

REPORT ON CORPORATE GOVERNANCE

(For the Financial Year 2020-21)

PHILOSOPHY ON CORPORATE GOVERNANCE

- Your Company's philosophy on Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures, legal compliances, transparency in decision making and avoiding conflicts of interest. Your Company gives importance to adherence to adopted corporate values and objectives and discharging social responsibilities as a corporate citizen. Your Company believes in customer satisfaction, financial prudence and commitment to values. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy.
- To uphold the highest standards of corporate governance, your Company has implemented, both in letter and spirit, the guidelines enunciated by the Department of Public Enterprises, Government of India, on Corporate Governance. Your Company believes that good Corporate Governance is a continuous exercise and reiterates its commitment to pursue highest standard of Corporate Governance in the overall interest of all its stakeholders and for creating long term value for our shareholders. It has a strong and well laid down administrative set up to facilitate decentralized and transparent decision making. For effective implementation, the following major good governance practices have been put in place:
 - Code of Business Conduct and Ethics for Board of Directors and Senior Management
 - Code of Conduct for Prevention of Insider Trading and Fair disclosure of Unpublished Price Sensitive Information
 - Whistle Blower Policy
 - Corporate Social Responsibility Policy
 - Policy on Related Party Transactions
 - Preservation of Documents and Archival Policy
- The details of the Members of the Board of Directors of your Company during the period from 01 Apr 2020 to 31 Mar 2021 are given below:

- Policy on determination of Materiality of Event or Information
- Risk Management Policy
- Dividend Distribution Policy
- Policy for Determining Material Subsidiaries
- HR Manuals
- SOPs for ensuring compliance of Applicable Laws, Rules & Regulations

BOARD OF DIRECTORS

- The Board of Directors of the Company, headed by Chairman & Managing Director, is the apex body which oversees the overall functioning of your Company. The Board of your Company gives strategic directions and seeks accountability of their fulfillment. The Board has set goals in terms of Long-Term Perspective Plan in order to achieve its "Vision" statement. It is vested with the ultimate responsibility of the management and performance of your Company as a trustee to enhance the Shareholders' value. The decisions of the Board are aligned to serve in the best interest of your Company. The Board has constituted Sub-Committees to facilitate smooth and efficient flow of decision making process.

SIZE AND COMPOSITION OF THE BOARD

- The Board of the Company comprises of Executive (Whole-Time) Directors, Non-Executive (Part-Time Official) Government Nominee Directors and Non-Executive (Part-Time Non-Official) Independent Directors. As on 31 Mar 2021, the Board of Directors of your Company doesn't consist of an optimum combination of Executive and Non-Executive Directors. As on the said date, the Board consists of 06 Directors comprising 04 Whole-Time Directors, including the Chairman & Managing Director, 01 Government Nominee Director and 01 Part-Time Non-Official (Independent) Directors.

| Name of the Directors | Date of Appointment | Other Directorships (incl. in Listed Entities) | No. of Committee position held in other Companies | |
|--|---------------------|--|---|--------|
| | | | Chairman | Member |
| Whole-Time Directors | | | | |
| RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman & Managing Director</i> | 01 Mar 2017 | - | - | - |
| Shri Sarjit Singh Dogra ^[1] <i>Director (Finance) & CFO</i> | 31 Dec 2014 | - | - | - |
| Shri Ramesh Kumar Dash ^[2] <i>Director (Finance) & CFO</i> | 01 Jul 2020 | - | - | - |
| Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i> | 16 Dec 2017 | - | - | - |

| Name of the Directors | Date of Appointment | Other Directorships (incl. in Listed Entities) | No. of Committee position held in other Companies | |
|---|---------------------|--|---|--------|
| | | | Chairman | Member |
| Cmde Hari P R, IN (Retd.) Director (Personnel) | 21 Oct 2019 | - | | |
| Government Nominee Director | | | | |
| Shri Ashwani Kumar Mahajan ^[3] Addl. FA (AK) & JS | 02 Apr 16 | - | - | - |
| Shri Surendra Prasad Yadav ^[4] Joint Secretary (Naval System) | 14 Sep 20 | - | - | - |
| Part-Time Non-Official (Independent) Directors | | | | |
| Shri Ajai Bhandari ^[5] | 09 Mar 2018 | - | | |
| Shri Bharat Bhushan ^[6] | 15 Sep 2017 | - | - | - |
| Smt. Kanwaljit Deol, IPS (Retd.) ^[7] | 15 Sep 2017 | - | - | - |
| RAdm Inder Paul Singh Bali, AVSM, VSM, IN (Retd.) ^[8] | 09 Mar 2018 | - | - | - |
| Dr. Biswapriya Roychoudhury | 15 Aug 2018 | - | - | - |

^[1] Superannuated as Director (Finance) of the Company on 30 Jun 2020

^[2] Appointed as Director (Finance) of the Company on 01 Jul 2020

^[3] Ceased as Nominee Director of the Company on 30 Jul 2020

^[4] Appointed as Nominee Director of the Company on 14 Sep 2020

^[5] Ceased to be Independent Director of the Company on 20 Jul 2020

^[6] Retired as Independent Director of the Company on 15 Sep 2020

^[7] Retired as Independent Director of the Company on 15 Sep 2020

^[8] Retired as Independent Director of the Company on 09 Mar 2021

6. Two (2) new Directors have been inducted to the Board of Directors during the year under review. Brief Resume of the newly appointed Directors are provided below:

Shri Ramesh Kumar Dash

Shri Ramesh Kumar Dash (DIN: 08511344) assumed charge as Director (Finance) and Chief Financial Officer of our Company w.e.f. 01 Jul 2020. Shri R K Dash aged 55 years, is an Associate member of the Institute of Cost Accountants of India (ICAI). He is also a law graduate and Master in Commerce. He has over 29 years of extensive experience in Finance, Accounts, Pricing, Budgeting, Taxation and Audit Functions. Prior to his appointment in the Company, Shri R K Dash was working with Hindustan Aeronautics Limited (HAL). He was a Nominee Director on the Board of M/s HALBIT AVIONICS Private Limited, Bangalore (a Joint Venture Company of HAL) from 25 Jul 2019 to 17 May 2020.

Other Directorships: Nil

Committee Membership of other Companies: Nil

Shri Surendra Prasad Yadav

Shri Surendra Prasad Yadav (DIN:02267582), aged 52 years appointed as Part-Time Official Director (Government Nominee Director) of Garden Reach Shipbuilders & Engineers Limited by the Ministry of Defence, Government of India and assumed the position w.e.f. 14 Sep 2020.

He is a qualified B. Tech, M. Tech and a 1996 batch Indian Forest Service (IFoS) Officer of West Bengal cadre.

He has worked in Department of Forest, Government of West Bengal in different capacities like Divisional Forest Officer and Chief Conservator of Forests.

He also worked as Executive Director in West Bengal Industrial Development Corporation Limited for more than 7 years, prior to joining as Joint Secretary (Naval System) in Department of Defence Production, Ministry of Defence, Govt. of India in July 2020.

Other Directorships: Nil

Committee Membership of other Companies: Nil

KEY BOARD EXPERTISE AND SKILLS

- The Directors in your Company are appointed by the President of India acting through the Department of Public Enterprises, Government of India. The selection of Directors on the Board of your Company is done through a meticulous screening process adopted by the Government of India.
- The Board of your Company comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its Committees. The Directors are committed to ensuring that the

Board is in compliance with the highest standards of Corporate Governance. The table below summarizes the key Board skills, expertise and attributes which, in the opinion of the Board, are required in the context of the business of the Company:

| Skills and Attributes | Description |
|---------------------------------|--|
| Organisational Purpose | Ability to comprehend the industry and its operations, maritime needs of the country, the socio-economic, political, regulatory and competitive environment, both domestic and global, in which the Company is operating and insight to identify opportunities and threats for the Company's businesses. Ability to contribute towards creating an inspiring Vision for the Company. |
| Financial and Managerial Acumen | Knowledge and skills in accounting and finance, business judgment, general management practices and processes, crisis response and management, industry knowledge, macro-economic perspectives, human resources, labour laws and risk management and internal controls. |
| Policy Evaluation | Ability to evaluate policies, systems and processes in the context of legal ecosystem, Government Directives and applicability to the Company's businesses, and review the same periodically. |
| Corporate Governance | Knowledge on matters of regulatory compliance, Board and Management accountability, protecting shareholders' interest, observing appropriate governance practices and contribute towards its refinement. |
| Technological Understanding | Understanding of emerging trends in technology and innovation that may have an impact on the business and have the ability to guide necessary interventions that can be utilised in making the business more competitive and sustainable. |
| Culture Building | Ability to contribute to the Board's role towards promoting an ethical organisational culture, eliminating conflict of interest, and setting & upholding the highest standards of ethics, integrity and organisational conduct. |

