



Message from **CMD**

DEAR SHAREHOLDERS,

At the outset, let me welcome each one of you to this Annual General Body Meeting, and it is my pleasure to share the Annual Report of our Company for FY 2023-24.

It is often said that, "You have to have a big Vision and take small steps to get there". GRSE's Vision 2030 is definitely ambitious and we intend taking quick steps to achieve our Vision. Towards this, the year 2023-24, marked by significant achievements and the launch of numerous important initiatives has certainly set the right tempo.

Even as the world experienced chaos and disruption due to highly volatile macroeconomic environment owing to conflicts in Russia - Ukraine region and the Middle East, "Team GRSE" has shown exceptional resilience and delivered our best ever financial performance during FY 2023-24. Our focus on continuous process improvement, innovation,

sustainable shipbuilding practices, new technology adoption and steadfast commitment to customer delight has reinforced our pole position in shipbuilding and Defence sectors. Here, I would like to state that it is your continued support and trust over the years, that has given us the confidence to take challenges head on and push past all complexities to deliver consistent value for you each year.

THE YEAR IN PERSPECTIVE - FINANCIAL PERFORMANCE

FY 24 has been a landmark year for GRSE, and I am happy to inform you that despite supply chain problems and rising costs, GRSE delivered outstanding financial results across all key metrics. The 'Revenue from Operations' stood at ₹3,592.64 crore as against ₹2,561.15 crore in the previous fiscal year, registering a growth of 40%. Our 'Profit Before Tax' and 'Net Profit' recorded were ₹480.92 crore and ₹357.27 crore respectively, both registering a 57%

increase over the previous financial year. All these key parameters (Revenue from Operations, Profit Before Tax & Net Profit) have been highest ever in history of the company. Furthermore, 'Earnings per Share' were ₹31.19 compared to ₹19.91 in FY 23. This strong financial performance was driven by a healthy order book and an effective project execution strategy.

I would like to make a special mention on our Q4/FY 24 results, where the 'Net Profit' doubled to ₹112 crore and 'Revenue from Operations' recorded a growth of 70% to ₹1,016 crore, over the corresponding quarter of FY 23. Our operational performance was also strong, where EBITDA surged by 343% to ₹90.60 crore.

PHYSICAL PERFORMANCE HIGHLIGHTS

The shipbuilding execution milestones that we achieved during FY 24 reflect continued focus on fulfilling contractual commitments

to our customers. This is exemplified by the delivery of INS Sandhayak, the largest survey vessel to be built in India, and launch of seven ships during the year. 'Vindhyagiri', the 3rd P17A Advanced Frigate, 'Sanshodhak' the 4th Survey Vessel (Large) and four Anti-Submarine Shallow Water Crafts (ASW SWC) 'Anjadip', 'Amini', 'Ajay' and 'Akshay' took to waters during the year. Besides these, GRSE's foray into green technology vessels also took a giant leap with launching of zero emission NG Electric Ferry 'Dheu', the largest vessel of its kind in this country.

We are currently building 18 warships for the Indian Navy, and delivering these vessels to the satisfaction of our customer is of utmost priority. The first ship of Project 17A, which is the flagship project for GRSE, is on target for delivery in FY 26. The second and third ships of the projects are expected to follow closely at six-month intervals. The first Survey Vessel (Large) was delivered on 04 Dec 23 and following her wake, the remaining three ships of the project are at various stages of progress. The second ship is being readied for delivery during Q2/FY 25. Six out of eight ASW Shallow Water Crafts have already been launched and the last two are scheduled for launch during this year. Construction of all four Next Generation Ocean Going Patrol Vessels have also commenced and this project progressing on schedule.

We started focusing on ship repair segment two years back, when we took over three dry-docks in Kolkata on a strategic lease from Syama Prasad Mookerjee Port and since then, we have been moving from strength to strength, having completed 14 refits for the Indian

Coast Guard. We are also, currently executing a major refit for the Indian Navy, and these accomplishments underscore our commitment to deliver comprehensive maritime solutions across the spectrum.

The Bailey Bridge division despite being a small vertical, leads the Indian market today. Determined efforts to leverage the expertise in this niche segment, coupled with introduction of new products and a proactive marketing strategy has resulted in revenue from this division surging from ₹69 crore in FY 23 to ₹140 crore in FY 24. MoUs which are in place with the Indian Army and other key national organisations such as Border Roads Organisation, National Highways and Infrastructure Development Corporation, have raised prospects of additional growth opportunities in FY 25.

