F. No. 3(2)/2016-MGMT Government of India Ministry of Heavy Industries and Public Enterprises Department of Public Enterprises

Block No.14, CGO Complex, Lodi Road, New Delhi-110003 Dated the 28thDecember, 2018

OFFICE MEMORANDUM

Subject: Grading of CPSEs on the basis of their compliance with Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs)

The undersigned is directed to refer to this Department's O.M. of even number dated 6th September, 2012 enclosing therewith the prescribed format for grading CPSEs on the basis of their compliance with Guidelines on Corporate Governance.

- 2. DPE had set up a Committee of Company Secretaries of select CPSEs to suggest changes in DPE guidelines relating to the Board of Directors and Corporate Governance. The Committee has suggested modifications in the format for grading CPSEs to align it with provisions of Companies Act, 2013. The revised format has been approved by this Department for implementation from year 2018-19. A copy of revised format is enclosed.
- 3. The enclosed format may continue to be filled by the CPSEs on quarterly basis and submitted to their administrative Ministries/Departments within 15 days from close of each quarter. It is reiterated that the quarterly Compliance reports are not required to be furnished to this Department.
- 4. All administrative Ministries/Departments are requested to bring the contents of this O.M. to the notice of all CPSEs under their respective administrative jurisdiction and to furnish consolidated annual score and grading of CPSEs under their respective jurisdiction for the year 2018-19 and onwards within 31st May of every financial year in enclosed format.

Encl: As stated

(Lokesh Bajpai) Director

Tel: 2436-0218

To, Secretaries of All administrative Ministries/Department as per list

Copy to : Chief Executive of all CPSEs

FORMAT FOR GRADING OF CENTRAL PUBLIC SECTOR ENTERPRISES (CPSES) ON THE BASIS OF THEIR COMPLIANCE OF GUIDELINES ON CORPORATE GOVERNANCE

Name of CPSE

Name of Ministry/Department

Listed/Unlisted

Financial Year : Quarter ended:

Sl. No.	Prescribed Guideline	Prescribed Marks	Criteria for Measurement	Awarded Marks
1.1 Com	position of Board (2 Marks)		and a contract of	ibno lla sin
i	Does the Board of the Company have an optimum combination of functional, nominee and independent directors?	ilme 1 3 as sta natavibje i missorani i	Yes=1 No=0	Does the beverage Rosed Me
ii	Does the number of functional directors in the company (including CMD/MD) not exceed 50% of the actual strength of the board?		Yes=1 No=0	of the con the che r realth
1.2 Non	-official Directors (5 Marks)	1.5		ed eteletatik .
i.	Is the number of Nominee Directors appointed by Government/other CPSE as per the DPE Guidelines?	1. Postparting R	Yes=1 No=0	ik Man open Possethy plan seen
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	set soul and stat anent kir anent kir it kool eir kool encontine
1.3 Part	t-time Directors' Compensation and Dis	closure (1 l	Mark)	rsm barod
i	Is the fee/ compensation of Non-Official Part-time Directors fixed by Board as per the DPE Guidelines and Companies Act, 2013?) or 1 samuel	Yes = 1 No = 0	odianoli e. Ased vos eque ada