9. Given below is a list of core skills, expertise and competencies of individual Directors:

| Name of Director | Skills / Expertise / Competencies | | | | | |
|-----------------------------|-----------------------------------|---------------------------------|-------------------|----------------------|-----------------------------|------------------|
| | Organisational Purpose | Financial and Managerial acumen | Policy Evaluation | Corporate governance | Technological understanding | Culture Building |
| RAdm Vipin Kumar Saxena | √ | √ | √ | √ | √ | √ |
| Cmde Sanjeev Nayyar | √ | √ | √ | √ | √ | √ |
| Cmde Hari P R | √ | √ | √ | √ | √ | √ |
| Shri Ramesh Kumar Dash | √ | √ | √ | √ | √ | √ |
| Shri Surendra Prasad Yadav | √ | √ | √ | √ | - | √ |
| Dr. Biswapriya Roychoudhury | √ | √ | √ | √ | - | √ |

BOARD PROCEDURE

10. Board Meetings are normally held at least once in every quarter, and more often, if considered necessary, focusing on reviewing of policies and procedures for ease of doing business, formulation of strategies for business development, exercising control, delegation of powers, reviewing performance of your Company, approving contracts for high value items, quarterly, half yearly and annual results, annual accounts, annual operating plan and budgets besides considering matters that are statutorily required to be placed before the Board.
11. Your Company believes that a carefully planned agenda note is pivotal for effective Board Meetings. The agenda notes are backed by comprehensive background information to enable the Board to take decisions. Agenda Notes are generally circulated well in advance to the members of the Board. The Board Members, in consultation with the Chairman, may bring up any important issue for the consideration of the Board. As and when required, senior executives of your Company are also invited to attend Board Meetings and provide clarifications. The Part-Time Directors play an important role in the deliberations at the Board Meetings and bring to your Company their wide experience in the fields of technology, finance, marketing, public policy and operations.

MEETINGS AND ATTENDANCE

12. During the year 2020-21, eight (08) Board Meetings were held, as follows:

| Sl. No. | Date | Board Strength | No. of Directors Present |
|---------|-----------|----------------|--------------------------|
| 1. | 06 Jun 20 | 10 | 10 |
| 2. | 21 Jul 20 | 9 | 9 |
| 3. | 13 Aug 20 | 8 | 8 |
| 4. | 11 Sep 20 | 8 | 8 |
| 5. | 11 Nov 20 | 7 | 7 |
| 6. | 27 Nov 20 | 7 | 6 |
| 7. | 09 Feb 21 | 7 | 7 |
| 8. | 04 Mar 21 | 7 | 7 |

13. The maximum interval between any two Board Meetings held during the year was (78) days. Details of Directors' attendance at the Board Meetings and Annual General Meeting held during the FY 2020-21 are given below:

| Name of the Director | Meeting held and attended during respective Tenure of Directors | | | | | | | | % of attendance | Attendance at the last AGM held on 11 Sep 20 |
|---|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|--|
| | 06 Jun 20 | 21 Jul 20 | 13 Aug 20 | 11 Sep 20 | 11 Nov 20 | 27 Nov 20 | 09 Feb 21 | 04 Mar 21 | | |
| RAdm Vipin Kumar Saxena | | | | | | | | | 100 | |
| Shri Sarvjit Singh Dogra ^[1] | | NA | NA | NA | NA | NA | NA | NA | 100 | NA |
| Shri Ramesh Kumar Dash ^[2] | NA | | | | | | | | 100 | |
| Cmde Sanjeev Nayyar | | | | | | | | | 100 | |
| Cmde Hari P R | | | | | | | | | 100 | |
| Shri Ashwani Kumar Mahajan ^[3] | | | NA | NA | NA | NA | NA | NA | 100 | NA |
| Shri Surendra Prasad Yadav ^[4] | NA | NA | NA | NA | | × | | | 75 | NA |
| Dr. Ajai Bhandari ^[5] | | NA | NA | NA | NA | NA | NA | NA | 100 | NA |
| Smt. Kanwaljit Deol ^[6] | | | | | NA | NA | NA | NA | 100 | |
| Shri Bharat Bhushan ^[7] | | | | | NA | NA | NA | NA | 100 | |
| RAdm Inder Paul Singh Bali ^[8] | | | | | | | | | 100 | |
| Dr. Biswapriya Roychoudhury | | | | | | | | | 100 | |

- Present × - Absent NA - Not Applicable

^[1] Superannuated as Director (Finance) of the Company on 30 Jun 2020

^[2] Appointed as Director (Finance) of the Company on 01 Jul 2020

^[3] Ceased as Nominee Director of the Company on 30 Jul 2020

^[4] Appointed as Nominee Director of the Company on 14 Sep 2020

^[5] Ceased to be Independent Director of the Company on 20 Jul 2020

^[6] Retired as Independent Director of the Company on 15 Sep 2020

^[7] Retired as Independent Director of the Company on 15 Sep 2020

^[8] Retired as Independent Director of the Company on 09 Mar 2021

COMMITTEES OF THE BOARD

14. Currently, the Board has constituted nine (9) Sub-Committees to assist it in the management of the day-to-day affairs of your Company and to facilitate a smooth and efficient flow of decision-making process. The Board Sub-Committees consists of the following:
- (a) Audit Committee;
 - (b) HR, Nomination and Remuneration Committee;
 - (c) CSR & Sustainability Committee;
 - (d) Project Review Sub-Committee;
 - (e) Procurement Committee;
 - (f) Business Strategy & Capacity Augmentation Committee;
 - (g) MoU Committee;
 - (h) Legal Committee;
 - (i) Stakeholders Relationship Committee; and
 - (j) Risk Management Committee
15. Details about the above-mentioned Sub-Committees of the Board of Directors are provided below.

Audit Committee

16. As on 31st March 2021, the Audit Committee is not reconstituted after cessation of RAdm IPS Bali, Independent director, in line with Section 177 of the Companies Act, 2013, the DPE Guidelines on Corporate Governance for CPSEs, 2010 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The Independent directors of your Company are appointed by the President of India acting through the Department of Public Enterprises, Government of India and such appointment is pending at their end. The Company had been taking up with the matter with its administrative Ministry i.e. Ministry of Defence, Government of India for appointing
21. During the financial year 2020-21, five (5) Meetings of the Audit Committee were held. The attendance of the members at the Audit Committee meetings during the financial year 2020-21 is given below:

- requisite number of Independent directors on the Board of Company from time to time.
17. Director (Finance) is the Permanent Special Invitee to the Audit Committee. The Company Secretary is the Secretary to the Audit Committee. Chief General Manager (Finance), Additional General Manager (Internal Audit), Statutory Auditors (when quarterly and annual accounts discussed), Internal Auditors (when internal audit report discussed) and Cost Auditor (when cost audit report discussed) of the Company also attend the Meetings of the Audit Committee regularly.
18. The terms of reference of the Audit Committee are specified in accordance with Section 177 of the Companies Act, 2013 and the rules framed thereunder, the SEBI Listing Regulations and the Guidelines on Corporate Governance issued by the Department of Public Enterprises. The primary function of the Committee is to assist the Board of Directors in fulfilling its responsibilities by reviewing the financial reports, your Company's systems of internal controls regarding finance, accounting and legal compliance that management and the Board have established and your Company's auditing, accounting and financial reporting process generally.
19. The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors and discusses their findings, suggestions and other related matters and reviews the major accounting policies followed by your Company. The Audit Committee reviews the quarterly, half yearly and annual financial statements before their submission to the Board. The Committee also reviews the functioning of whistle blower mechanisms and effective implementation of Insider Trading Code in the Company.
20. The Chairman of the Audit Committee apprises the Board about the observations of the Audit Committee during the Board Meetings. The Minutes of the Audit Committee Meetings are placed before the Board of Directors at their subsequent meetings for information. All the recommendations made by the Audit Committee were accepted by the Board during the year.

| Name of the Director | Meeting held and attended during respective Tenure of Directors | | | | | % of attendance |
|---|---|-----------|-----------|-----------|-----------|-----------------|
| | 06 Jun 20 | 12 Aug 20 | 10 Sep 20 | 10 Nov 20 | 08 Feb 21 | |
| Shri Bharat Bhushan ^[1] | | | | NA | NA | ___ 100 |
| Smt. Kanwaljit Deol ^[2] | | | | NA | NA | ___ 100 |
| RAdm Inder Paul Singh Bali ^[3] | | | | | | ___ 100 |
| Dr. Biswapriya Roychoudhury | NA | NA | NA | | | ___ 100 |
| Cmde Sanjeev Nayyar | | | | | | ___ 100 |

- Present * - Absent NA - Not Applicable

^[1] Ceased as Independent Director of the Company w.e.f. 15 Sep 2020.

^[2] Ceased as Independent Director of the Company w.e.f. 15 Sep 2020.

^[3] Ceased as Independent Director of the Company w.e.f. 09 Mar 2021.

