



गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड
**Garden Reach Shipbuilders
& Engineers Ltd.**

(भारत सरकार का उपक्रम , रक्षा मंत्रालय)

(A GOVERNMENT OF INDIA UNDERTAKING, MINISTRY OF DEFENCE)

CIN NO. : L35111WB1934GOI007891

SECY/GRSE/BD-69/ASC/21-22

16 May 2022

To,

National Stock Exchange of India Limited

Exchange Plaza,

Plot No. C-1, Block G,

Bandra Kurla Complex, Bandra (E),

Mumbai – 400 051

Symbol: GRSE

BSE Limited

Floor-25, Phiroze Jeejeebhoy

Towers,

Dalal Street, Fort

Mumbai – 400 001

Scrip Code: 542011

Sub: Annual Secretarial Compliance Report of Garden Reach Shipbuilders & Engineers Limited for the year ended 31 March 2022

Dear Sir / Madam,

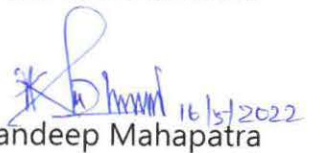
1. In terms of SEBI Circular No. CIR/CFD/CMD1/27/2019 dated 08 Feb 2019, please find enclosed Annual Secretarial Compliance Report duly issued and signed by M/s Vinod Kothari & Company, Practicing Company Secretary for the year ended 31 March 2022.

2. This is for your information and record.

Thanking You,

Yours faithfully,

For GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED


Sandeep Mahapatra

Company Secretary and Compliance Officer

ICSI Membership No. ACS 10992

Encl: As above

पंजीकृत एवं मुख्य व्यवसायिक कार्यालय : जीआरएसई भवन, 61, गार्डन रीच रोड, कोलकाता - 700 024

Registered and Corporate Office : GRSE Bhavan, 61, Garden Reach Road, Kolkata - 700 024

फैक्स / Fax : 033-2469 8150, दूरभाष / Telephone : 033-2469 8105 - 108

Web : www.grse.in, E-mail : co.sec@grse.co.in

VINOD KOTHARI & COMPANY

Practising Company Secretaries

1006-1009, Krishna Building, 224 A.J.C. Bose Road

Kolkata – 700 017, India

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email: vinod@vinodkothari.com

Web: www.vinodkothari.com

[Unique Code – P1996WB042300](#)

PAN No - AAMFV6726E

Udyog Adhar Number – WB10D0000448

GSTIN No. - 19AAMFV6726E1ZR

Secretarial Compliance Report of Garden Reach Shipbuilders & Engineers Limited for the year ended March 31, 2022

[Pursuant to the SEBI Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019]

We, Vinod Kothari & Company, Practicing Company Secretaries have examined:

- (a) all the documents and records made available to us and explanation provided by Garden Reach Shipbuilders & Engineers Limited (“Company”);
- (b) the filings/ submissions made by the Company to the stock exchanges;
- (c) website of the Company;
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2022 (“Review Period”) in respect of compliance with the provisions of:
 - (i) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
 - (ii) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations);
- (b) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations);
- (d) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to the extent applicable to the Company;
- (e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer

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Agents) Regulations,1993 to the extent applicable to the Company; and

(f) The circulars/ guidelines issued under the aforesaid Regulations.

Based on the above examination, we hereby report that, during the Review Period:

(a) The Company has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of the matters specified below: -

Sr. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1	Regulation 17(1) of SEBI (LODR), 2015	<p>In terms of the said Regulation, atleast 50% of the Board of Directors (“Board” or “BoD”) shall comprise of Non-Executive Directors (“NED”). Further, half of the Board of Directors shall comprise of Independent Directors (“ID”), if the Company does not have a regular Non-Executive Chairperson, including atleast one woman ID in case of top 1000 listed companies.</p> <p>During the Review Period, we observed that the number of IDs and NEDs were less than the minimum required statutory limit as aforesaid. Further, as on 31st March 2022, the Company did not have a Woman ID in its Board.</p>	<p>The Company being a Central Public Sector Enterprise under the administrative control of Ministry of Defence, Government of India, the Directors of the Company are appointed by the Government of India through Presidential Order.</p> <p>The Company has from time to time made requests to the administrative Ministry and has been regularly following up with the Government regarding appointment of requisite number of IDs (including Woman ID) on the Board.</p> <p>The Ministry of Defence, vide its letter dated 24.12.2021 appointed Shri Sanjay Dattatraya Panse and Smt. Darshana Singh, as Part-Time Non-Official Directors on the Board of the Company for a period of three years.</p> <p>Shri Sanjay Dattatray Panse (DIN: 02725875) has been appointed as Independent Director on to the Board of the Company with effect from 27 December 2021.</p>

