



CIMMCO LIMITED

PRESERVATION OF DOCUMENTS AND ARCHIVAL POLICY



CIMMCO LIMITED

OBJECTIVE

This policy deals with the retention and archival of the corporate records of Cimmco Limited and all its subsidiaries (hereafter, the “**Company**”). The purpose of this policy is to establish the framework needed for effective preservation of documents and records of the Company required to be maintained under the SEBI (Listing Obligations Regulations) 2015 (“LODR”), in terms of Regulation 9 and also to archive any of the material events or information which are disclosed by the Company to the Stock Exchanges in terms of Regulation 30.

REGULATORY

In terms of Regulation 9 of LODR, the Company is required to formulate a policy for preservation of documents required to be maintained under the LODR in at least two categories as specified in the said Regulation. In terms of Regulation 30(8) of the Listing Regulations, the Company is required to formulate an archival policy for all disclosures of events/information to the Stock Exchanges in terms of the Company’s Policy for Disclosure of Events/Information and Determining of Materiality.

POLICY

PRESERVATION OF DOCUMENTS

1. Documents and Records of the Company required to be maintained under the Listing Regulations shall be classified in two categories as below:
 - a. Documents whose preservation shall be permanent in nature shall be preserved permanently by the Company subject to the modifications, amendments, addition, deletion or any changes made therein from time to time;
 - b. Other Documents shall be preserved for a period of not less than eight (8) years after completion of the relevant transactions subject to the modifications, amendments, addition, deletion or any changes made therein from time to time.

Accordingly, there are certain types of records that need to be retained in the following manner.

- a) Board of Directors Records: Minutes of meetings of the Board of Directors shall be maintained in perpetuity. A copy of all materials provided to the Board of Directors or Committees of the Board shall be maintained for no less than three (3) years.
- b) Books of Accounts and Tax Records: Books of accounts and Tax records should be retained for at least eight (8) years following the completion of the relevant transactions or assessment year for which the records were last used.
- e) Intellectual Property Records: Documents relating to the development and protection of intellectual property rights should be maintained for the life of such intellectual property rights.
- f) Contracts: Executed copies of all contracts entered into by the Company should be



CIMMCO LIMITED

retained for at least three (3) years following the expiry or termination of the contracts.

2. The listing documents and records in physical form shall be in the custody of the Company Secretary.
3. The Company may keep the listing documents and records as specified above in electronic mode.
4. The Registrar and Share Transfer Agent shall ensure that the correct procedures are followed for maintenance of the Listing Records required to be maintained by them and provide an annual undertaking to the Company in this regard.
5. If an employee believes, or the Company requires that the Company records are relevant to litigation or potential litigation, then these records need to be preserved until the Legal Department advises otherwise.

ARCHIVAL POLICY

Any disclosure of events or information which have been submitted by the Company to the Stock Exchanges under Regulation 30 of the Listing Regulations will be available on the website of the Company for a period of 5 years from the date of its disclosure and shall thereafter be archived from the website of the Company for a period of 3 years.

As a policy on safety of resources, in the event of major incident, the first priority is the safety of the people, followed by immediate action to rescue or prevent further damage to the records. Depending on the immediate threat, emergency response and recovery actions will take precedence over all other Company activities.

Failure to comply with this policy may result in disciplinary action against the employee, including suspension or termination.

Questions regarding this policy should be addressed to the Company Secretary at ganguly.dipankar@cimmco.in

Website Updation / Updates to stock exchanges

The Company shall upload the policy on its website www.cimmco.in

REVIEW

The policy shall be reviewed periodically by the senior Management and amendments effected thereto if and when practical difficulties are encountered subject to approval of the Board of Directors. The senior management may also review the policy on document retention to comply with any local, state, central legislations that may be promulgated from time to time



CIMMCO LIMITED

POLICY ON DISCLOSURE OF MATERIAL EVENTS/INFORMATION



CIMMCO LIMITED

OBJECTIVE

For prompt dissemination of material events/information to public domain, the Board of Directors (Board) of Cimmco Limited (CIMMCO) has adopted this policy which is applicable from December 01, 2015.