22. The Chairman of the Audit Committee was present at the last Annual General Meeting.

HR, Nomination and Remuneration Committee

23. As on 31st March 2021, the HR, Nomination and Remuneration Committee is not reconstituted after cessation of RAdm IPS Bali (Independent director) in line with Section 178 of the Companies Act, 2013, the DPE Guidelines on Corporate Governance for CPSEs, 2010 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”). The Independent directors of your Company are appointed by the President of India acting through the Department of Public Enterprises, Government of India and such appointment is pending at their end. The Company had been taking up with the matter with its administrative Ministry i.e. Ministry of Defence, Government of India for appointing requisite number of Independent directors on the Board of Company from time to time.

24. Director (Personnel) is a Permanent Special Invitee to the Committee. The Company Secretary is the Secretary to the Committee.

25. The terms of reference of HR, Nomination and Remuneration Committee are as follows: -

- (a) To decide the annual bonus / variable pay pool Performance Related Pay (PRP) and policy for its distribution across the executives (including Board Level executives) and non-unionised supervisors within the prescribed limits for each financial year;
- (b) To examine all the proposals related to HR issue and give its recommendations;
- (c) The recommendations of the HR, Nomination and Remuneration Committee are placed before the Board of Directors for approval.

26. During the financial year 2020-21, four (4) Meetings of the HR, Nomination and Remuneration Committee were held. The attendance of the members at the HR, Nomination and Remuneration Committee meetings during the financial year 2020-21 is given below:

| Name of the Director | Meeting held and attended during respective Tenure of Directors | | | | % of attendance |
|---|---|-----------|-----------|-----------|-----------------|
| | 11 Aug 20 | 09 Nov 20 | 08 Feb 21 | 04 Mar 21 | |
| Smt. Kanwaljit Deol ^[1] | | NA | NA | NA | ___ 100 |
| Shri Bharat Bhushan ^[2] | | NA | NA | NA | ___ 100 |
| RAdm Inder Paul Singh Bali, IN (Retd.) ^[3] | | | | | ___ 100 |
| Dr. Biswapriya Roychoudhury | NA | | | | ___ 100 |
| Shri Surendra Prasad Yadav ^[4] | NA | | | | ___ 100 |

- Present × - Absent NA - Not Applicable

^[1] Ceased as Independent Director of the Company w.e.f. 15 Sep 2020.

^[2] Ceased as Independent Director of the Company w.e.f. 15 Sep 2020.

^[3] Ceased as Independent Director of the Company w.e.f. 09 Mar 2021.

^[4] Appointed as Nominee Director of the Company w.e.f. 14 Sep 2020.

27. All the recommendations made by the HR, Nomination and Remuneration Committee were accepted by the Board during the year.

Appointment and Remuneration of Whole-Time Directors

28. Being a Central Public Sector Enterprise (CPSE), the appointment of Chairman & Managing Director and Whole-Time Directors is made by the Government of India indicating the tenure, remuneration package and other terms and conditions of appointment. The Functional Directors are generally appointed for a period of 5 years with effect from date of assumption of charge of the post or till the date of his superannuation or until further orders whichever occurs the earliest. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice period, 3 months’ pay be remitted.

29. The Whole-time Directors of your Company are paid such remuneration as the President of India, may, from time to time determine. The pay and allowances of Board level executives are paid in accordance with the terms of appointment, Department of Public Enterprises (DPE) Guidelines on the above subject and other benefits and perquisites in accordance with the rules of GRSE. The remuneration of below Board level executives and non-unionized supervisors is as per DPE guidelines and as approved by the administrative ministry i.e. Ministry of Defence. Performance Linked Incentives are payable to the Whole-time Functional Directors as employees of the Company as per the policy applicable to all employees of the Company.

30. The details of remuneration of Whole-Time Directors during the FY 2020-21 are given below:

(₹ in lakh)

| Name of Director | Salary* | Perquisites | Company's Contribution to PF / Gratuity / Pension | Performance Related Pay | Total |
|---|---------|-------------|---|-------------------------|--------------|
| RAdm V K Saxena, IN (Retd.) Chairman & Managing Director | 43.10 | 0.82 | 6.32 | - | 50.24 |
| Shri Sarvjit Singh Dogra ^[1] Director (Finance) and CFO | 19.21 | 1.01 | 1.44 | - | 21.66 |
| Cmde S Nayyar, IN (Retd.) Director (Shipbuilding) | 40.17 | 3.69 | 5.91 | - | 49.77 |
| Cmde Hari P R, IN (Retd.) Director (Personnel) | 43.52 | 4.07 | 5.99 | - | 53.58 |
| Shri Ramesh Kumar Dash ^[2] Director (Finance) and CFO | 22.46 | 1.99 | 3.28 | - | 27.73 |

*Salary includes arrears

^[1] Ceased as Whole-time Director of the Company w.e.f. 30 June 2020.

^[2] Appointed as Whole-time Director of the Company w.e.f. 01 July 2020.

31. During the year, no Stock Options were issued by the Company to Whole-time Directors.

Appointment and Remuneration of Part-Time Directors

32. The Government Nominee Director is appointed by the President of India and he/she holds the office till further orders from the Government. They are not entitled to any remuneration or sitting fees.

33. The Independent Directors appointed or reappointed by the President of India in consultation with the Chairman & Managing Director of the Board of Directors, generally for a period of three (03) years. They are not paid any remuneration except the sitting fee for attending Board and Committee Meetings. The Company pays sitting fees of ₹ 20,000/- for attending each meeting of the Board of Directors and ₹15,000/- for attending each meeting of the Sub-Committees of the Board of Directors. Further, the Company also make reimbursement of travelling / accommodation expenses for participation in the Board and other Committee Meetings.

34. The criteria for making payments to Non-Executive Directors of the Company are disclosed on the Company's website at

<http://www.grse.in/pdf/investors/Terms%20and%20Conditions%20of%20Appt%20of%20Non-Executive%20Directors.pdf>

35. The sitting fees paid to the Independent Directors during the FY 2020-21 is as follows: (₹ in lakh)

| Name of Independent Director | Board Meetings | Committee Meetings | Total Remuneration |
|------------------------------|----------------|--------------------|--------------------|
| Shri Bharat Bhusan | 0.80 | 0.90 | 1.70 |
| Smt. Kanwaljit Deol | 0.80 | 0.75 | 1.55 |
| Dr. Ajai Bhandari | 0.20 | 0.00 | 0.20 |
| RAdm Inder Paul Singh Bali | 1.60 | 2.70 | 4.30 |
| Dr. Biswapriya Roychoudhury | 1.60 | 1.35 | 2.95 |

36. Further, there has been no other pecuniary relationship or transactions of the Part-time Directors vis-à-vis the Company during the year under review.

37. Non-Executive Directors do not hold any Shares in the Company during the Financial Year 2020-21.

Evaluation Criteria

38. Since 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.

Procurement Committee

39. The Procurement Committee has been delegated full powers of the Board in respect of:

- Approval of proposals in excess of ₹30 crore for placement of orders for procurement of materials, equipment, tools, stores and spares, imports including from Russian Sources, approval of works, sub-contracts and facility hire, etc. for sanctioned projects.
- Approval of proposals for capital expenditure in excess of ₹5 crore in respect of the items provided for in the Capital Budget approved by the Board / Government.
- The Procurement Committee examines all the procurement proposals in conformity with and compliance of the Purchase Manual of your Company, CVC Guidelines, Government Regulations etc. and give its approval for such proposals. In the event of any deviations from procedures, the proposal with the recommendations of the Committee is placed before the Board for approval. However, if the Committee feels that a particular proposal requires consideration by the Board, same is submitted to the Board with recommendation(s) of the Committee.
- All the procurement proposals approved by Procurement Committee are placed before the Board for information.

40. The composition of the Procurement Committee of the Board of Directors as on 31 Mar 2021 is as follows:

| | | |
|-----|--|-------------|
| (a) | RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman & Managing Director</i> | Chairperson |
| (b) | Dr. Biswapriya Roychoudhury ^[1] <i>Part-Time Non-Official (Independent) Director</i> | Member |
| (c) | Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i> | Member |
| (d) | Shri Ramesh Kumar Dash <i>Director (Finance)</i> | Member |

^[1] Admitted as a member of the Committee w.e.f. 04 Mar 2021.

41. The Company Secretary is the Secretary to the Committee.

42. The Chairman of the Procurement Committee apprises the Board about the observations of the Procurement Committee during the Board Meeting.

43. During the financial year 2020-21, six (6) Meetings of the Procurement Committee were held. The attendance of the members at the Procurement Committee meeting during the financial year 2020-21 is given below:

| Name of the Director | Meeting held and attended during respective Tenure of Directors | | | | | | % of attendance |
|--|---|-----------|-----------|-----------|-----------|-----------|-----------------|
| | 11 Jul 20 | 10 Oct 20 | 18 Nov 20 | 02 Jan 21 | 27 Jan 21 | 04 Mar 21 | |
| RAdm Vipin Kumar Saxena | | | | | | | ___ 100 |
| Shri Bharat Bhushan ^[1] | | NA | NA | NA | NA | NA | ___ 100 |
| Shri R K Dash | | | | | | | ___ 100 |
| Cmde Sanjeev Nayyar | | | | | | | ___ 100 |
| RAdm IPS Bali ^[2] | NA | | | | | | ___ 100 |
| Dr. Biswapriya Roychoudhury ^[3] | NA | NA | NA | NA | NA | NA | - |

- Present ✖ - Absent NA - Not Applicable

^[1] Ceased as Independent Director of the Company w.e.f. 15 Sep 2020.