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Sr. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
			<p>However, Smt. Darshana Singh (DIN: 09567496) is appointed as an Independent Woman Director on the Board of the Company w.e.f. 12th April 2022, and her appointment was delayed due to the non-availability of DIN and non-inclusion of name in Independent Director's databank maintained by IICA.</p> <p>Further, the Ministry of Defence, vide its letter dated 25th March 2022, appointed Shri Sanjeeb Mohanty (DIN: 09559883) as an Independent Director for a period of three years, who is appointed on to the Board of the Company w.e.f. 6th April 2022, and his appointment was delayed due to non- availability of DIN and non-inclusion of name in Independent Director's databank maintained by IICA.</p>
2	Regulation 17(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	<p>In terms of the said Regulation, the Company is required to frame a Succession Plan for orderly succession of the directors and the senior management.</p> <p>The Company has framed a succession plan only for the senior management because being a Central Public Sector Enterprise, the appointment of directors is made by Central Government. However, in this regard, there is no specific</p>	<p>The Succession Plan was required to be framed for the directors as well for the senior management. However, based on the representations made to us by the officials of the Company, being a Central Public Sector Enterprise, since the appointment of directors are made by the Central Government (Ministry of Defence), the Company is of the view that it is not required to frame a Succession Plan for the directors of the Company. However, the Company has framed a succession plan for the senior management.</p>

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Sr. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
		exemption provided to the Company from the provisions of the Regulation 17(4) of the Listing Regulations.	
3	Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	<p>In terms of the said Regulations, the Board of Directors of the Company is required to evaluate the performance of IDs.</p> <p>In this regard, the Board of Directors of the Company do not evaluate the performance of the directors pursuant to the exemption notification of MCA dated 5th July, 2017. However, there is no similar exemption granted to the Govt. Company under the Listing Regulations by SEBI.</p>	<p>The Board does not evaluate the performance of independent directors of the Company by virtue of the Notification issued by the Ministry of Corporate Affairs dated 5th July, 2017 which exempts Board of Directors of Government companies from conducting performance evaluation of the Independent Directors. However, the Company was of the view that the Board level appointments are made by the President of India, evaluation of performance of such appointees is also done by the Government of India.</p>
4	Regulation 18(1) of SEBI (LODR), 2015	<p>In terms of the said Regulation, the Audit Committee shall comprise of minimum three directors and two-third of the directors shall be Independent Directors.</p> <p>As on 31 March 2022 and during the FY 2021-22, the said Committee was not constituted as per aforesaid regulation due to non-availability of adequate number of Independent Directors on the Board of the</p>	<p>The Company being a Central Public Sector Enterprise under the administrative control of Ministry of Defence, Government of India, the Directors on the Board of the Company are appointed by the Government of India through Presidential Order.</p> <p>The Company has from time to time made requests to the administrative Ministry and is regularly following up with the Government regarding appointment of requisite number of IDs (including Woman ID) on to the Board of</p>

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Sr. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
		Company.	the Company. However, due to non-availability of adequate IDs on to the Board of the Company, the Audit could not be reconstituted during the FY 2021-22.
5	Regulation 18(3) read with Part C Para A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements), 2015	<p>In term of the said Regulations, the role of the Audit Committee includes making recommendations for appointment, remuneration and terms of appointment of auditors of the listed entity.</p> <p>The Company being a Central Public Sector Enterprise, the auditors are appointed by the Comptroller and Auditor General of India. Hence, the Audit Committee do not have power to recommend the appointment of auditor and its terms of appointment.</p>	<p>Based on the representations made to us by the officials of the Company, we understand that being a Central Public Sector Enterprise, the auditors are appointed by the Comptroller & Auditor General. Therefore, the Company was of the view that such requirement becomes redundant for Government companies and the role of the Audit Committee of the Company cannot be aligned with the requirements of Part C Para A of Schedule II of the Listing Regulations.</p> <p>Further, we have been informed by the Company that at the time of IPO, SEBI vide its letter dated 21st February, 2018 has exempted the Company from compliance with certain corporate governance requirements in relation to the terms of reference of the Audit Committee to the extent of inclusion of the recommendation for appointment/remuneration etc. of the auditors of the Company.</p>
6	Regulation 19(1) of SEBI (LODR), 2015	In terms of the said Regulations, the Nomination and Remuneration Committee shall comprise of minimum three Non-Executive Directors and half	The Company being a Central Public Sector Enterprise under the administrative control of Ministry of Defence, Government of India, the Directors on the Board of the Company

