

गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड  
**GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED**

In Pursuit of Excellence & Quality in Shipbuilding

EFFICIENT



RESOLUTE



SUSTAINABLE



Annual Report 2022-23

# TABLE OF CONTENTS

Message From CMD	2
About GRSE	6
Business Model	7
Vision, Mission & Values	8
A testament to India's self-reliance and prowess in the shipbuilding sector	10
FY23 Performance Highlights	13
Ship Repair	14
Engineering Division A Legacy of Innovation	16
Engineering Division FY23 Performance	17
Engine Division A Leap Towards Self-Reliance	18
Triumph of Indigenisation	19
Innovation & New Technology	20
Competitive Strengths	22
10 Years Financial Highlights	24
Board of Directors	26
Corporate Information	28
Directors' Report	29
Management Discussion and Analysis Report	66
Report on Corporate Governance	72
Business Responsibility & Sustainability Report	95
Independent Auditor's Report	124
Comments of C&AG	133
Balance sheet	134
Statement of Profit and Loss	135
Cash Flow Statement	136
Statement of Changes in Equity	138
Notes forming part of financial statements	139
Notice of 107 <sup>th</sup> Annual General Meeting	183





लिमिटेड  
rs Limited



## GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED

Papers to be laid on the table of Lok Sabha / Rajya Sabha

Authenticated

Raksha Rajya Mantri

# MESSAGE FROM CMD



## Dear Shareholders,

It is indeed my pleasure to welcome you all to the 107<sup>th</sup> Annual General Meeting of your Company and share the Annual Report for the year 2022-23.

During the year, even as the world was grappling with ripple effect of the economic volatility due to the conflict in Ukraine, your Company delivered robust performance which is reflected in the key physical and financial parameters. The Company's strength and resilience has helped it steer through the challenges to surpass market expectations and achieve unprecedented milestones.

We achieved this by aligning to the vision and expectations of our customers and an unwavering focus on operations and growth. As a leading shipyard with an impressive repertoire of highly advanced and sophisticated vessels, your company continues its relentless endeavor to deliver advanced vessels to meet the Nation's defence needs, while simultaneously diversifying into emerging technologies and commercial vessels.

## HIGHLIGHTS OF THE YEAR

I am happy to inform you that your Company has maintained incredible momentum, achieving a remarkable revenue growth of 45.7% in FY 22-23, underscoring

our commitment to nurturing inherent strengths, pushing boundaries, and striving for excellence.

With continuous improvement, agility and future readiness as key drivers the Company has successfully surpassed financial targets set in FY 21-22, recording the best ever financial performance in the history of the shipyard. This creditable performance achieved with 22 vessels under various stages of construction, stands testimony to your Company's commitment to deliver consistently against all odds. During the year, we have successfully achieved a number of major production milestones for ships under construction, including ahead of time deliveries to the delight of our customers.

Continuing with our quest to lead the pack as a defence shipbuilder, I am proud to state that we have won a ₹3,550 crore contract for the construction of four Next Generation Offshore Patrol Vessels (NGOPVs) for the Indian Navy. This contract, won on competitive basis, reinforces our standing as a reliable and efficient partner to our maritime forces.

We are determined to shape the future of shipbuilding, breaking new ground and embracing cutting-edge technologies. As we continue on this remarkable journey, we remain steadfast in our promise to

deliver exceptional value to our esteemed customers, shareholders, and stakeholders and thereby to our great nation.

## FINANCIAL PERFORMANCE ANALYSIS

It is a matter of pride and delight for me to share that FY23 has been the most successful year in the history of our Company in terms of key performance parameters. Our revenue from operations grew by an impressive 45.7%, from ₹1,541 crore in FY22 to ₹2,561 crore in FY23. Similarly, our total income grew from ₹1,918 crore to ₹2,763 crore. We achieved an EBITDA growth of 19%, with figures rising from ₹294.88 crore to ₹351 crore. Our net profit (PAT) also increased by 20%, from ₹189.53 crore to ₹228 crore.