^[2] Admitted as member of the Committee w.e.f. 30 Sep 2020 and ceased as Independent Director of the Company w.e.f. 09 Mar 2021.

^[3] Admitted as a member of the Committee w.e.f. 04 Mar 2021.

Corporate Social Responsibility & Sustainability Committee ("CSR & SD Committee")

44. The Board of Directors of your Company has approved the Corporate Social Responsibility and Sustainability ("CSR & SD") Policy formulated as per the Companies Act, 2013 and the rules framed thereunder and the Corporate Social Responsibility & Sustainability Guidelines issued by the Department of Public Enterprises. A CSR & SD Committee under the Chairmanship of an Independent Director has been constituted in terms of the said Policy for planning, implementation and monitoring of the CSR & SD activities of your Company.

45. The terms of reference of the CSR & SD Committee are as follows:-

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility and Sustainability Policy which shall indicate the activities to be undertaken by your Company as specified in Schedule - VII of the Companies Act, 2013;

- (b) Recommend amount of expenditure to be incurred on CSR activities;

- (c) Monitor the Corporate Social Responsibility and Sustainability Policy of your Company and its effective implementation from time to time.

46. The composition of the CSR & SD Committee of the Board of Directors as on 31 Mar 2021 is as follows:

| | | |
|-----|--|-------------|
| (a) | Dr. Biswapriya Roychoudhury ^[1] <i>Part-Time Non-Official (Independent) Director</i> | Chairperson |
| (b) | Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i> | Member |
| (c) | Cmde Hari P R, IN (Retd.) <i>Director (Personnel)</i> | Member |

^[1] Admitted as a member of the Committee w.e.f. 30 Sep 2020

47. The Company Secretary is Secretary to the Committee.

48. During the financial year 2020-21, three (3) Meetings of the CSR & SD Committee were held. The attendance of the members at the CSR & SD Committee meetings during the financial year 2020-21 is given below:

| Name of the Director | Meeting held and attended during respective Tenure of Directors | | | % of attendance |
|--|---|-----------|-----------|-----------------|
| | 12 Aug 20 | 30 Dec 20 | 04 Mar 21 | |
| Smt. Kanwaljit Deol ^[1] | | NA | NA | ___ 100 |
| Dr. Biswapriya Roychoudhury ^[2] | NA | | | ___ 100 |
| Cmde Sanjeev Nayyar | | x | | ___ 67 |
| Cmde Hari P R | | | | ___ 100 |

- Present x - Absent NA - Not Applicable

^[1] Ceased as Independent Director of the Company w.e.f. 14 Sep 2020.

^[2] Admitted as a member of the Committee w.e.f. 30 Sep 2020

MoU Committee

49. The MoU Committee of the Board of Directors was formed to review the MoU signed by and between your Company and the Department of Defence Production, Ministry of Defence, including reviewing the draft MoU terms and the Annual MoU Performance Evaluation Report, as required by the Department of Public Enterprises.

50. The composition of the MoU Committee of the Board of Directors as on 31 Mar 2021 is as follows:

| | |
|--|-------------|
| (a) Shri Bharat Bhushan ^[1] <i>Part-Time Non-Official (Independent) Director</i> | Chairperson |
| (b) Dr. Biswapriya Roychoudhury ^[2] <i>Part-Time Non-Official (Independent) Director</i> | Member |
| (c) Shri Ramesh Kumar Dash <i>Director (Finance)</i> | Member |
| (d) Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i> | Member |

^[1] Ceased as Independent Director of the Company w.e.f. 14 Sep 2020

^[2] Admitted as a member of the Committee w.e.f. 21 Jul 2020

56. During the year 2020-21, three (3) Meetings of the Project Review Sub-Committee were held. The attendance of the members at the Project Review Sub-Committee meetings during the financial year 2020-21 is given below:

| Name of the Director | Meeting held and attended during respective Tenure of Directors | | | % of attendance |
|--------------------------------|---|-----------|-----------|-----------------|
| | 06 Aug 20 | 27 Nov 20 | 04 Mar 21 | |
| RAdm I P S Bali ^[1] | | | | ___ 100 |
| Shri Ramesh Kumar Dash | | | | ___ 100 |
| Cmde Sanjeev Nayyar | | | | ___ 100 |

- Present x - Absent NA - Not Applicable

^[1] Ceased as Independent Director of the Company w.e.f. 09 Mar 2021.

51. The Chief General Manager / General Manager (CE&CP) is the Secretary to the Committee.

52. During the financial year 2020-21, one (1) Meetings of the MoU Committee was held. The attendance of the members at the MoU Committee meetings during the financial year 2020-21 is given below:

| Name of the Director | Meeting held and attended during respective Tenure of Directors | % of attendance |
|--|---|-----------------|
| | 10 Sep 20 | |
| Shri Bharat Bhushan ^[1] | | ___ 100 |
| Dr. Biswapriya Roychoudhury ^[2] | | ___ 100 |
| Shri Ramesh Kumar Dash | | ___ 100 |
| Cmde Sanjeev Nayyar | | ___ 100 |

- Present x - Absent NA - Not Applicable

^[1] Ceased as Independent Director of the Company w.e.f. 14 Sep 2020.

^[2] Admitted as a member of the Committee w.e.f. 21 Jul 2020

Project Review Sub-Committee

53. As on 31st March 2021, the Project Review Sub-Committee is not reconstituted after cessation of RAdm IPS Bali (Independent director). The Independent directors of your Company are appointed by the President of India acting through the Department of Public Enterprises, Government of India and such appointment is pending at their end. The Company had been taking up with the matter with its administrative Ministry i.e. Ministry of Defence, Government of India for appointing requisite number of Independent directors on the Board of Company from time to time.

54. The Project Review Sub-Committee of the Board of Directors has been constituted to review all projects of your Company in a structured manner and to focus on the improvement of the system and augmentation of the infrastructure. The Committee, while reviewing, analyses the reasons for delay and finds out the ways and means to rectify the same. The Committee submits its report to C&MD and the Board from time to time.

55. Chief General Manager / General Manager (PP&C) is the Secretary to the Committee.

Business Strategy and Capacity Augmentation Committee

57. To formulate future business strategy of your Company, to expand its spheres of activities, explore possibilities of export, identifying new products which the Company can manufacture and market, imbibe new technologies, identify partners for possible collaboration and identify state-of-the-art equipment and machineries from India and abroad to improve the quality of ships and other products etc., the Board constituted a Business Strategy and Capacity Augmentation Committee of the Board to look into aforesaid aspects and advise the Board on aspects beneficial for your Company's business.

58. The composition of the Business Strategy and Capacity Augmentation Committee of the Board of Directors as on 31 Mar 2021 is as follows:

| | | |
|-----|--|-------------|
| (a) | RAdm Vipin Kumar Saxena, IN (Retd.) <i>Chairman & Managing Director</i> | Chairperson |
| (b) | RAdm I P S Bali, IN (Retd.) ^[1] <i>Part-Time Non-Official (Independent) Director</i> | Member |
| (c) | Shri Ramesh Kumar Dash <i>Director (Finance)</i> | Member |
| (d) | Cmde Sanjeev Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i> | Member |

^[1] Ceased as Independent Director of the Company w.e.f. 09 Mar 2021

59. The Chief General Manager / General Manager (CE&CP) is the Secretary to the Committee.

60. The Committee has been tasked with:

- (a) Business Strategy formulation for future growth;
- (b) Infusion of new technologies;
- (c) Identify Schemes for Productivity Improvement;
- (d) Finalise the Infrastructure Augmentation / Capacity Enhancement to meet future business strategy and to improve shipbuilding efficiency.

61. The recommendations of the Committee are placed to the Board for consideration and approval.

62. During the financial year 2020-21, one (1) Meeting of the Business Strategy and Capacity Augmentation Committee was held. The attendance of the members at the Business Strategy and Capacity Augmentation Committee meetings during the financial year 2020-21 is given below:

| Name of the Director | Meeting held and attended during respective Tenure of Directors | % of attendance |
|-------------------------------------|---|-----------------|
| | 27 Nov 20 | |
| RAdm Vipin Kumar Saxena, IN (Retd.) | | ___ 100 |
| RAdm I P S Bali ^[1] | | ___ 100 |

| Name of the Director | Meeting held and attended during respective Tenure of Directors | % of attendance |
|------------------------|---|-----------------|
| | 27 Nov 20 | |
| Shri Ramesh Kumar Dash | | ___ 100 |
| Cmde Sanjeev Nayyar | | ___ 100 |

- Present x - Absent NA - Not Applicable

^[1] Ceased as Independent Director of the Company w.e.f. 09 Mar 2021

Legal Committee

63. The Legal Committee of the Board of Directors was formed to review, monitor and suggest an appropriate course of action for the legal cases of the Company, other than taxation matters.

