



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

GRSE/BD-69/CG/Q3/2021-22

08 Feb 2022

National Stock Exchange of India Limited,

Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051
Symbol: GRSE

Sub: Clarification – Corporate Governance Report for the Quarter Ended 31 December 2021 submitted under SEBI (LODR) Regulations, 2015

Dear Sir/ Madam,

1. This has reference to your email/notice dated 07 Feb 2022 on the above subject matter.
2. Garden Reach Shipbuilders & Engineers Limited is a Central Public Sector Enterprises (CPSE) under the administrative control of Ministry of Defence, Government of India. **The Directors on to the Board (including Independent Directors & Women Director) of the Company are appointed by the Government of India through Presidential Order.**
3. We would like to submit that the composition of Board of Directors of the Company comprises of four (04) Whole-Time Directors including one (1) Chairman & Managing Director, one (1) Part-Time Government Nominee Director (Non-executive Director) and five (05) Independent Directors including one Woman Independent Director, aggregating to a total of ten (10) Directors. All the Independent Directors of the Company have completed their tenure by Aug 2021. Moreover, the Third Quarter of FY 2021-22 began with 'Nil' Independent Directors on the Board of the Company.
4. The Ministry of Defence, Government of India vide its letter No. 11(70)/2021/Misc./D(NS) dated 24 Dec 2021 appointed two Independent Directors including one Women Independent Director. However, one of the Independent Directors joined the Company on 27 Dec 2021 and the Women Independent Director could not joined the Company due to non-availability of DIN No. and Registration with Independent Directors' Data Bank of IICA.
5. The Company has already requested to its administrative Ministry i.e. Ministry of Defence, Government of India on several occasions stating from February 2020 for appointment of required Independent Directors on to the Board of the Company looking at the tenure completion of Independent Directors, and consequence of non-compliance.

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

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6. The Company is regularly following up with the Government regarding appointment of Independent Directors (including Woman Independent Director) on the Board of the Company and appointment is still awaited from the Government.

7. Due to pending appointments of adequate Independent Directors on to the Board of the Company by the Government of India, the Company is unable to constitute the Board with optimum combination of Non-Executive Directors, Independent Directors including Women Independent Director. The Company is also unable to reconstitute Audit Committee, HR, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Risk Management Committee in lines with the requirements of SEBI (LODR) Regulations, 2015. Moreover, due to non-availability of the Audit Committee, the Company could not able to convene Audit Committee Meeting since from 09th March, 2021 and thus, the period/gap from the last Meeting of the Committee has elapsed to more than one hundred and twenty days.

8. Further, the Board Meetings held during the quarter ended 31 December 2021 i.e. on 08 Oct 2021, 13 Nov 2021 and 24 Dec 2021 were without Independent Director's attendance, and it has resulted into non-compliance of Regulation 17 (2A) of SEBI (LODR) Regulations, 2015.

9. We would reiterate that the non-compliance arose due to non-appointment of Independent Directors including Woman Independent Director by the Government of India. **The action for appointment of Independent Directors on to the Board of CPSEs is not in the hands of the Company and beyond the control of the Company.** However, the Company is pursuing the matter with the Government of India for early resolution.

10. In view of the above, we would request you to consider our difficulty to appoint appropriate Independent Directors on the Board of the Company and re-constitute Audit Committee, HR, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Risk Management Committee in order to comply with Regulation 17, 17 (2A), 18, 19, 20 and 21 of the SEBI (LODR) Regulations, 2015, and also for non-convening of Audit Committee Meetings for more than 120 days under Regulation 18(2) of the SEBI (LODR) Regulations, 2015, and **condone the non-compliance.**

Yours faithfully,
For GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED



Sandeep Mahapatra
Company Secretary and Compliance Officer
ICSI Membership No. ACS 10992