric Ferry. Both these projects are expected to boost our orderbook position, with the Next Generation Electric Ferry providing a fillip to our "Green Initiatives" in this promising and sunrise sector of new revenue stream within the shipbuilding industry.

Our "Ship Repair & Refit" operations also will be a focus area and I expect revenue growth in this segment too, especially from the GRSE-KPPD facility.

The Bailey Bridge Division is on an upward growth trajectory, with our major customers, the Border Roads Organisation (BRO), National Highways Infrastructure Development Corporation (NHIDCL) and the Indian Army, continuing to repose faith in our capability and providing us fresh orders.

MESSAGE FROM CMD Contd...

Apart from harnessing our core competencies gained over the years in warship building, key priorities envisaged revolve around renewed focus in R&D, with an emphasis on Green Technology and Autonomous/Unmanned Vessels. Your company is well on its way towards implementing a much-awaited roadmap in ushering Green Technology, starting with reduction of the carbon footprint on the Hooghly river, with the impending induction of our New Generation Electric Ferry. Your company is also engaged with the Indian Navy and designing unmanned surface vessels to meet their aspirations to minimise the risks of putting the lives of our fellow countrymen in harm's way. The Unmanned Vessels of the not-so-distant future would be capable of undertaking bathymetry studies, hydrography survey, mine hunting at the lower end of the spectrum whilst aiming to undertake combat roles with delivery of modularised payloads at the higher end. Your company has firmly set its course for a future bejewelled with opportunities and rewards.

Exports – Focus Area

Exports continue to be a thrust area of your company, with us focusing on Europe, SAARC, ASEAN, African and Latin American countries where we are deploying aggressive business development & marketing strategies to pursue export opportunities. We are currently executing two export orders, an Ocean-Going Passenger cum Ferry Vessel for the Cooperative Republic of Guyana and a six (6) Patrol Boat project for the Govt. of Bangladesh. Your Company has also exported 14 Bailey type Portable Steel Bridges (Ten Bridges to Bhutan and Four Bridges to Nepal). We are actively engaging with potential customers to exploit the upward trend in demand for newbuild ships, especially in the short sea shipping sector.

These forays are reflective of our expanding global footprint and reach, we hence align on the business front to provide maritime platforms that fulfill our Nation's aspiration to contribute to peace in the Indian Ocean region and our Company in the process harnesses business revenue and opportunity in the bargain.

Technology Adoption & Digital Transformation

Core groups have been constituted at GRSE for evaluating processes and how to make them more efficient, by leveraging technology. Whilst your company has been swift in adopting Artificial Intelligence towards improvement of its design and production processes. GRSE is also committed to maximising productivity and 'bang for the buck' by rigorously auditing its internal processes with the aim to further shift towards digitalisation. We are focused on efforts at ensuring an efficient supply chain process to reduce costs and we are driving efforts towards a leaner and cohesive workforce, whilst retaining core competencies. It is my pleasure to inform you that the AI enabled NDT Facility for Welding X-Ray Evaluation (IWI) and HR Chatbot "Anvesha" were launched by our Hon'ble Raksha Mantri on 11 Jul 22.

Indigenisation & Intellectual Property Rights (IPRs)

With the recent impetus from Ministry of Defence on indigenisation, GRSE has become one of the key contributors towards Atma Nirbharata. You will be happy to know that your company has 31 items listed under DPSUs Positive Indigenisation List, out of which 22 items are already indigenised. I am pleased to inform you that your company has filed 100 IPRs as part of Mission Rakshya Gyan Shakti (MRGS) out of which 62 IPRs have been granted.

Growth with Governance

Your Company takes proactive steps to ensure sound corporate governance and has complied with the Guidelines on Corporate Governance framed by the Department of Public Enterprises (DPE) and SEBI Listing Regulations except for the appointment of the requisite number of Independent Directors.

Serving Society

Your Company is always committed to social responsibility and undertaken various programmes and projects, towards integrating our social and business goals in a sustainable manner in line with schedule VII of the Companies Act, 2013. An amount of ₹410 lakh has been spent under CSR in the Financial Year 2021-22 to complete all the targeted projects.

Concluding Remarks

I took over as Chairman & Managing Director of the company from my predecessor Rear Admiral VK Saxena, IN (Retd) who has completed his tenure on 28 Feb 2022. We are indebted to him for guiding us during his stint and taking GRSE on a trajectory of progress. I have been with Team GRSE since 2016 and had the good fortune of receiving support and guidance from my seniors and colleagues. I am confident of sustaining our performance in the coming years with the support of our team, the Board of Directors and Ministry of Defence.

I take this opportunity to extend my sincere gratitude to the 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 continuing faith and confidence they have reposed in us for whom we aspire to continue to create more value. Last, but not the least, I appreciate Team 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 place it on a path of accelerated growth.

Jai Hind

Cmde PR Hari, IN (Retd)
Chairman & Managing Director