64. As on 31st March 2021, the Legal Committee is not reconstituted after cessation of Smt. Kanwaljit Deol, Independent Director and RAdm IPS Bali, Independent director w.e.f. 14 Sep 20 and 09 Mar 21, respectively. The Independent directors of your Company are appointed by the President of India acting through the Department of Public Enterprises, Government of India and such appointment is pending at their end. The Company had been taking up with the matter with its administrative Ministry i.e. Ministry of Defence, Government of India for appointing requisite number of Independent directors on the Board of Company from time to time.

65. During the year 2020-21, no Meetings of the Legal Committee were held.

Stakeholders Relationship Committee

66. The Stakeholders Relationship Committee was constituted in line with the Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations.

67. In line with the SEBI Listing Regulations, terms of reference of the Stakeholders Relationship Committee include the following:




- (i) Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
- (ii) Review of measures taken for effective exercise of voting rights by shareholders;
- (iii) Review of adherence to the service standards adopted by your Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- (iv) Review of the various measures and initiatives taken by your Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the Shareholders.

68. The composition of the Stakeholders Relationship Committee of the Board of Directors as on 31 Mar 2021 is as follows:

| | | |
|-----|---|----------|
| (a) | Dr. Biswapriya Roychoudhury <i>Part-Time Non-Official (Independent) Director</i> | Chairman |
| (b) | Cmde Hari PR <i>Director (Personnel)</i> | Member |
| (c) | Shri Ramesh Kumar Dash <i>Director (Finance) & CFO</i> | Member |

69. The Company Secretary acts as the Secretary of the Stakeholders Relationship Committee and is also the Compliance Officer.

70. During the year 2020-21, one (1) Meeting of the Stakeholders Relationship Committee of the Board of Directors was held. The attendance of the members at the Stakeholders Relationship Committee meetings during the financial year 2020-21 is given below:

| Name of the Director | Meeting held and attended during respective Tenure of Directors | % of attendance |
|---|---|-----------------|
| | 04 Mar 21 | |
| Dr. Biswapriya Roychoudhury <i>Part-Time Non-Official (Independent) Director</i> |  | 100 |
| Cmde Hari PR <i>Director (Personnel)</i> |  | 100 |
| Shri Ramesh Kumar Dash <i>Director (Finance) & CFO</i> |  | 100 |

71. Status of Investor Complaints as on 31 Mar 2021 and reported under Regulation 13(3) of the SEBI Listing Regulations is as under:

| | |
|--|----|
| Complaints as on 01 Apr 2020 | 0 |
| Received during the year | 10 |
| Resolved during the year | 10 |
| Not solved to the satisfaction of shareholders | 0 |
| Pending as on 31 Mar 2021 | 0 |

Risk Management Committee

72. The Risk Management Committee was constituted in line with the Regulation 21 of the SEBI Listing Regulations.

73. The roles and responsibilities of the Risk Management Committee include the following:

- (i) To review the Risk Management Policy and associated frameworks, processes and practices of the Company and recommend any proposed changes to the Board for approval.
- (ii) To review and assess the quality, integrity and effectiveness of the risk management system especially Cyber security measures taken up by the Company and ensure that risk policies and strategies are effectively managed.

(iii) To ensure that the Company is taking appropriate measures to achieve prudent balance between risks and rewards in both ongoing and new business activities.

(iv) To assist the Board in setting risk strategies, policies, framework, models and procedures.

(v) To review and assess the nature role responsibility and authority of the risk management function within the Company and outline the scope of risk management work






(vi) To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and activate measures to manage these risks and to decide the Company's risk Appetite or tolerance to risk.

74. The composition of the Risk Management Committee of the Board of Directors as on 31 Mar 2021 is as follows:

| | | |
|-----|---|------------------|
| (a) | Cmde S Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i> | Chairperson |
| (b) | Cmde Hari P R, IN (Retd.) <i>Director (Personnel)</i> | Member |
| (c) | Shri R K Dash, <i>Director (Finance)</i> | Member |
| (d) | Shri Subrato Ghosh <i>Chief Risk Officer</i> | Member |
| (e) | Shri S Ghose Choudhury <i>Risk Coordinator</i> | Member Secretary |

75. The Risk Coordinator is Member and also the Secretary of the Committee.

76. During the year 2020-21, one (1) Meeting of the Risk Management Committee was held. The attendance of the members at the Risk Management Committee during the financial year 2020-21 is given below:

| Name of the Director | Meeting held and attended during respective Tenure of Directors | % of attendance |
|--|---|-----------------|
| | 29 Mar 21 | |
| Cmde S Nayyar, IN (Retd.) <i>Director (Shipbuilding)</i> |  | 100 |
| Cmde Hari P R, IN (Retd.) <i>Director (Personnel)</i> |  | 100 |
| Shri R K Dash, <i>Director (Finance)</i> |  | 100 |
| Shri Subrato Ghosh <i>Chief Risk Officer</i> |  | 100 |
| Shri S Ghose Choudhury <i>Risk Coordinator</i> |  | 100 |

Independent Directors’ Meeting

77. During the year, one Meeting of Independent Directors was held on 04 Mar 2021.

Confirmation of Independence of the Independent Directors

78. The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6) of the Companies Act, 2013.

79. In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

ANNUAL GENERAL MEETINGS

80. The details of the last three (3) Annual General Meetings of your Company are given below:

| Financial Year | Date and Time | Venue | Special Resolution Passed |
|----------------|-------------------------|--|---|
| 2017-18 | 04 Oct 18 1000 Hrs. | Registered Office at 43/46, Garden Reach Road, Kolkata - 700 024 | No special resolution passed in the meeting |
| 2018-19 | 20 Sep 19 10.30 Hrs. | Bhasha Bhawan Auditorium, National Library, Belveria Road, Block-A, Alipore, Kolkata-700025 | No special resolution passed in the meeting |
| 2019-20 | 11 Sep 20 10.30 Hrs. | Registered Office at 43/46, Garden Reach Road, Kolkata - 700 024 (Through Video Conferencing/ Audio visual mode) | No special resolution passed in the meeting |

POSTAL BALLOT

81. No postal ballot was conducted during the FY 2018-19

82. During the FY 2019-20, two resolutions was put to vote through Postal Ballot. Details of resolutions passed through postal ballot and details of the voting pattern:

The Company sought the approval of shareholders through notice of postal ballot dated 29 May 19 for Consent to authorize the Board of Directors to borrow under section 180(1)(c) of the Companies Act, 2013 upto ₹5,000 crore and Consent to authorize the Board of Directors for creation of charges etc, in respect of borrowings under section 180(1)(a) of the Companies Act, 2013 upto ₹5,000 crore, by way of special resolutions. The aforesaid resolutions were duly passed and the results of postal ballot/e-voting were announced on 09 Jul 19. Mr. A K Labh of

M/s A K Labh & Co., Company Secretaries, was appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

| Resolution | No. of Votes Polled | No. of Votes Cast in Favour | No. of Votes Cast Against | % of Votes Cast in Favour on Votes Polled | % of Votes Cast Against on Votes Polled |
|---|---------------------|-----------------------------|---------------------------|---|---|
| (a) Consent to authorize the Board of Directors to borrow under section 180(1) (c) of the Companies Act, 2013 upto ₹ 5,000 crore | 65608 | 64620 | 988 | 98.49 | 1.51 |
| (b) Consent to authorize the Board of Directors for creation of charges etc, in respect of borrowings under section 180(1)(a) of the Companies Act, 2013 upto ₹ 5,000 crore | 65223 | 62281 | 2942 | 95.49 | 4.51 |

83. No postal ballot was conducted during the FY 2020-21

84. None of the business proposed to be transacted in the ensuing AGM requires the passing of a Special Resolution by way of Postal Ballot.

Procedure for Postal Ballot

85. The postal ballot is conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014. The shareholders are provided the facility to vote either by physical ballot or through e-voting. The postal ballot notice is sent to shareholders in electronic form to the email addresses, where available, or in physical form through permitted mode where email addresses are not available. The Company also publishes a notice in the newspapers in accordance with the requirements under the Companies Act, 2013.

86. Shareholders holding equity shares as on the cut-off date may cast their votes through e-voting or through postal ballot during the voting period fixed for this purpose. After completion of scrutiny of votes, the scrutinizer submits his report to the Chairman and the results of voting by postal ballot are announced within 48 hours of conclusion of the voting period. The results are displayed on the website of the Company (www.grse.in),

and communicated to the Stock Exchanges, Depositories, and Registrar and Share Transfer Agents. The resolutions, if passed by the requisite majority, are deemed to have been passed on the last date specified for receipt of duly completed postal ballot forms or e-voting.

