

COCHIN SHIPYARD LTD.

(A GOVERNMENT OF INDIA ENTERPRISE)
KOCHI - 682 015, INDIA



कोचीन शिपयार्ड लिमिटेड

(भारत सरकार का उद्यम)
कोच्ची - 682 015, भारत

SEC/03/2011

15 January 2015

The Secretary to the Government of India
Ministry of Shipping,
Parivahan Bhavan,
No 1, Parliament Street,
New Delhi-110 001

Kind Attn: Shri R K Sen, Assistant Director (SBR & CSL),

Sub: Quarterly Self Evaluation Report (03rd Quarter September 2015)

Dear Sir,

We are enclosing herewith the Quarterly Self Evaluation Report (Third Quarter- September 2015 – December 2015) of Cochin Shipyard Limited in the prescribed format for your kind information.

Thanking you,

Yours faithfully,

Kala V

Company Secretary

Encl: As stated



पंजीकृत कार्यालय : प्रशासनिक भवन, पी.ओ. बैग सं 1653, पेरुमानूर पी. ओ., कोच्ची-682 015
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Format for grading Central Public Sector Enterprises (CPSEs) on the basis of their compliance of Guidelines on Corporate Governance

Name of CPSE : Cochin Shipyard Limited
 Name of Ministry/Department : Ministry of Shipping, Government of India
 Listed/Unlisted: Unlisted Year : 2015-16
 Quarter : 3rd Quarter (September -December)

1.1 Composition of Board (2 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Board of the Company have an optimum combination of functional, nominee and independent directors? (The optimum number of members in the board may be decided by the DPE)	1	Yes=1 No=0	0 (Annexure 1)
ii.	Does the number of functional directors in the company (including CMD / MD) not exceed 50% of the actual strength of the board?	1	Yes=1 No=0	0 (Annexure 1)

1.2 Non-official Directors (5 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Is the number of Nominee Directors appointed by Government/other CPSE as per the DPE Guidelines.	1	Yes=1 No=0	1
ii	Is the number of Independent Directors at least 50% of Board Members (in the case of listed CPSE with an executive chairman) and at least one-third (in the case of listed but without an executive chairman or not listed CPSE).	4	Yes = 4 No = 0	0

1.3 Part-time Directors' Compensation and Disclosure (1 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Is the fee/compensation of Non- Official Part-Time Directors fixed by Board as per the DPE Guidelines and Companies Act, 1956	1	Yes = 1 No = 0	1

1.4 Board Meetings (2 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Does the Board Meets at least once in every three months and the time gap between any two meetings is not more than three months?	1	Yes = 1 No = 0	1
ii	Does the Company send to all the members of the Board notification of Board Meetings with at least one volume of agenda at least 7 days in advance of meetings?	1	Yes = 1 No = 0	1

1.5 Review of Compliance of Laws (5 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Does the Board periodically review compliance reports of all laws applicable to the company as well as steps taken by the Company to rectify instances of non compliances?	5	Yes = 5 No = 0	5

1.6 Code of Conduct (2 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Does the company have Code of Conduct approved by the Board applicable to Board Members and Senior Management of the Company?	1	Yes = 1 No = 0	1
ii	Do the members of the Board having conflict of interest abstain from participating in the agenda item in which he/she has personal interest?	1	Yes = 1 No = 0	1

1.7 Risk Management (4 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Does the company have risk management plan approved by the full Board?	2	Yes = 2 No = 0	2
ii	Does the Board periodically review and take remedial action to implement the risk management plan?	2	Yes = 2 No = 0	2

1.8 Training of New Board Members (4 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Company have a policy specifying training requirements for board members?	2	Yes = 2 No = 0	2
ii	Does the Company provide training to the new Board members of at least three days after appointment to the Board?	2	Yes = 2 No = 0	2*

* Note: The Board Members of CSL are very senior executives who have a vast, wide and varied experience in the areas of education, industry, defence, management, human resource management and administration and corporate governance. CSL has benefited from their vision and knowledge. Presentations are made to the board members on the company's performance, business model, corporate plan and future outlook, on their induction to the board. In addition at the Board / Committee/ Other meetings detailed presentations are made by the senior management personnel / professionals/ consultants on the business related issues, risks etc.

2.1 Constitution of Audit Committee (4 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Does the Board of Directors have a qualified and independent Audit Committee with a Terms of Reference?	1	Yes = 1 No = 0	1
ii	Does the Audit Committee have Minimum three directors as members and two-third of its members as Independent Directors?	1	Yes = 1 No = 0	1
iii	Is the Audit Committee chaired by an Independent Director?	1	Yes = 1 No = 0	1
iv	Do all members of the Audit Committee have knowledge of financial matters of the company and at least one member has expertise in accounting and financial management?	1	Yes = 1 No = 0	1

*Note: As per the AoA all Directors in the Board including the Independent Directors are appointed by the President of India. The matter has been taken up by CSL with MoS