EMBRACING INNOVATION & ADVANCED TECHNOLOGIES

This year saw us take major strides in embracing innovation and advanced technologies. The launch of zero-emission Next-generation battery-powered electric ferry, Dheu, for West Bengal Government heralds a new area of expertise for the shipyard. The design and construction of this vessel not only emphasizes our commitment to sustainable and environmentally friendly maritime solutions, but also throws open the doors to an emerging lucrative green energy vessel market.

Realising the need to leverage our complimentary skillsets and experience, GRSE has entered into MoUs with a number of industry partners to make forays into new and exciting market segments. Launch of "Neerakshi" a Man Portable Autonomous Underwater

Vehicle (MP-AUV) in Jul 2023 with multi-role capabilities is an outcome of one such partnership. We are also working on the development of Unmanned Surface Vehicles (USVs) and are looking forward to delivering our first USV to NSTL in the second quarter of FY 25. These advanced technology vessels have demonstrated the capability of GRSE to be future ready, and we intend to pursue development of such platforms to keep up with the rapidly evolving technology landscape and emerging customer aspirations.

MoU for production, sale, and service of medium-speed engines for the Indian Navy and Coast Guard with M/s Caterpillar Inc., and a license agreement with M/s Rolls-Royce for the production and localisation of MTU Series 4000 Marine Engines, enhancing our manufacturing capabilities at Diesel Engine Plant in Ranchi, are significant efforts that are expected to bring critical marine propulsion technology to the country.

Further, towards nurturing the spirit of innovation and leveraging our thriving start-up eco system in the country, the GRSE Innovation Nurturing Scheme (GAINS) was introduced and first edition of this National open challenge scheme was held in May 23. The participation and support we received from innovators have been encouraging and two projects (in AI and Robotics) are currently being funded through this scheme. This exciting engagement with innovators' community is set to continue and we have already launched the 2nd edition of GAINS recently.

FUTURE OUTLOOK

Our order book position is healthy, which as of 31 March 24, stood at ₹22,652 crore. This includes major warship-building contracts for the Indian Navy: the prestigious P17A project, the Anti-Submarine Shallow Watercraft project, the Survey Vessel (Large) project, and the Next Generation Offshore Patrol Vessel project.

Additionally, we have secured a ₹840 crore order from the Ministry of Earth Sciences for an Oceanographic Research Vessel and have also signed export contracts with the Government of Bangladesh for ₹340 crore and a European client for ₹450 crore.

Our primary focus remains on domestic warship building to meet the needs of Indian Government and enhance National Defence capabilities. We are eagerly looking forward to several upcoming bidding opportunities for warship building projects for Indian Navy and Indian Coast Guard, including an RFP from the Indian Navy for eight Next-Generation Corvettes. We also anticipate tenders for 5 Next-Generation Survey Vessels, 2 Multi Purpose Vessels, 21 Water Jet Fast Attack Crafts, 6 NOPVs, 22 IBs and 120 Fast Interceptor Crafts in the coming years.

On the non-defence front, another significant opportunity is the Geological Survey of India's tender for two Coastal Research Vessels valued at approximately ₹500 crore. We are also looking towards getting more orders for green energy platforms that various state governments like West Bengal and Kerala are likely to procure. Further, Government of India has prioritised growth of the maritime sector by

introducing a slew of initiatives and policies. Initiatives such as the Sagar Mala Project, Jal Marg Vikas Project, Harit Sagar and Green Tug Transition Plan are focused on accelerating growth and they present themselves as opportunities for GRSE.

At a Global level, there is a strong demand from Europe and the Middle East for various types of vessels including Short Sea Ships, Offshore Support Vessels, Wind Farm Support Vessels, Product Tankers etc. In the defence sector, current geopolitical scenario, characterised by regional tensions with impacts at a global level, together with growing need to safeguard the integrity of international energy and communications infrastructure, is likely to increase demand for defence vessels. Tapping these emerging opportunities, we aim to secure more export orders for warships and commercial vessels by forming strategic alliances with global shipbuilders and defence contractors, helping us leverage joint expertise and access new markets.

We are taking several steps towards expanding shipbuilding capacity and upgrading infrastructure in preparation to take on the emerging demand. The shipyard has adopted state-of-art shipbuilding techniques including use of AI, Virtual Reality and Robotics to enhance efficiency and cut production time. Investments are planned to develop new facilities and upgrade existing ones, including revitalisation of a new dry dock and additional assembly workshops. As part our strategy to expand shipbuilding capacity on the west coast, GRSE has entered into a MoU with a leading private shipyard for building commercial ships at their shipyards in Bhavnagar and Goa.