Furthermore, our earnings per share (EPS) grew by 20%, from ₹16.55 to ₹19.91. The price-to-earnings (P/E) ratio rose from 13.68 to 22.88, indicating positive investor sentiment. Lastly, our net worth increased by 12.5%, reaching ₹1,413 crore from ₹1,257 crore.

## OVERVIEW OF PROJECT STATUS AND ORDER BOOK

The Company started FY23 with an order book of ₹ 24,147 crore, with seven projects, comprising of 24 vessels. Three Project 17A frigates, four Survey Vessels (Large), eight ASW Shallow Water Craft for the Indian



Navy and one FPV for the Coast Guard comprised the defence shipbuilding orders. In addition, the order book also included an electric ferry for the Government of West Bengal and export orders comprising of an Ocean-Going Cargo cum Passenger Vessel for the Co-operative Republic of Guyana and six patrol boats for the People's Republic of Bangladesh. I am pleased to inform that the two ships that we delivered during FY 23 i.e. the fast patrol vessel for the Indian Coast Guard and the Ocean-Going Cargo cum Passenger Vessel for Guyana, were both delivered ahead of schedule. As on 31 Mar 2023, our order book stood at ₹25,111.29 crore, reflecting a significant increase. The growth in order book was primarily driven by the ₹3,550 crore contract for construction of four Next-Generation Offshore Patrol Vessels for the Indian Navy.

Despite the challenges posed by disruptions in the global supply-chain, our projects have been progressing as per plan. The ships of the Project 17 A are at various stages of completion with outfitting activities in full swing. The first of class Survey Vessel (Large) is in her trials phase and other ships of the class are progressing in line with the planned production schedule. During FY 23, three vessels of the Anti-Submarine Shallow Watercraft project were launched and production activities have commenced on the balance five ships. Work on the Next-Generation Electric Ferry and the patrol boats for Bangladesh are also progressing well and are scheduled for delivery during 2023 -24. The Ship Repair Division of your Company has efficiently leveraged the three dry-docks taken over on long term lease from Shyama Prasad Mukherjee Port, Kolkata, to successfully complete refits of 15 ships during the year, generating a revenue of ₹27.65 crore.

Marching ahead towards achieving the national goal of Atmanirbharta, your Company has entered into a contract with Indian Navy for indigenous development and supply of 10 in number 30 mm Naval Surface Gun (NSG) with Electro Optical Fire Control System (EOFCS) at a cost of ₹248.51 crore in May 2023. This foray into the field of weapons and sensors marks a significant diversification with immense future potential for your Company. Furthering our unique capability in construction of Modular

Bridges, GRSE has signed an MoU with the Border Roads Organisation (BRO) for fabrication, supply, erection and launching of 30 Nos. Double Lane (DL) Modular Bridges in May 2023. This is in addition to the 30 Nos DL Modular Bridges already under supply to the BRO.

### STRATEGIC INITIATIVES

During the year, GRSE has taken positive steps to review its strategy and look beyond its proven competitive strengths in warship building and engineering. Your Company has taken deliberate steps to diversify into new products with immense future market potential, including supply of Naval Surface Gun with EOFCS and development of zero emission and autonomous vessels. Making a foray into commercial shipbuilding and taking purposeful marketing initiatives to propel business development and expand our market presence are other strategic moves with an eye on the future.

Towards widening our product portfolio, and also in line with our "Make in India" efforts, we have signed an MoU with M/s Rolls Royce Solutions, Germany towards localisation & co-production of Marine Diesel Engines. I am happy to inform you that we have also signed an MoU with M/s Kongsberg Maritime, Finland for Licenced production of Waterjets up to 3.5 MW capacity.