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Sr. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
		<p>of them shall be Independent Directors (IDs).</p> <p>As on 31 March 2022 and during the FY 2021-22, the said Committee was not constituted as per aforesaid regulation due to non-availability of adequate number of Independent Directors on the Board of the Company.</p>	<p>are appointed by the Government of India through Presidential Order.</p> <p>The Company has from time to time made requests to the administrative Ministry and is regularly following up with the Government regarding appointment of requisite number of IDs (including Woman ID) on to the Board of the Company. However, due to non-availability of adequate number of IDs on to the Board of the Company, constitution of HR, Nomination and Remuneration Committee could not take place.</p>
7	Regulation 19(4) read with Part D Para A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements), 2015	<p>In terms of the said Regulations, the role of Nomination and Remuneration Committee (NRC) includes:</p> <p>a) Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of directors, KMP, and other employees</p> <p>b) Formulation of criteria for evaluation of performance of IDs and Board of Directors</p> <p>c) Devising a policy on diversity of Board of Directors</p>	<p>We observed that the terms of reference of the NRC do not include the matters as provided in the said Regulation read with Schedule II. Based on the representations made to us by the officials of the Company, we understand that being a Central Public Sector Enterprise, the appointment and remuneration of directors are approved by the Central Government (Ministry of Defence). Therefore, the Company was of the view that such requirement becomes redundant for Government companies and the role of NRC of the Company cannot be aligned with the requirements of Para A of Part D of Schedule II of the Listing Regulations. Eventually, the Company did not have the following:</p> <p>a) Board Diversity Policy;</p>

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Sr. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
		<p>d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.</p> <p>e) Whether to extend or continue the term of appointment of the IDs, on the basis of the report of performance evaluation of IDs.</p> <p>The Company being a Central Public Sector Enterprise, the appointment and remuneration of directors are approved by Central Government (Ministry of Defence). Hence, the Company did not have the following:</p> <p>a) Board Diversity Policy b) Nomination and Remuneration Policy c) Criteria for evaluation of performance of IDs and Board of Directors.</p>	<p>b) Nomination and Remuneration Policy; c) Criteria for evaluation of performance of independent directors and the board of directors</p> <p>Further, we have been informed by the Company that at the time of IPO, SEBI vide its letter dated 21st February, 2018 has exempted the Company with certain corporate governance requirements in relation to the terms of reference of the NRC.</p>
8	Regulation 25(4) of SEBI (Listing Obligations and Disclosure	In terms of the said Regulation, the independent directors of the Company are required to evaluate the:	During our Review Period, we have observed that the Independent Directors (IDs) do not evaluate the performance of directors, Board as a whole and of the

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Sr. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
	Requirements) Regulations, 2015	<p>a) Performance of non-independent directors;</p> <p>b) Performance of Board as a whole;</p> <p>c) Performance of chairperson; and</p> <p>d) Asses the quality, quantity and timeliness of flow of information between the Board and the management.</p> <p>The Independent Directors (IDs) do not evaluate the performance of directors pursuant to the exemption notification of MCA dated 5th July, 2017. However, there is no similar exemption granted under Regulation 25(4) of Listing Regulations.</p>	<p>Chairperson in view of the Notification issued by the Ministry of Corporate Affairs dated 5th July, 2017 which exempts IDs of Government companies from conducting performance evaluation of the Board, if the directors are being evaluated by the Ministry separately. Therefore, the Company was of the view that IDs are not required to carry out the aforesaid evaluation.</p>
9	Regulation 20(2) & (2A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	<p>In terms of the said Regulations, the Stakeholder Relationship Committee shall comprise of at least three directors where at least one shall be an Independent Director.</p> <p>During the period from 15 August 2021 to 10 February, 2022, the said Committee was not constituted as per the aforesaid Regulation due to insufficient number of Independent Directors in the Board. However, the Company had proper composition of</p>	<p>The Company being a Central Public Sector Enterprise under the administrative control of Ministry of Defence, Government of India, the Directors on the Board of the Company are appointed by the Government of India through Presidential Order.</p> <p>The Company has from time to time made requests to the administrative Ministry and is regularly following up with the Government regarding appointment of requisite number of IDs (including Woman ID) on the Board.</p> <p>As on 31st March 2022, the said</p>

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Sr. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
		Stakeholder Relationship Committee from 01 April to 14 August 2021 and from 11 February to 31 March 2022.	Committee has been constituted as per the aforesaid Regulation w.e.f. 11 th February 2022.
10	Regulation 21(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	<p>In terms of the said Regulations, the Risk Management Committee shall comprise of minimum three members with majority of them being members of the board of directors, including at least one independent director and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Risk Management Committee shall comprise independent directors.</p> <p>During the period from 15 August 2021 to 10 February, 2022, the said Committee was not constituted as per the aforesaid Regulation due to insufficient number of Independent Directors in the Board. However, the Company had proper composition of Risk Management Committee from 01 April to 14 August 2021 and from 11 February to 31 March 2022.</p>	<p>The Company being a Central Public Sector Enterprise under the administrative control of Ministry of Defence, Government of India, the Directors on to the Board of the Company are appointed by the Government of India through Presidential Order.</p> <p>The Company has from time to time made requests to the administrative Ministry and is regularly following up with the Government regarding appointment of requisite number of IDs (including Woman ID) on to the Board.</p> <p>As on 31st March 2022, the said Committee has been constituted as per the aforesaid Regulation w.e.f. 11th February 2022.</p>