Green shipping and greening of ports are key focus areas of the government of India. Besides building on the expertise gained through execution of the zero emission NG Ferry project, GRSE is also endeavouring to make forays into design and construction of hydrogen powered vessels and hybrid tugs. The shipyard is also adopting renewable energy sources and implementing energy-saving measures towards sustainable shipyard operations.

Autonomous platforms are finding increasing application in both commercial and military domains. GRSE has developed the expertise in developing autonomous vehicles for aerial, surface and subsurface applications in collaboration with industry partners and is ready to take on the upcoming challenges and opportunities in this domain.

Continued investments are planned for R&D in design of next-generation ships and advanced maritime technologies including stealth and unmanned/autonomous vessels. Establishment of an innovation hub to foster collaboration with startups, research institutions and technology firms in shipbuilding and defence technologies is also on the anvil.

PEOPLE, DIVERSITY AND TALENT MANAGEMENT

Human resources are our biggest strength, who work diligently to advance our company's mission, vision and values every day. At GRSE, our people-first culture and staying invested in training and retaining talent is of paramount priority. We are embracing agile ways to ensure upskilling and reskilling of people to prepare us for the challenges of tomorrow.

The passion, dedication, and commitment of our people drives our progress and we consistently focus on creating a supportive and inclusive work environment that empowers them to achieve their full potential. GRSE strives to provide a blend of empowerment, respect and dignity, which intrinsically bolsters diversity and supports aspirations and ambitions of a heterogeneous team.

Women are increasingly taking on leadership roles and are meticulously included in succession plans. Their development plans are closely tracked and supported across all levels. We also prioritise inclusivity by hiring differently-abled and socio-economically disadvantaged individuals.

Our efforts to continuously engage and retain our diverse work force, and to drive a culture of safety, ethics and performance are key pillars of our strategy.

CREATING TRUST AND VALUE FOR STAKEHOLDERS

As your company navigates complexities of the dynamic shipbuilding sector, we are focused on creating long-term value for shareholders, customers, employees, and communities. It is a matter of pride that share prices of your company soared to its highest in six years, with a value of 22 times over the last issued price. Our market capitalisation touched an all-time high at ₹25,000 crore, reflecting the abiding trust and confidence of our shareholders.

Delivering as per our long-term strategy, rewarding our shareholders remains a priority for your Company. To this effort, your Company

proposes a dividend distribution of ₹107.22 crore for FY 24, including a final dividend of ₹16.50 crore in addition to the interim dividend of ₹90.72 crore.

SUSTAINABLE DEVELOPMENT & ESG

We have always believed that in order to generate long term value, we need to look beyond profits and care for all our stakeholders, including customers, business partners, shareholders and above all, the planet and society. We firmly believe that our future growth will depend on our multi-stakeholder model and embedding sustainability across the value chain is indeed non-negotiable.

Strengthening its commitment to humanity, your Company has touched beneficiaries through societal interventions, in the area of health, nutrition, education, sanitation, environment and livelihood.

Your Company takes pride in constantly adopting and maintaining values and principles, following the standards of corporate governance practices. We remain committed to uphold the highest standards of governance, transparency and accountability; the interest of our stakeholders will be safeguarded at every step.

The Company 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 requisite number of Independent Directors. Your Company has been continuously rated "Excellent" for its compliances with DPE Guidelines on Corporate Governance.

CONCLUDING REMARKS

Dr APJ Abdul Kalam once said, "Small aim is a crime...have great aim." Yes, our aim is big, and we shall leave no stone unturned till we achieve our aim.

FY 24 was defined by extraordinary achievements driven by our commitment to progress and sustainability. The results we delivered and resilience we have displayed in the face of difficulties prove that we are ready to take on challenges of the future. I assure you that our Company will not rest on its laurels and will continue to pursue excellence with a renewed sense of purpose, as we seize the opportunities that lie before us.

I extend my sincere gratitude to the Ministry of Defence, Department of Defence Production and the Central & State Governments for their vision, support and guidance. I am also grateful for the trust and unstinted support of Indian Navy, Indian Coast Guard and the Border Roads Organisation. I also thank the Board of Directors, our employees, supply chain partners and technology partners for their unwavering support in this voyage of excellence. I would like to thank you, our shareholders, for continued trust and confidence in GRSE. I look forward to your unstinted encouragement as we leap ahead with anticipation and optimism.

Jai Hind

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Chairman & Managing Director