We have prioritised internal efficiency, cost reduction, and high productivity as key drivers for exceptional outcomes. Our unwavering commitment to customer satisfaction propels us to continuously improve our products to surpass expectations and meet evolving demands. Seeding new technologies and innovation aimed at continuously improving our products and processes lies at the center of your Company's efforts to achieve these goals.

### LOOKING AHEAD

Having made the required strategic re-calibration, your Company has exciting prospects to look forward to in the immediate future. We are confident that with the initiation of construction of the NGOPVs and commencement of deliveries of ships of the other naval projects a significant

portion of our current order book will be executed in the next three financial years, maintaining an upward trajectory and delivering exceptional value.

With the growing demand for autonomous vehicles for defence applications and imminent transition to green energy vessels, your Company is well-positioned to seize the vast opportunities that lie ahead. The expected growth in demand for new commercial vessels, especially short-sea ships and handy sized vessels presents itself as an opportunity as we seek to diversify our portfolio.

Your Company appreciates the need to work hand in hand with technology leaders, industry partners and domain experts in this quest for diversification and is forging strong working relationships with them. We remain steadfast in our commitment to excellence, customer satisfaction, and industry leadership, as we gear up for the future.

### EXPORT FOCUS

Exports has been a key focus area for your Company, in line with the policies of the Government of India. 23 Apr 2023 is a red-letter day in the history of your Company, when MV MA Lisha, the Ocean-Going Cargo cum Passenger Vessel, built by us at a cost of USD 12.73 Million, was commissioned in the presence of HE Dr Mohammad Irfan Ali, Hon'ble President Cooperative Republic of Guyana and our Hon'ble Minister for External Affairs, Dr. S Jaishankar. This not only exemplified the role of GRSE in bringing the peoples of the two nations together but also signified the ability of your Company to build and deliver state-of-the-art ships on schedule to distant nations. Your Company is also executing an order for six patrol boats for the People's Republic of Bangladesh, and these vessels are scheduled to be delivered during current financial year.

We are looking to expand our global footprint by aggressively pursuing business opportunities for naval platforms in friendly foreign countries besides making a foray into export of commercial ships.

## ATMANIRBHATA AND SPIRIT OF INNOVATION

GRSE has been at the forefront of driving 'Atmanirbharta' in defence shipbuilding with sustained and systematic indigenisation efforts to maximise the indigenous content of the platforms we deliver. Your Company is forging ahead with the belief that true fructification of this national goal can only be achieved by forging strong working relationships with industry partners, including MSMEs and Startups. The Company is also striving to indigenously develop new and emerging technologies through strategic MoUs with academia, technology leaders and startups, thereby bringing these cutting-edge technologies to our products and processes. Following this approach, your Company is already working on the development of a triad of autonomous vehicles namely, AUVs, USVs and ship-based drones besides a number of other new technologies.

While your Company has a well-defined policy to encourage innovation within the organisation, I am delighted to share that GRSE has also embarked on a mission to leverage the startup ecosystem in the country to encourage development of innovative solutions for the shipbuilding industry. Towards this, the Company launched "GRSE Accelerated Innovation Nurturing Scheme-2023 or GAINS 2023" and GRSE funded projects are expected to take off during the current financial year.

## TRAINING AND TALENT MANAGEMENT

Employees are the Company's most valued asset and your Company's success rides on the individual efforts of each member of Team GRSE. We have some of the best talent in the country and it remains one of our key endeavors to nurture them. Our people policies are structured to ensure a safe and conducive working environment which facilitates and provides incentives to bring out the best in them. In a rapidly changing technology landscape, our paramount focus is on continuously identifying skill gaps and delivering tailored training, thereby preparing them to take on emerging challenges while also aligning them with our overarching business strategy.

## SUSTAINABLE DEVELOPMENT & ESG

Adopting sustainable practices while creating long-term assets has been at the core of our value system. Your Company is committed to integrating Environmental, Social and Governance (ESG) practices in the value chain and aims at contributing to creating a better world for the next generation. Every action taken or decision made is viewed through the prism of the future, ensuring that long-term value generation is not undermined by short term considerations. We attach prime importance to safeguarding the interests of our shareholders, employees, customers, supply chain and financial partners and local communities, thereby creating sustainable value for every stakeholder.