2.2 Audit Committee Role (6 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
I	Does the scope/ terms of reference governing the Audit Committee specify that the Audit Committee is responsible for the oversight of the company's financial reporting process and the disclosures of its financial information?	1	Yes = 1 No = 0	1

ii	Does the scope / terms of reference governing the Audit Committee specify that it can recommend to the Board the fixation of audit fees?	1	Yes = 1 No = 0	1
iii	Does the scope / terms of reference governing the Audit Committee specify that it can approve the payment to statutory auditors for any other services rendered by them?	1	Yes = 1 No = 0	1
iv	Does the scope / terms of reference governing the Audit Committee specify that the Audit Committee is responsible for reviewing with the management and ensuring that the company's annual financial statements and audits are in compliance with applicable laws, regulations, and company policies before submission to the Board for approval?	1	Yes = 1 No = 0	1
v	Does the scope / terms of reference governing the Audit Committee specify that the Audit Committee is responsible for reviewing with the management the performance of internal auditors and adequacy of the internal control systems.	1	Yes = 1 No = 0	1
vi	Does the scope / terms of reference governing the Audit Committee approved by the Board?	1	Yes = 1 No = 0	1

2.3 Audit Committee Powers (5 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Is the Audit Committee empowered to seek information on and from any employee of the CPSE?	1	Yes = 1 No = 0	1
ii	Does the Audit Committee have powers to secure help of outside legal or any other experts when necessary?	1	Yes = 1 No = 0	1
iii	Does the Audit Committee have powers to mitigate conflicts of interest by strengthening auditor independence?	1	Yes = 1 No = 0	1
iv	Is the Audit Committee empowered to ensure the effectiveness of internal controls and risk management?	1	Yes = 1 No = 0	1
v	Is there a system of protection for employees and others who report infractions (to protect "whistle blowers")?	1	Yes = 1 No = 0	1

2.4 Meeting of Audit Committee (5 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Did the Audit Committee meet at least four times during the last 12 months?	1	Yes = 1 No = 0	1
ii	Does the frequency of the Audit Committee meetings as per the norms (i.e not more than four months shall elapse between two meetings)?	2	Yes = 2 No = 0	2
iii	Did the minimum of two Independent Directors attend the meeting of the Audit Committee?	2	Yes = 2 No = 0	2

2.5 Review of Information by Audit Committee (5 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i	Does the Audit Committee review the management discussion and analysis of financial condition and results of operations?	1	Yes = 1 No = 0	1
ii.	Does the Audit Committee review the statement of related party transactions submitted by management?	1	Yes = 1 No = 0	1
iii.	Do the internal audit department report relating to internal control weaknesses reviewed by the Audit Committee?	1	Yes = 1 No = 0	1
iv.	Is the information regarding appointment and/or removal of Chief Internal Auditor placed before the Audit Committee?	1	Yes = 1 No = 0	1
v.	Does the Audit Committee review the declaration of financial statements by the CEO/CFO?	1	Yes = 1 No = 0	1

3.1 Constitution of Remuneration Committee (5 Marks)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Board have Remuneration Committee?	1	Yes = 1 No = 0	1
ii	Does the remuneration committee comprise of at least 3 directors who are all part-time directors (Nominee or Independent)?	2	Yes = 2 No = 0	2

iii	Is the remuneration committee chaired by an Independent Director?	2	Yes = 2 No = 0	2
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*Note: As per the AoA all Directors in the Board including the Independent Directors are appointed by the President of India. The matter has been taken up by CSL with MoS

4.1 Board of Subsidiary Companies (Not Applicable)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Board of Subsidiary company, whose turnover or networth is not less than 20% of the turnover or networth respectively of the Holding Company in the immediately preceding accounting year, include at least one independent director of the holding company as a director?	1	Yes = 1 No = 0	Na*
ii	Are the minutes of meetings of Board of Directors of subsidiary company placed in the Board meetings of the holding company?	1	Yes = 1 No = 0	Na*
iii	Does the number of functional directors (including CMD/MD) not exceed 50% of the actual strength of the board of Subsidiary company, whose turnover or networth respectively is not less than 20% of the turnover or networth of the Holding company in the immediately preceding accounting year?	1	Yes = 1 No = 0	Na*

* Cochin Shipyard does not have Subsidiary Company

4.2 Review of Financial Statement of Subsidiary by Audit Committee (Not Applicable)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Audit Committee of the holding company review the financial statements of the subsidiary company?	1	Yes = 1 No = 0	Na*

* Cochin Shipyard does not have Subsidiary Company

4.3 Review of Performance of Subsidiary by Board (Not Applicable)

Sl. No	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Board of Directors of the holding company review the performance of the subsidiary company?	1	Yes = 1 No = 0	Na*

* Cochin Shipyard does not have Subsidiary Company

5.1 Transactions (3 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Is the summary of transactions with related parties in the normal and ordinary course of business placed periodically before the Audit Committee?	1	Yes=1 No=0	1
ii.	Are the details of material individual transactions with related parties undertaken in extraordinary circumstances of business placed before the Audit Committee?	1	Yes=1 No=0	Na*
iii.	Are the details of material individual transactions with related parties or others, which are not on an arm's length basis placed before the Audit Committee along with Management's Justification for the same?	1	Yes=1 No=0	Na*