Sl. No.	Prescribed Guideline	Prescribed Marks	Criteria for Measurement	Awarded Marks
1.4 Boa	rd Meetings (2 Marks)	847 7 5 40 47 A 6	TRIBAT I MATATAK	I''I KERWAHELA KARK
i	Does the Board meet at least once in every	1	Yes = 1	
	three months and the time gap between		No = o	MIKO
	any two meetings is not more than three	CHARLES (D		
	months?			
ii	Does the Company send to all the	1	Yes = 1	
	members of Board notification of Board		No = 0	ary of CPSE
	Meeting with at least one volume of			
	agenda at least 7 days in advance of			ne of Ministry D
	meetings?			
1.5 Revi	iew of Compliance of Laws (5 Marks)	- 1		belsiidi/ba
i	Does the Board periodically review	5	Yes = 5	
	compliance report of all laws applicable to		No = o	1667 laines
	the company as well as steps taken by the			
	company to rectify instances of non-			
	compliances?	100		M.
(0.1	Section 1 Section 1 Section 1			1 11 11 11 11 11 11 11 11 11
	e of Conduct (2 Marks)		3174 1 31 7 117 1 A 46.5	TRANSPORTED TO
i	Does the company have Code of Conduct	1	Yes = 1	t sata patna s
	approved by the Board applicable to		No = o	
	Board Members and senior management	25,110,125.00		is promised to
	of the company?	SAF2STILL FEREN	DAMI DE ENGELSE	ONE EOUT I
ii	Do the members of the Board having	1	Yes = 1	DEF CALL IN 1
	conflict of interest abstain from	rogener m	No = o	STRUCKE DOLL
	participating in the agenda item in which			0.180G-0111 xx X.3. 256 7e
	he/she has personal interest?	[89]	REVERSION	A A ARSADUS A MARKANIA
	Management (4 Marks)	MOSTRA LOEID	MORE TO FOURTE	IN BIN SET
i	Does the company have risk management	2	Yes = 2	orc do a
	plan approved by the Board?		No = o	ACT SOLUTION
ii	Does the Board periodically review and	2	Yes = 2	ma sai si
44	take remedial action to implement the	I mil elbeidi	No = o	L Decor TA
	risk management plan?	altourn als s	NEW LEGIES DATE	a ter cases
COPPRISON AND ADDRESS OF THE PERSON NAMED IN COLUMN 1	ning of New Board Members (4 Marks)	many mandra-bar	to ISBN 18 EUS	Christians (C.)
i	Does the Company have a policy	2	Yes = 2	ALI TO STAND
	specifying training requirements for		No = o	a describility
	board members?	Excite at (NC Pases)	engree i mach	entil entil-fall
ii	Does the company provide training to the	2 40 4 1	Yes = 2	er in the
	new Board members of at least three days	to brace of	No = o	
1	after appointment to the Board?	entroping /	i pana anadisibilih	7 3748 848

Sl. No.	Prescribed Guideline	Prescribed Marks	Criteria for Measurement	Awarded Marks
2.1 Con	stitution of Audit Committee (4 Marks))		
i	Does the Board of Directors have a qualified and independent Audit Committee with a Terms of Reference?	1	Yes = 1 No = 0	rii 2000 Humakiy Katalari
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	
iii	Is the Audit Committee chaired by an Independent Director?	1 070 ii 6 yaa aa la	Yes = 1 No = 0	vadranosti e. Etilogovori
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	twattures edizoki edigiliza edigiliza edizoxula edizoxula edizoxula
.2 Aud	it Committee Role (6 Marks)			L VERNIER .
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?		Yes = 1 No = 0	entre Sentanger Sentre Mecking of An
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	
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	Capathona Did die Danahite Malaka sebah
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	mericacin distribution titles the satemen is the c
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 december 1911 MA 1919 (1915) MA 1915 (1915)	Yes = 1 No = 0	TariA sult me sult si to scelled si scelled si secoli

Sl. No.	Prescribed Guideline	Prescribed Marks	Criteria for Measurement	Awarded Marks
vi	Does the scope/terms of reference governing the Audit Committee approved by the Board?	1	Yes = 1 No = 0	
2.3 Aud	it Committee Powers (5 Marks)		5 - 935	E SEASON P
i	Is the Audit Committee empowered to seek information from any employee of the CPSE?		Yes = 1 No = 0	
ii	Does the Audit Committee have powers to secure help of outside legal or any other experts when necessary?	1	Yes = 1 No = 0	en sar el steregalest
iii	Does the Audit Committee have powers to mitigate conflicts of interest by strengthening auditor independence?	1	Yes = 1 No = 0	Barri Mari
iv	Is the Audit Committee empowered to ensure the effectiveness of internal controls and risk management?	1	Yes = 1 No = 0	n Andrea est
V	Is there a system of protection for employees and others who report infractions (to protect "whistle blowers")?	1	Yes = 1 No = 0	animeroda on seus
2.4 Mee	ting of Audit Committee (5 Marks)			A travership
i	Did the Audit Committee meet at least four times during the last 12 months?	1	Yes = 1 No = 0	
ii	Did 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	estrococy i e trater maotra h
iii	Did the minimum of two Independent Directors attend the meeting of the Audit Committee?	2	Yes = 2 No = 0	Plane On
2.5 Revi	ew of Information by Audit Committee	(5 Marks)	6.1.447	
i	Does the Audit Committee review the management discussion and analysis of financial condition and results of operations?	1	Yes = 1 No = 0	i de en all Sodia de allo en en allo finda
ii	Does the Audit Committee review the statement of related party transactions submitted by management?	1	Yes = 1 No = 0	awanan Kabupati
iii	Is the internal audit report relating to internal control weaknesses reviewed by the Audit Committee?	1	Yes = 1 No = 0	o frelegas Malayers
iv	Is the information regarding appointment and/or removal of Chief Internal Auditor placed before the Audit Committee?		Yes = 1 No = 0	
V	Does the Audit Committee review the	1,1,1,1	Yes = 1	ntie Assa