Your Company firmly believes that the commitment towards playing a defining role in the development of its stakeholders extends to uplifting lives of the marginalised segments of the society. Your Company strongly believes and practices investing in sustainable development of the marginalised societies around the area of our operation by creating opportunities and spreading well-being. Your Company has invested substantially in CSR initiatives and has made transformational impact to lives of thousands of underprivileged people.

Your Company rigorously strives to conduct business with integrity, and in an ethical and transparent manner, following the highest standards of Corporate Governance practice. The Company has an established system in place to ensure that policies and procedures of the Company are periodically reviewed and its Board of Directors and Management at all levels are well informed about these policies, enabling them to discharge their responsibilities with efficiency and transparency thereby enhancing overall value of all stakeholders. Your Company has been continuously rated "Excellent" for its compliances with DPE Guidelines on Corporate Governance.

## CONCLUDING REMARKS

Indian Defence Manufacturing is at the cusp of a transformation, and we, GRSE, remain in the forefront of the "Atmanirbhar" efforts of our Nation. Our USP is our product

diversity and today, our products range from "Warships to Weapons".

As we transition through uncertain times with new and disruptive technologies knocking on our doors, the challenges and opportunities for your Company are unprecedented. The strong order book, emerging market scenario and the strategies that we have in place to leverage the same augurs well for the Company. Our focus shall be on consolidation of our core warship building prowess and other existing business verticals, product diversification in areas of autonomous and green energy segments, effective leveraging of strategic partnerships with Global OEMs, new technology adaption and process improvement to enhance internal efficiency.

I am sure that with the continued support of all stake holders, your Company will continue to grow from strength to strength and continue to deliver robust value creation. I would like to express my gratitude to the Ministry of Defence, Central and State Governments for their vision, support and guidance. I am also grateful for the trust and unstinted support of the Indian Navy and Coast Guard. I would also like to thank the Board of Directors, our employees, all our customers, supply chain partners and technology partners for their unflinching commitment and contribution to our growth. I would like to thank you, our shareholders, for your continued trust, support, and confidence in GRSE. I look forward to your continued support as we strive towards achieving higher levels of excellence.

Jai Hind

**CMDE PR HARI, IN (Retd.)**  
Chairman & Managing Director





# ABOUT GRSE



GRSE is a premier shipbuilding company in India under the administrative control of the Ministry of Defence, primarily catering to the shipbuilding requirements of the Indian Navy and the Indian Coast Guard. GRSE is a diversified, profit-making and dividend-paying Company and the first Shipyard in the country to export warships and also deliver 100+ warships to the Indian Navy and Indian Coast Guard.



# BUSINESS MODEL



# VISION, MISSION & VALUES



## Vision

To become a Navratna Company by 2030 and be globally recognised as the best Indian Shipyard.



## Mission

To be self-reliant in design capability and deploy state-of-the-art manufacturing processes.

To build quality Warships at competitive prices, exceeding customer's expectation in terms of delivery time and product support.

To achieve sustained growth through customer satisfaction, product innovation, capturing export potential, employee and other stakeholder engagement and talent development.

Leverage GoI Initiatives and Technology to "Reform & Transform" in all spheres of Operations to attain "Next Level of Performance".



## Values

### FAIRNESS

GRSE visualizes itself to build a strong reputation for fair dealing by encouraging vendors, independent contractors, business partners and customers to do business with it again and again. The Company is walking strongly on the path of bringing in absolute transparency in all its transaction within as well as outside the organization.

### PURSUIT OF EXCELLENCE

The Company does not wish to live in its past achievements but continuously tries to develop better products & services, constantly improve customer satisfaction, upgrade operational efficiency and the productivity of everyone in the organization. The emphasis on