REGULATORY

Cimmco's equity shares are listed at BSE, NSE, MPSE, DSE & CSE and Regulation 30 (4) (ii) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (LODR) stipulates: *"..listed entity shall frame a policy for determination of materiality, based on criteria specified in this sub-regulation, duly approved by its board of directors, which shall be disclosed on its website."*

POLICY

CATEGORY A

Outcome of the meetings of the Board Meeting held to consider the following decisions shall be disclosed to the Stock Exchanges, within 30 minutes of the closure of the said Meeting:

1. Approval of financial results;
2. Declaration of Dividend and/or cash bonuses recommended or declared and other information pertaining thereto
3. Cancellation of dividend with reasons thereof
4. Buyback of shares
5. Fund raising proposed to be undertaken
6. Increase in capital by issue of bonus shares
7. Reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue
8. Alteration of capital
9. Financial results
10. Voluntary delisting from stock exchanges

CATEGORY B

Events considered Material in view of the Board of Directors which needs to be disclosed to the stock exchanges within **24 hours** of the decision taken at the Board Meeting:

1. Acquisition(s) (including Agreements to acquire), Scheme of Arrangement (amalgamation/merger/demerger/restructuring) or sale or disposal of any unit(s), divisions, or subsidiary or any other restructuring;
2. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.
3. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
4. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer.
5. Appointment or discontinuation of share transfer agent.
6. Corporate debt restructuring.



CIMMCO LIMITED

7. One time settlement with a bank.
8. Reference to BIFR and winding-up petition filed by any party / creditors.
9. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity.
10. Proceedings of Annual and extraordinary general meetings of the listed entity.
11. Amendments to memorandum and articles of association of listed entity, in brief.
12. Schedule of Analyst or institutional investor meet and presentations on financial results to analysts or institutional investors

Note: If the Management is not in a position to inform the stock exchange within 24 hours of the decision taken at the Board Meeting, then it shall inform the stock exchange as soon as it is possible with an explanation as to reason for delay in disclosing the said information.

CATEGORY C

Other Events/Decisions not considered Material in view of the Board of Directors which however, needs to be disclosed to the stock exchanges within **as soon as it is possible but in any case not later than thirty days from the day of occurrence of the event**

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal).
3. Capacity addition or product launch.
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
6. Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the listed entity
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

Any other information that may be deemed necessary jointly and severally by the KMPs of the Company who would consider that it is necessary for the holders of the securities of the listed entity to appraise its position and to avoid the establishment of a false market.

The Board may in its discretion also authorise the KMPs consisting of Managing Director/ Wholetime Director, Chief Financial Officer and the Company Secretary to periodically bring to the attention of the Board or disclose (subject to such information being placed at prior to or



CIMMCO LIMITED

at the immediate next meeting of the Board) such events, information or material that in its wisdom may be necessary for dissemination to BSE and NSE and public.

Criteria for disclosure of events / information

1. The omission of an event or information would likely to result in discontinuity or alteration of event or information already available publicly
2. The omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date
3. In case where the criteria of an event / information does not fall in the first two categories, but still in the opinion of the board of directors are considered material

Website Updation / Updates to stock exchanges

The Company shall upload all disclosures made under the regulations to the stock exchanges on its website and where it shall be continued to be hosted for a minimum period of five years and thereafter archived as per the document retention policy of the Company.

Compliance Officer

The Compliance Officer for the Purpose of complying with the provisions of LODR shall be the Company Secretary of the Company

REVIEW

This policy shall evolve by review by the Board and if thought appropriate, may be modified from time to time as may be necessary.



Cimmco Limited

**POLICY ON REMUNERATION OF DIRECTORS, KEY
MANAGERIAL PERSONNEL & SENIOR EMPLOYEES**



Cimmco Limited

BACKGROUND

Cimmco Limited (hereinafter referred as the 'Company') practices a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with transparency at its core for creation of maximum value for the stakeholders.