* Points (ii) and (iii) are not applicable as there was no such transaction to report

5.2 Accounting Standards (3 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Do the company's accounting procedures comply with the Accounting Standards adopted by concerned regulatory from time to time?	2	Yes=2 No=0	2
ii.	Is the deviation from the prescribed Accounting Standards disclosed and explained in the financial statements and in the Corporate Governance Report of the Company?	1	Yes=1 No=0	NA*

* Cochin shipyard has not deviated from the Accounting Standards

5.3 Consolidated Financial Statements (Not Applicable)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Are the Consolidated Financial Statements of the Company prepared in accordance with the Accounting Standards issued by concerned regulatory authority from time to time?	3	Yes=3 No=0	Na*

* It is not applicable to Cochin Shipyard Limited as CSL does not have Subsidiary Company and not engaged in any Joint Venture

5.4 Segment-wise Profit and Loss Statement (3 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
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i.	Does the company disclose segment-wise profit & loss as per Accounting Standard issued by concerned regulatory authority from time to time?	3	Yes=3 No=0	3
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5.5 Board Disclosures – Risk Management (3 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Do the company's latest Annual Report include management's assessment of the company's outlook for the future and identify important risks that the company may face in future?	2	Yes=2 No=0	2
ii.	Has the company included in its latest Annual Report a statement of its corporate objectives (Mission)?	1	Yes=1 No=0	1

5.6 Remuneration of Directors (3 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the company's latest Annual Report disclose all pecuniary relationship or transactions of the part-time directors vis-à-vis the company?	2	Yes=2 No=0	2
ii.	Does the company disclose in its latest Annual Report the details on remuneration of Directors?	1	Yes=1 No=0	1

5.7 Management Discussion and Analysis (1 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Management Discussion and Analysis Report include the matters as specified in the DPE Guidelines?	1	Yes=1 No=0	1

5.8 Disclosures by Senior Management (1 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the company's latest Annual Report disclose significant "related party" transactions of Board Members where they have personal interest?	1	Yes=1 No=0	NA*

* There were no such transactions to report

6.1 Report on Corporate Governance (4 Marks)

Sl.	Guidelines Proposed by Committee	Prescribed	Criteria for	Awarded
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No.		Marks	Measurement	Marks
i.	Does the company's latest Annual Report have a separate section on Compliance to Corporate Governance Guidelines issued by DPE?	2	Yes=2 No=0	2
ii.	Does the company produce periodic reports and press releases to indicate significant developments impaction on corporate governance (such as, legal and environmental issues; commitment to workforce, suppliers, customers and local communities etc.)?	1	Yes=1 No=0	1
iii.	Does the company have a facility for information sharing with stakeholders through the use of information and communication technologies (ICT)?	1	Yes=1 No=0	1

6.2 Compliance Certificate (4 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Has the company obtained a Certificate from the auditors and/ or practicing Company Secretary regarding Compliance of Corporate Governance Guidelines and Annexes?	2	Yes=2 No=0	2*
ii.	Does the latest Annual Report of the company include the Compliance Certificate along with the Directors' Report, which is also sent to all shareholders?	2	Yes=2 No=0	2

* Compliance Certificate from the Practicing Company Secretary is being obtained on a yearly basis

6.3 Chairman's Speech in AGM and Annual Report (4 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the Chairman's speech at the latest AGM include a section on compliance with Corporate Governance guidelines?	2	Yes=2 No=0	2
ii.	Does the Chairman's letter/ message to Shareholders from part of Annual Report of the company?	2	Yes=2 No=0	2

6.4 Holding AGM, Adoption of Audited Accounts and Filing of adopted Accounts with the registrar of Companies within the stipulated time

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
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i.	Did the company hold an Annual General Meeting (AGM) as per the provisions of the Companies Act, 2013?	1	Yes=1 No=0	1
ii.	Are the year-end Audited Accounts placed in the AGM for adoption by the shareholders of the company?	2	Yes=2 No=0	2
iii.	Are the year-end Audited Accounts adopted in the AGM filed with the Registrar of Companies within the stipulated time?	1	Yes=1 No=0	1

6.5 Timely Submission of Grading Report (4 Marks)

Sl. No.	Guidelines Proposed by Committee	Prescribed Marks	Criteria for Measurement	Awarded Marks
i.	Does the company submit quarterly grading report regarding DPE Guidelines on Corporate Governance in the prescribed format to respective Administrative Ministries within 15 days form the close of each quarter?	4	Yes=4 No=0	4

Total Marks Applicable : 88
Total Marks Score : 82
Grade : Excellent



Kala V
Company Secretary

Composition of Board of Directors as on 31st Dec 2015

Sl No	Name of Directors	Directorship Details
1	Cmde Madhu S Nair	Chairman & Managing Director
2	Shri Paul Ranjan D	Director (Finance)
3	Shri Sunny Thomas	Director (Technical)
4	Shri Barun Mitra, Joint Secretary (Shipping), Ministry of Shipping	Official Part Time Director
5	Shri Elias George, Nominee Director (Govt. of Kerala)	Official Part Time Director