FAMILIARISATION PROGRAMME AND TRAINING FOR DIRECTORS

87. Familiarization programme for Directors generally form part of the Board process. All new Directors are provided with an overview of the operations of the Company at the time of their induction to the Board. They are familiarized to your Company's culture, values and commitments through orientation sessions. They are also regularly encouraged and assisted for attending training programmes on various topics of Corporate Governance. Further, the Independent Directors are updated on an on-going basis at the Board / Committee meetings, inter-alia, on the following:

- Nature of industry in which the Company operates;
- Business environment and operational model of various business divisions of the Company including important developments thereon;
- Important changes in regulatory framework having impact on the Company.

88. Details of the familiarization programme for Independent Directors can be accessed at <http://grse.in/images/pdf/Familiarisation-Programme-2020-21.pdf>

CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

89. The Board of Directors of your Company has formulated a "Code of Business Conduct and Ethics for Board Members and Senior Management" for better Corporate Governance and fair and transparent practices as per Guidelines issued by the Department of Public Enterprises. A copy of the same has been circulated to all concerned and posted on your Company's website. The Board members and senior management personnel to whom the said Code is applicable have affirmed compliance of the same for the year ended 31 Mar 2021. A declaration to this effect signed by the Chairman & Managing Director of your Company is appended at the end of this Report.

INSIDER TRADING CODE

90. In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company has approved the Company's Code of Conduct for Prevention of Insider Trading and Fair disclosure of Unpublished Price Sensitive Information, which *inter alia*, set up an appropriate mechanism to regulate, monitor, report and prohibits trading in securities of the Company by Designated Persons while in possession of unpublished price sensitive information in relation to the Company. The Code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company, and cautioning them of the consequences of violations. The Code of Conduct for Prevention of Insider Trading and Fair disclosure of Unpublished Price Sensitive Information is hosted on the website of the Company and can be accessed at http://www.grse.in/pdf/investors/InsiderTradingCode_GRSE.pdf

SHAREHOLDER INFORMATION

91. Various shareholder information required to be disclosed pursuant to Schedule V of the SEBI Listing Regulations is provided in **Annexure I** to this Report titled '*Shareholder Information*'.

DISCLOSURES

92. (a) **Conflict of Interest:** During the year 2020-21, your Company has not entered into any transaction with the Directors that may have potential conflict with the interests of your Company at large. The members of the Board, apart from receiving Directors' remuneration (wherever applicable), do not have any material pecuniary relationship or transaction with your Company which, in the judgment of the Board, may affect independence of judgment of the Directors.

(b) **Related Party Transactions:** During the year, your Company does not have any materially significant related party transactions, which may have potential conflict with its interest at large. Further, as required under the SEBI (LODR), the disclosure of Related Party Transactions on a consolidated basis in the prescribed format was filed with the Stock Exchanges and has also been hosted on the website of the Company. The Policy on Related Party Transactions of the Company may be accessed at <http://www.grse.in/images/pdf/Policy-for-Related-Party-Transactions-GRSE.pdf>

(c) **Material Subsidiaries:** Your Company does not have any subsidiary or associate company. However, the Company's Policy on Determining Material Subsidiaries framed as per Regulation 16 of the SEBI Listing Regulations which is available on the Company's website at <http://www.grse.in/images/pdf/Policy-for-Determining-Material-Subsidiaries-GRSE.pdf>

(d) **Inter-se relationships between Directors and Key Managerial Personnel of the Company:** None

(e) **Number of Equity Shares hold by Directors in the Company:** None

(f) **Vigil Mechanism/ Whistle Blower Policy**

The Company has formulated Whistle Blower Policy in line with Section 177 of the Companies Act, 2013, Regulation 22 of SEBI Listing Regulations and the DPE Guidelines on Corporate on Corporate Governance for CPSEs, 2010. The Policy has been formulated with a view to provide a mechanism for employees and other stakeholders to raise concerns of any violations of legal or regulatory requirements, suspected misconduct of anyone concerned with the Company to come forward and express their concerns without fear of punishment/ victimization or unfair treatment.

During the year, no personnel have been denied access to the Members of the Audit Committee or its Chairperson.

Synopsis of the Whistleblower Policy of the Company is also provided in the '*Directors' Report*', forming part of this Annual Report.

(g) **Items of expenditure debited in books of accounts, which are not for the purposes of the business:** Nil

- (h) **Expenses incurred, which are personal in nature and incurred for the Board of Directors and top Management:** Nil
- (i) **Details of Administrative and Office expenses as a percentage of total expenses vis-à-vis financial expenses:**

(₹ in crore)

| Sl. No. | Particulars | 2020-21 | 2019-20 |
|---------|---|---------|---------|
| (a) | Total Expenditure (Other than materials) | 618.06 | 702.56 |
| (b) | Administrative & Office Expenses | 5.38 | 12.90 |
| (c) | Percentage of (b) on (a) | 0.87 | 1.84 |
| (d) | Finance expenditure as a % of total expenditure | 0.25 | 0.09 |

- (j) **Mandatory Compliances:** During the last three (3) years, there has been no instance or cases of non-compliance by your Company on any matter related to capital markets and no penalties / strictures were enforced on the Company by Stock Exchanges / SEBI or any other statutory authority on any matter related to capital market except fine amounting to ₹ 9,61,700/- imposed by NSE vide its notice(s) dated 15 Feb 21 and 17 May 21 for not having requisite number of Independent Directors and Woman Independent Director on the Board of Directors of the Company for the period ended 31 Dec 20 and 31 Mar 21 as required under Regulation 17(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In response to the aforesaid notices, the Company wrote to the Stock Exchange clarifying that the shortfall in Independent Directors was not due to any negligence / default by the Company as the appointment of Directors is done by the Government of India through Presidential Order. Further, 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. In view thereof, the Company has requested the NSE to waive-off the fines and it was also informed that the Company is regularly pursuing the matter with the Government of India for early resolution.

A Compliance Certificate from M/s. Maheshwari R & Associates, Company Secretaries, confirming compliance with the conditions of Corporate Governance, as required under both, the SEBI Listing Regulations and the DPE Guidelines on Corporate Governance for CPSEs is provided as **Annexure II** to this Report.

Further, the Company has complied with the requirements of Corporate Governance Report of Paras (2) to (10) mentioned in Part 'C' of Schedule V of the SEBI Listing Regulations. Further, your Company confirms compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations except with regard to the composition of Board of Directors and non-

availability of requisite number of Independent Directors including Woman Independent Director as explained above, and disclosed necessary information in the respective places in this Report.

- (k) **Non-Mandatory Compliances under SEBI Listing Regulations 2015:** The status of compliance with the discretionary requirements under the SEBI Listing Regulations is provided below:

(i) **The Board:** As per para A of Part E of Schedule II of the SEBI Listing Regulations, a non-executive Chairman of the Board may be entitled to maintain a Chairman's Office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties. The Chairman of the Company is an Executive Director and hence this provision is not applicable to us.

(ii) **Shareholder Rights:** Your Company displays the quarterly and half yearly financial results on the Company's website www.grse.in and also publishes the financial results in widely circulated newspapers. We have communicated the payment of dividend by e-mail to shareholders in addition to dispatch of letters to all shareholders.

(iii) **Modified Opinion in Audit Report:** Your Company continuously strives to maintain accounts in a transparent, true and fair manner in conformity with the accounting principles generally accepted in India. During the last seventeen years (2003-2004 to 2019-20) there have been no audit qualifications. Your Company has also received "Nil" comments from the CAG during this years. Further, for the FY 2020-21, the Statutory Auditors have issued an unmodified opinion on the financial statements of the Company.

(iv) **Reporting of Internal Auditor:** The Head of Internal Audit Department of the Company administratively reports to the Chairman & Managing Director. He is regularly invited to attend the Audit Committee meetings. Further, the Internal Auditors of the Company are also invited to the Audit Committee meetings to discuss their Internal Audit Report on a quarterly basis.

- (l) **Quarterly Compliance Report on Corporate Governance:** The Company has submitted the quarterly compliance report on corporate governance in the prescribed format to the stock exchange(s) within the prescribed time period. The same is also hosted on the website of the Company www.grse.in

(m) **Prevention of Sexual Harassment of Women at Workplace:** The Company is committed to provide a work environment that ensures every employee is treated with dignity, respect and afforded equal treatment. Please refer 'Disclosure under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013' Section of Director's Report for more details.

(n) **Certificate from Practicing Company Secretary on qualification of the Board:** M/s. Maheshwari R & Associates, Company Secretaries has certified that none of the Directors on the Board of the Company have

been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority. The aforesaid certificate is provided at **Annexure III** to this Report.

- (o) **Recommendation of Committees of the Board of Directors:** During the Financial Year 2020-21, there was no instance, where the Board had not accepted the recommendation(s) of any committee of the Board which is mandatorily required.
- (p) **Fees to Statutory Auditors:** The total fees paid for all services by the Company to M/s. Mookherjee Biswas &

Pathak, Statutory Auditors of the Company during FY 2020-21 aggregate to ₹ 7,82,500. Details are available under Note 27 of the '*Financial Statements*'.