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- (b) The Company has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.
- (c) The following are the details of actions taken against the Company/ its promoters/ directors/ ~~material subsidiaries~~ either by SEBI or by Stock Exchanges (*including under the Standard Operating Procedures issued by SEBI through various circulars*) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1	NSE vide notices dated 17.05.2021, 20.08.2021, 22.11.2021 and 21.02.2022.	Non-compliance with the requirement pertaining to composition of the Board including failure to appoint Woman Independent Director, constitution of Audit Committee and Nomination & Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee.	NSE has levied a total fine of Rs. 33,83,060/- on the Company for the defaults.	The Company has replied to the NSE Notice stating that it being a Central Public Sector Enterprise under the administrative control of Ministry of Defence, Government of India, the Directors on the Board of the Company are appointed by the Government of India through Presidential Order. Accordingly, the action for appointment of Independent Directors on to the Board of CPSEs is not in the hands of the Company and also beyond the control of the Company. Further, the Company is pursuing the matter with the

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				<p>Government of India for early resolution through various letters and regular follow ups with the Government. In response, the Government has appointed three IDs from the requirement of five IDs.</p> <p>Due to the inherent limitation on the procedure followed by the Government companies, in the matter of appointment of directors, the non-compliance has occurred.</p> <p>The Company has requested NSE for condonation of the delay and full waiver of the fine demanded. However, pursuant to the SEBI SOP Circular dated 22nd January 2020¹ and the Policy for exemption of fines levied as per the provisions of SEBI SOP Circular, the Stock Exchange has asked the company to pursue the matter after ensuring compliance of the said provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p>
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¹ Non-compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Standard Operating Procedure for suspension and revocation of trading of specified securities

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2	BSE vide notices dated 20.08.2021, 22.11.2021 and 21.02.2022.	Non-compliance with the requirement pertaining to composition of the Board including failure to appoint Woman Independent Director, constitution of Audit Committee and Nomination & Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee.	BSE has levied a total fine of Rs. 28,52,060/- on the Company for the defaults.	<p>The Company has replied to the BSE Notice stating that it being a Central Public Sector Enterprise under the administrative control of Ministry of Defence, Government of India, the Directors on the Board of the Company are appointed by the Government of India through Presidential Order. Accordingly, the action for appointment of Independent Directors on to the Board of CPSEs is not in the hands of the Company and also beyond the control of the Company.</p> <p>Further, the Company is pursuing the matter with the Government of India for early resolution through various letters and regular follow ups with the Government.</p> <p>In response, the Government has appointed three IDs from the requirement of five IDs.</p> <p>Due to the inherent limitation on the procedure followed by the Government companies, in the matter of appointment of directors, the non-compliance has occurred.</p>
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				However, pursuant to the SEBI SOP Circular dated 22 nd January 2020 ² and the Policy for exemption of fines levied as per the provisions of SEBI SOP Circular, the Stock Exchange has asked the company to pursue the matter after ensuring compliance of the said provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
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1. The Company has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31 st March, 2021	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1.	The non-compliances as mentioned above in part(a) from serial no. 1 to 8 are continued non-compliances from the previous financial year, on which the comments from the management remains the same. For the sake of brevity and non-repetition, the same is not being reproduced here again.			

- (d) The Listed Entity has complied with the provisions of SEBI Circular CIR/CFD/CMD1/114/2019 dated October 18, 2019, in terms of Para 6 (A) and 6 (B) of the

² Non-compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Standard Operating Procedure for suspension and revocation of trading of specified securities

VINOD KOTHARI & COMPANY

Practising Company Secretaries

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[Unique Code – P1996WB042300](#)

PAN No - AAMFV6726E

Udyog Adhar Number – WB10D0000448

GSTIN No. - 19AAMFV6726E1ZR

said circular and has suitably included the same in the terms of appointment of its statutory auditors vide Appointment Letter dated 18th August, 2021, to the Engagement Letter from the statutory auditor for the financial year ending 31st March, 2022.

**For Vinod Kothari & Company
Practising Company Secretaries**

PAMMY
JAISWAL

Digitally signed by PAMMY
JAISWAL
Date: 2022.05.09 19:00:29
+05'30'

**Pammy Jaiswal
Partner**

Membership No.: A48046

CP No.: 18059

UDIN: A048046D000292565

Place: Kolkata

Date: 9th May, 2022