BRIEF OVERVIEW UNDER COMPANIES ACT 2013

{Section 178 & Companies [Meetings of Board and its Powers] Rules 2014}

- Constitution of the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors
- The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and senior management personnel i.e. employees at one level below the Board including functional heads.
- The Nomination and Remuneration Committee shall, while formulating the policy ensure that:—
 - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- Such policy shall be disclosed in the Board's report.



Cimmco Limited

BRIEF OVERVIEW OF THE REVISED CLAUSE 49 OF LISTING AGREEMENT

IV. Nomination and Remuneration Committee

- A. The company shall set up a Nomination and Remuneration committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. Chairman of the committee shall be an independent director.
- B. The role of the committee shall, *inter-alia*, include the following:
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
 - Formulation of criteria for evaluation of Independent Directors and the Board;
 - Devising a policy on Board diversity;
 - Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

PRESENT POSITION OF DIRECTORS & KMP OF THE COMPANY

- The Company has constituted a Nomination and Remuneration Committee of the Board of Directors (Board).
- At present there are total ten directors on the Board of which five (5) are Non-Executive and Independent, one is a nominee of the holding company, one Non-executive Director and the remaining three (3) are Executive Directors. The Executive Chairman and Vice Chairman & Managing Director (VCMD) do not draw any remuneration from the Company as they occupy the same position in/on the Board of Titagarh Wagons Limited (TWL) and are remunerated by TWL only.



Cimmco Limited

- Key Managerial Personnel (KMP) consists of Executive Chairman (CEO), Vice Chairman & Managing Director, Director (Works)- all executive directors and Chief Financial Officer and Company Secretary who are employees.

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Act as Selection and Compensation Committee to evaluate suitability of candidates for various senior positions and determine appropriate compensation package for them. Selection of related persons whether or not holding place of profit in the Company to be carried out strictly on merit and where applicable, be subjected to review by the Audit Committee of and/or the Board with approval at each stage being obtained by disinterested Independent Directors only.
- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on the Board diversity.
- Recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable.
- Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non- Executive Directors.
- Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.

CRITERIA FOR DETERMINING THE FOLLOWING:-

Qualifications for appointment of Directors (including Independent Directors):



Cimmco Limited

- Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- Their financial or business literacy/skills.
- Their railway/heavy engineering/infrastructure industry experience.
- Appropriate other qualification/experience to meet the objectives of the Company.
- As per the applicable provisions of Companies Act 2013, Rules made thereunder and Clause 49 of Listing Agreement.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

Positive attributes of Directors (including Independent Directors):

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the railway/heavy engineering/infrastructure industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees
- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made thereunder and Clause 49 of the Listing Agreement as amended from time to time

Criteria for appointment of KMP/Senior Management:



Cimmco Limited

- To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities.
- To practice and encourage professionalism and transparent working environment.
- To build teams and carry the team members along for achieving the goals/objectives and corporate mission.
- To adhere strictly to code of conduct

POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP & SENIOR MANAGEMENT PERSONNEL:

- To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.
- No director/KMP/ other employee is involved in deciding his or her own remuneration.
- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weight age to arrive at a competitive quantum of remuneration.
- It is to be ensured that relationship of remuneration to the performance is clear & meets appropriate performance benchmarks which are unambiguously laid down and communicated.
- Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.
- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.
- Following criteria are also to be considered:-
 - Responsibilities and duties ;
 - Time & efforts devoted;
 - Value addition;
 - Profitability of the Company & growth of its business;
 - Analyzing each and every position and skills for fixing the remuneration yardstick ;



Cimmco Limited

- Standards for certain functions where there is a scarcity of qualified resources.
 - Ensuring tax efficient remuneration structures.
 - Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home remuneration is not low.
 - Other criteria as may be applicable.
- Consistent application of remuneration parameters across the organisation.
 - Provisions of law with regard making payment of remuneration, as may be applicable, are complied.
 - Whenever, there is any deviation from the Policy, the justification /reasons should also be indicated / disclosed adequately.

REVIEW

The policy shall be reviewed by the Nomination & Remuneration Committee and the Board, from time to time as may be necessary.