- (q) **CEO and CFO Certification:** The Chairman and Managing Director (CMD) and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations, copy of which is attached to this Report as **Annexure-IV**. The CMD and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

DECLARATION

Pursuant to the Department of Public Enterprises Guidelines on Corporate Governance for Central Public Sector Enterprises dated 14th May, 2010 and Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby declared that all Board Members and Senior Management Personnel of your Company have affirmed compliance with the Code of Conduct & Ethics for Board Members and Senior Management Personnel of Garden Reach Shipbuilders & Engineers Limited for the year ended 31st March, 2021.

For Garden Reach Shipbuilders & Engineers Limited

Kolkata
26th July, 2021



Sd/-
V K Saxena
Rear Admiral, IN (Retd.)
Chairman & Managing Director
DIN: 07696782

ANNEXURE - I

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2020-21

| | |
|--------------|---|
| Date | 10th September, 2021 |
| Venue | AGM through Video Conferencing/Other Audio Visual Means. [Deemed Venue for Meeting: Registered and Corporate Office: GRSE Bhavan, 61, Garden Reach Road, Kolkata - 700024] |
| Time | 10:30 A.M. |

DIVIDEND PAYMENT

- The final dividend for the year ended 31 Mar 2021, if approved at the AGM, will be paid on or after 10th September, 2021. Your Company has been consistently paying dividend to its shareholders. The dividend declared in the last five (5) financial years are provided below:

| Financial Year | Dividend per share (in ₹) ^ | Total Dividend paid (in ₹ crore) |
|----------------|-----------------------------|----------------------------------|
| 2020-21* | 5.00 | 57.28 |
| 2019-20 | 7.14 | 81.79 |
| 2018-19 | 6.95 | 79.61 |
| 2017-18# | 4.44 | 50.80 |
| 2016-17 | 4.37 | 54.08 |

^ The dividend value per share has been adjusted to reflect the sub-division of the face value of the equity shares of the Company from ₹ 100/- to ₹ 10/- each in the financial year ended 31 Mar 2018.

* Includes interim dividend of ₹ 3.85 per equity share of ₹ 10/- each.

After effecting Buyback of 7.50% of the paid-up Equity Share capital comprising of 92,88,000 Equity Shares from the Promoter of your Company.

LISTING OF SHARES ON STOCK EXCHANGES

- The equity shares of your Company were listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") w.e.f. 10 Oct 2018. Your Company has paid the annual listing fees to both NSE and BSE on time. Details of NSE and BSE along with stock codes are provided below:

| Stock Exchanges | Stock Code |
|---|------------|
| National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 Website: www.nseindia.com | GRSE |

| Stock Exchanges | Stock Code |
|--|------------|
| BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001 Website: www.bseindia.com | 542011 |

MEANS OF COMMUNICATION

- Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Your Company has a website (www.grse.in) which provides information on GRSE's leadership, management, product spectrum, CSR initiatives, annual reports, policies, financial information etc.
- All price-sensitive information, statutory notices and data that are material to the shareholders are disclosed to the Stock Exchanges viz. NSE and BSE. The quarterly, half yearly and annual financial results, notices of Board Meetings etc. are published in the Financial Express (in English), Prabhat Khabar (in Hindi) and Bartaman (in Bengali). The quarter and year ending 31 Mar 2021 results were published in Business Standard, Prabhat Khabar (in Hindi) and Bartaman (in Bengali). The financial results were published as under:

| | |
|-------------------------------------|--------------------------|
| Quarter ending 30 Jun 2020 | In the month of Aug 2020 |
| Quarter ending 30 Sept 2020 | In the month of Nov 2020 |
| Quarter ending 31 Dec 2020 | In the month of Feb 2021 |
| Quarter and Year ending 31 Mar 2021 | In the month of May 2021 |

- The 'Investors Corner' tab on your Company's website contains the annual reports, financial results, presentations made to the analysts and other information submitted to the Stock Exchanges such as notices and corporate announcements, shareholding pattern, corporate governance reports, dividend etc. The 'News Room' section on the website includes all major press releases from the Company and relevant media reports.

FINANCIAL CALENDAR

- The financial year of the Company starts from the 1st day of April and ends on 31st day of March of next year. Our tentative calendar for declaration of results for the financial year 2021-22 are as given below:

| Quarter Ending | Release of Results |
|--|-------------------------|
| For the Quarter ending 30 Jun 2021 | Second week of Aug 2021 |
| For the Quarter and half year ending 30 Sep 2021 | Second week of Nov 2021 |
| For the Quarter and nine months ending 31 Dec 2021 | Second week of Feb 2022 |
| For the year ending 31 Mar 2022 | Fourth week of May 2022 |

DEMATERIALIZATION OF SHARES AND LIQUIDITY

7. The equity shares of the Company are available for trading in the dematerialised form under both the Depository Systems in India viz. NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE382Z01011.
8. As on 31 Mar 2021, 11,45,51,885 equity shares of the Company, representing 100% (approx.) of the issued, subscribed and paid-up equity share capital of the Company are held in dematerialized form. The details of shares in physical and demat form is given below:

| Form | No. of Equity Shares | % of Shareholding |
|----------------------|----------------------|-------------------|
| Demat Form with NSDL | 10,97,64,538 | 95.82 |
| Demat Form with CDSL | 47,87,347 | 4.18 |
| Physical Form | 115 | 0.00 |

9. The holding by the President of India in the equity share capital of the Company is 74.50%, which are not actively traded. The remaining 25.50% of the Company's shares are liquid and actively traded shares on the Stock Exchanges. The Company's market capitalization as on 31 Mar 2021 stood at ₹ 2,117.49 crore as against ₹ 1,564.78 crore on 31 Mar 2020.

DISTRIBUTION OF SHAREHOLDING BY SIZE AS ON 31 MAR 2021

| No. of Equity Shares | Shareholders | | Shareholding | |
|----------------------|--------------|---------------|------------------|----------------|
| | No. | % | No. | % |
| 1-500 | 26942 | 92.82 | 2516293 | 2.20 |
| 501-1000 | 1068 | 3.68 | 856789 | 0.75 |
| 1001-2000 | 524 | 1.81 | 790905 | 0.69 |
| 2001-3000 | 187 | 0.64 | 483641 | 0.42 |
| 3001-4000 | 72 | 0.25 | 260874 | 0.23 |
| 4001-5000 | 59 | 0.20 | 285856 | 0.25 |
| 5001-10000 | 90 | 0.31 | 656583 | 0.57 |
| >10000 | 84 | 0.29 | 108701059 | 94.89 |
| Total | 29026 | 100.00 | 114552000 | 100.000 |

SHAREHOLDING PATTERN AS ON 31 MAR 2021

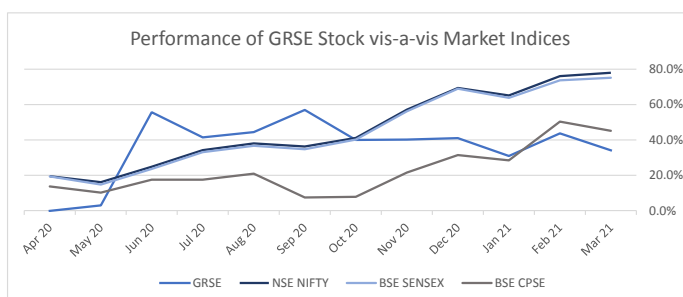
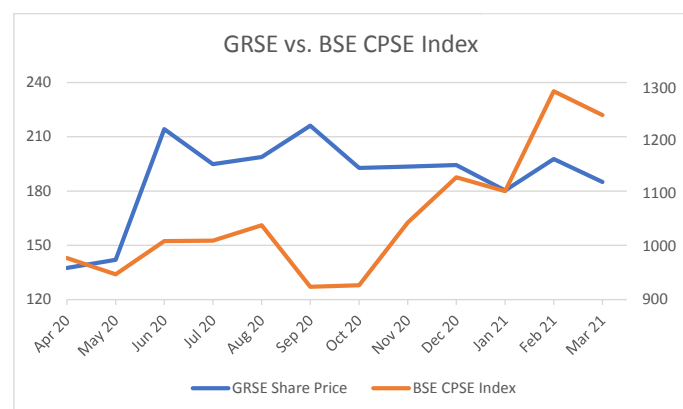
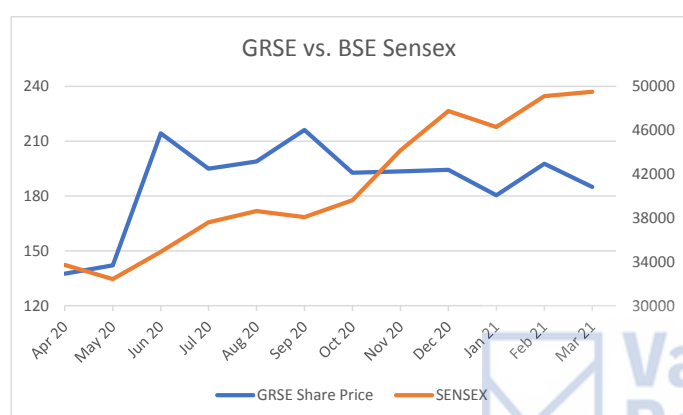
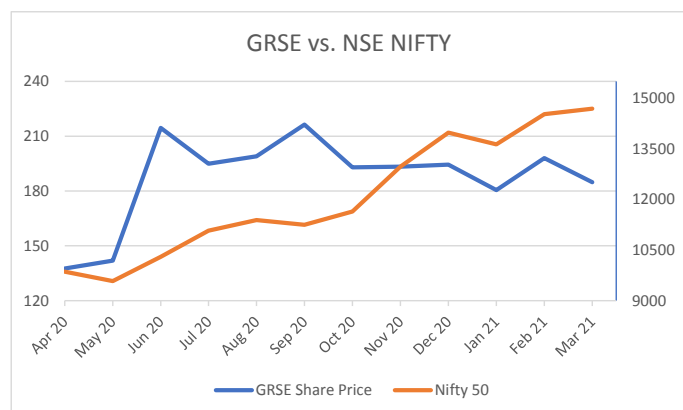
| Sl. No. | Category & name of the Shareholder | Number of Shareholders | Total No. of Shares held | Shareholding % calculated as per SCRR 1957 |
|------------------------------|------------------------------------|------------------------|--------------------------|--|
| Promoter Shareholding | | | | |
| | Central Government | 1 | 8,53,41,240 | 74.50 |
| (1) | Total Promoter Shareholding | | 1 8,53,41,240 | 74.50 |