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declaration of financial statements by the	No = 0	
CEO/CFO?		Page 12899 L

Sl. No.	Prescribed Guideline	Prescribed Marks	Criteria for Measurement	Awarded Marks
3.1 Con	stitution of Remuneration Committee (Marks)		
i.	Does the Company have Remuneration Committee?	ibi ¹ ikino delalo	Yes = 1 No = 0	
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	ean Period
iii	Is the remuneration committee chaired by an Independent Director?	2	Yes = 2 No = 0	75860271
4.1 Boa	rd of Subsidiary Companies (3 Marks)			
i	Does the Board of Subsidiary company, whose turnover or net-worth is not less than 20% of the turnover or net-worth respectively of the Holding Company in	1	Yes = 1 No = 0	eta di a Pasara Pasarangan
	the immediately preceding accounting year, include at least one independent director of the holding company as a director?	DBK-1Q (poto mode (poto figura mode)	Tregali en 5 eus nitiv en seus eus v	Do the c comply adopted in
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	Constant Constant Constant Constant
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 net-worth respectively is not less than 20% of the turnover or net-worth respectively of the Holding Company in the immediately preceding accounting year?	1	Yes = 1 No = 0	a self is a far outs to self id to common Paragloi Paragloi selve torsans
4.2 Rev	iew of Financial Statement of Subsidiar	y by Audit (Committee (1 I	Mark)
i	Does the Audit Committee of the holding company review the financial statements of the subsidiary company?	1	Yes = 1 No = 0	1
4.3 Rev	iew of Performance of Subsidiary by Bo	ard (1 Marl	()	*
i	Does the Board of Directors of the holding company review the performance of the subsidiary company?	1	Yes = 1 No = 0	

Sl. No.	Prescribed Guideline	Prescribed Marks	Criteria for Measurement	Awarded Marks
5.1 Trai	nsactions (3 Marks)	l	a Constitution of the Cons	L
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	i konstanti e
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	
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	aca se al capital na la
5.2 Acco	unting Standards (3 Marks)	DISTRICT SHOUL		TAID WATERIN
i	Do the company's accounting procedures comply with the Accounting Standards adopted by concerned regulatory authority from time to time?	2	Yes=2 No=0	vice income description of the contract of the
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	
5.3 Cons	olidated Financial Statements (3 Marks	s)		
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	o de clora) o pur orde esta det derendas comencias
.4 Segn	nent-wise Profit and Loss Statement (3	Marks)	ar Zanejaren e ida	EPIDER DET
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	andoniq alifa waya

Sl. No.	Prescribed Guideline	Prescribed Marks	Criteria for Measurement	Awarded Marks
5.5 Boa	rd Disclosures – Risk Management (3 M	Iarks)	vouspes et	
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	2000 a 16
ii	Has the company included in its latest Annual Report a statement of its corporate objectives (Mission)?	1	Yes=1 No=0	Paste Paste odos Pacdo
5.6 Ren	nuneration of Directors (3 Marks)		or aggregation	BERT HELE FELD
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	
ii	Does the company disclose in its latest Annual Report the details on remuneration of Directors?	1	Yes=1 No=0	groti Capitalett p.d Capitalett p.d
5.7 Man	agement Discussion and Analysis (1 Ma	rk)		Taga I
i	Does the Management Discussion and Analysis Report include the matters as specified in the DPE Guidelines?	1	Yes=1 No=0	
5.8 Disc	l closures by Senior Management (1 Mark)		
i	Does the company's latest Annual Report disclose significant "related party" transactions of Board members where they have personal interest?	1 1	Yes=1 No=0	anda iir qulasi hagifa nagifa
6.1 Rep	ort on Corporate Governance (4 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	Sage
ii	Does the company produce periodic reports and press releases to indicate significant developments impact on	1.	Yes-1 No=0	pocycli -
grons	corporate governance (such as, legal and environmental issues; commitment to workforce, suppliers, customers and local communities etc.)?			Dates
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	

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	Prescribed Guideline	Prescribed Marks	Criteria for Measurement	Awarded Marks
6.2 Con	npliance Certificate (4 Marks)	2.247.10		
i	Has the company obtained a Certificate from the auditors and/ or practicing Company Secretary regarding Compliance	2	Yes=2 No=0	ele competition of our particular of our particular
	of Corporate Governance Guidelines and Annexes?	ell mir oct Gerredrak	medica week Statements	property.
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	goff a since confer
6.3 Cha	irman's Message in AGM and Annual Re	eport (4 Ma	rks)	des des colors
i	Does the Chairman's Message to shareholders form part of Annual Report of the company?	2	Yes=2 No=0	seoG s attata
ii	Does the Chairman's Message at the latest AGM include a section on compliance with Corporate Governance guidelines?	2	Yes=2 No=0	Lave-it." ESCRA : 1
	ding AGM, Adoption of Audited Account Registrar of Companies within the stip			Accounts
with the	· Registrar of Comnanies within the stin			
				1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
i	Did the company hold an Annual General Meeting (AGM) as per the provision of the Companies Act, 2013?		Yes=1 No=0	ensgraath y Feed
	Did the company hold an Annual General Meeting (AGM) as per the provision of the		Yes=1	errorge and Mig and of classes though
i	Did the company hold an Annual General Meeting (AGM) as per the provision of the Companies Act, 2013? Are the year-end Audited Accounts placed in the AGM for adoption by the	imi - mik d sinski i tasi sinski i tasi	Yes=1 No=0 Yes=2	error and some state of the sta
i ii iii	Did the company hold an Annual General Meeting (AGM) as per the provision of the Companies Act, 2013? Are the year-end Audited Accounts placed in the AGM for adoption by the shareholders of the company? Are the year-end Audited Accounts adopted in the AGM filed with the Registrar of Companies within the stipulated time? Lety Submission of Grading Report (4 Magnetic AGM)	2	Yes=1 No=0 Yes=2 No=0 Yes=1	errorge said q see ed broge broge seesife visit is dissife seesife dissife seesife dissife seesife
i ii iii	Did the company hold an Annual General Meeting (AGM) as per the provision of the Companies Act, 2013? Are the year-end Audited Accounts placed in the AGM for adoption by the shareholders of the company? Are the year-end Audited Accounts adopted in the AGM filed with the Registrar of Companies within the stipulated time?	2	Yes=1 No=0 Yes=2 No=0 Yes=1	4

Date:

Company Secretary/Authorised Signatory

(Name & Designation)

Note:

- The grading report in the above format shall be filled for each quarter and total marks (out of 100) shall be calculated for each quarter. The scores for each of the quarter shall be averaged for arriving at the annual score.
- In case, a particular guideline is not applicable to a CPSE, the same shall be mentioned
 in the format along with reason thereof and the total marks under the format shall stand
 reduced to that extent and the percentage of marks secured shall be calculated
 accordingly.
- 3. The grading shall be determined as under:

Grade	Annual/ Quarterly Score (in %)
Excellent 85 and above	
Very Good	75 - 84
Good 60 - 74	
Fair	50 - 59
Poor	Below 50