| Sl. No. | Category & name of the Shareholder | Number of Shareholders | Total No. of Shares held | Shareholding % calculated as per SCRR 1957 |
|-----------------------------------|---|------------------------|---------------------------|--|
| Public Shareholding | | | | |
| Institutional | | | | |
| a | Mutual Funds | 6 | 1,59,50,243 | 13.92 |
| b | Financial Institutions / Banks | - | - | - |
| c | Foreign Portfolio Investors | 7 | 11,07,278 | 0.97 |
| d | Insurance Companies | 2 | 19,30,220 | 1.69 |
| (A) | Total Institutional Shareholding | 15 | 1,89,87,741 | 16.58 |
| Non-Institutional | | | | |
| a | Bodies Corporate | 144 | 16,59,498 | 1.45 |
| b | Public and Others | 28866 | 85,63,521 | 7.47 |
| (B) | Total Non-Institutional Shareholding | 29010 | 1,02,23,019 | 8.92 |
| (2) | Total Public Shareholding (A)+(B) | | 29025 2,92,10,760 | 25.5 |
| Total Shareholding (1)+(2) | | | 29026 11,45,52,000 | 100.00 |

PRICE AND VOLUME OF SHARES TRADED

| Year & Month | NSE | | | BSE | | |
|--------------|----------|---------|------------------|----------|---------|------------------|
| | High (₹) | Low (₹) | Volume (in nos.) | High (₹) | Low (₹) | Volume (in nos.) |
| 2020 Apr | 168.30 | 129.9 | 2385510 | 168.3 | 128.95 | 141147 |
| May | 155.8 | 129 | 4070785 | 155.85 | 129 | 300453 |
| Jun | 218.85 | 140.20 | 13398532 | 222 | 140.9 | 1018265 |
| Jul | 227.15 | 192.20 | 9667611 | 227 | 192.1 | 764111 |
| Aug | 243 | 193.50 | 12048630 | 243.20 | 193.4 | 1146176 |
| Sep | 219.45 | 166.05 | 5926482 | 219.30 | 166.05 | 389763 |
| Oct | 227.50 | 192 | 4846714 | 227.05 | 190.05 | 231874 |
| Nov | 204 | 187 | 2452348 | 204.25 | 183 | 203057 |
| Dec | 218.80 | 183 | 8072568 | 219.05 | 180 | 605104 |
| 2021 Jan | 205.80 | 175 | 4968511 | 205.75 | 175.80 | 387678 |
| Feb | 209 | 181.50 | 6027531 | 208.8 | 181.80 | 616951 |
| Mar | 217.40 | 183.45 | 6327443 | 217.15 | 183.35 | 1047629 |

PERFORMANCE IN COMPARISON TO BROAD BASED INDICES



RECONCILIATION OF SHARE CAPITAL AUDIT

Reconciliation of Share Capital audit was carried out by the Practicing Company Secretary on quarterly basis to reconcile the total share capital with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and in physical mode with the total issued/paid-up capital. The audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and total number of dematerialized shares held with NSDL & CDSL.

COMMODITY PRICE RISK, FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

- Your Company had no exposure to commodity and commodity risks for the financial year 2020-21. Further, your Company does not involve in hedging activities.
- The Company is exposed to foreign exchange exposures related to procurement of materials and services. These procurements are mostly covered under exchange rate variation clause for reimbursement of exchange rate variations arising out of foreign currency fluctuations. Hence, your Company has no direct exposure on this account.

CREDIT RATING

During the year, M/s Brickwork Rating India Pvt. Ltd have granted your Company a credit rating of BWR-AAA (Outlook Stable) for Long Term facilities and BWR-A1+ for Short Term Bank facilities including Non Fund Based Limits.

SHARE TRANSFER SYSTEM

- The dematerialized shares of the Company are transferable through the depository system. However, the shares held in physical form are processed by the Registrar & Transfer Agent of the Company in co-ordination with your Company.
- The Share Transfer Committee of the Company met twenty-one (21) times during the Financial Year 2020-21 to approve share transfers. The Committee presently comprises the following:

| | |
|---|------------------|
| (a) Shri Ramesh Kumar Dash <i>Director (Finance) & CFO</i> | Chairperson |
| (b) Cmde Hari PR <i>Director (Personnel)</i> | Member |
| (c) Shri Sandeep Mahapatra <i>Company Secretary and Compliance officer</i> | Member Secretary |

- In accordance with the proviso to Regulation 40(1) of the SEBI Listing Regulations, effective from 01 Apr 2019, transfers of share of the Company shall not be processed unless the shares are held in the dematerialized form with a depository. As on 31 Mar 2021, 115 equity shares of the Company were held in physical form.
- Further, half yearly certificates on the compliance of share transfer formalities obtained from the Practicing Company Secretaries were also submitted to Stock Exchanges pursuant to Regulation 40(10) of the SEBI (LODR) Regulations.

UNCLAIMED DIVIDEND

16. Pursuant to the applicable provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund ('IEPF') Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.
17. No unclaimed dividend from previous years is due to be transferred to the IEPF as on 31 Mar 2021.

DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT

18. The Company does not have any shares in the Demat Suspense Account or Unclaimed Suspense Account.

INVESTOR SERVICES

19. M/s. Alankit Assignments Limited is the Registrar & Transfer Agent to your Company in respect of the equity shares.

Address for correspondence:

205-208 Anarkali Complex,
Jhandewalan Extension, New Delhi – 110 055
Email: info@alankit.com

20. During the Financial Year 2020-21, ten (10) investor complaints were received by the Company which were resolved promptly.
21. The e-mail ID earmarked by the Company for receiving investor complaints is investor.grievance@grse.co.in.

DETAILS OF COMPLIANCE OFFICER / ADDRESS FOR INVESTOR CORRESPONDENCE

Name: Shri Sandeep Mahapatra
Designation: Company Secretary and Compliance Officer
Address: Garden Reach Shipbuilders & Engineers Limited
 GRSE Bhavan, 61, Garden Reach Road
 Kolkata – 700 024
 Tel: +91 (033) 2469 8105-108
 Fax: +91 (033) 2469 8150
 Email: co.sec@grse.co.in
 Website: www.grse.in

PLANT LOCATIONS

| Shipbuilding Activities | Engineering Activities | Engine Activities |
|---|--|--|
| Main Works Unit 43/46, Garden Reach Road Kolkata – 700 024 | 61 Park Unit 61, Garden Reach Road, Kolkata – 700 024 | DEP Ranchi Unit Plant Plaza Road, Dhurwa, Ranchi – 834 004 |
| Rajabagan Dockyard Unit 44, Garden Reach Road, Kolkata – 700 044 | Taratata Unit P-2/2, Taratata Road, Kolkata – 700 088 | |
| Fitting Out Jetty Unit P-70, Karl Marx Sarani, Kolkata – 700 043 | | |

UPDATION OF DETAILS

For Shares held in Demat Form

22. The Company sends Notices, Reports and Accounts and other communications in electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories and in physical mode to the other Shareholders. Shareholders who wish to register or update their e-mail addresses with the Company may update the same by sending a request to their respective Depository Participant (DPs).
23. Further, Shareholders who wishes to receive dividend through electronic mode may provide / update their Bank Account details, including IFSC (Indian Financial System Code) and MICR (Magnetic Ink Character Recognition), to their respective DPs.

For Shares held in Certificate Form

24. Shareholders holding shares in the certificate form are requested to promptly advise the Company's RTA or the Company of any change in their address / mandate / bank details etc. to facilitate better servicing.