Cimmco Limited

RISK MANAGEMENT POLICY



Cimmco Limited

BACKGROUND

This document lays down the framework of Risk Management at Cimmco Limited (hereinafter referred to as the 'Company' or 'CIMMCO') and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

OBJECTIVE

The objective of Risk Management at CIMMCO is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. An enterprise-wide risk management framework is applied so that effective management of risks is an integral part of every employee's job.

Strategic Objectives

1. Providing a framework that enables future activities to take place in a consistent & controlled manner
2. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats
3. Contributing towards more efficient use/ allocation of the resources within the organization
4. Protecting and enhancing assets and company image
5. Reducing volatility in various areas of the business
6. Developing and supporting people and knowledge base of the organization.
7. Optimizing operational efficiency

REGULATORY

Risk Management Policy is framed as per the following regulatory requirements:

A. COMPANIES ACT, 2013

1. Provisions of the Section 134(3)

There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include—

(n) a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

2. Section 177(4) stipulates:

Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—

(vii) evaluation of internal financial controls and risk management systems.

3. SCHEDULE IV

[Section 149(8)]

CODE FOR INDEPENDENT DIRECTORS

II. Role and functions:

The independent directors shall:

*(1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, **risk management**, resources, key appointments and standards of conduct;*

*(4) satisfy themselves on the integrity of financial information and that financial controls and **the systems of risk management** are robust and defensible;*

B. Clause 49

Key functions of the Board

The board should fulfill certain key functions, including:

*a. Reviewing and guiding corporate strategy, major plans of action, **risk policy**, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.*

*g. Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, **systems for risk management**, financial and operational control, and compliance with the law and relevant standards.*

D. Role of Audit Committee

The role of the Audit Committee shall include the following:

11. Evaluation of internal financial controls and risk management systems;

VI. Risk Management

A. The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.

B. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.

C. The company shall also constitute a Risk Management Committee. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

Information to be placed before Board of Directors



Cimmco Limited

14. *Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.*

Cimmco Limited (**CIMMCO**) being a listed company, is required to adhere to the regulations made both by the Companies Act, 2013 and Clause 49 of the Listing Agreement governed by the Securities and Exchange Board of India (SEBI). Where any stipulation is common between the regulations, more stringent of the two shall be complied with.

APPLICABILITY

This Policy shall come into force with effect from 1st April, 2014.

DEFINITIONS

"**Audit Committee or Committee**" means Committee of Board of Directors of the Company constituted under the provisions of Companies Act, 2013 and Listing agreement.

"**Board of Directors**" or "**Board**" in relation to a Company, means the collective body of Directors of the Company. (*Section 2(10) of the Companies Act, 2013*)

"**Policy**" means Risk Management Policy.

POLICY

Before proceeding to the policy attention is drawn to the roles that the Board and Audit Committee are required to play under the above regulations governing Risk Management:

The Board's role under both the regulations is to ensure framing, implementing and monitoring risk management plan, having in place systems for risk management as part of internal controls with duty being cast upon Independent Directors to bring unbiased angle to the Board's deliberations on making risk management systems more robust.

Audit Committee's role is evaluate the risk management systems.

This policy shall complement the other policies of CIMMCO in place e.g. Related Party Transactions Policy, to ensure that the risk if any arising out of Related Party Transactions are effectively mitigated.

Broad Principles

The Board has to review the business plan at regular intervals and develop the Risk Management Strategy which shall encompass laying down guiding principles on proactive planning for identifying, analyzing and mitigating all the material risks, both external and internal viz. Environmental, Business, Operational, Financial and others. Communication of Risk Management Strategy to various levels of management for effective implementation is essential.

Identification and Risk Analysis



Cimmco Limited

Risk Identification is obligatory on all vertical and functional heads who with the inputs from their team members are required to report the material risks to the Vice Chairman & Managing Director (VCMD) along with their considered views and recommendations for risk mitigation.

Analysis of all the risks thus identified shall be carried out by VCMD through participation of the vertical/functional heads and a preliminary report thus finalized shall be placed before the Risk Management Committee.

The following steps to be taken:

Risk identification: To identify organization's exposure to uncertainty. Risk may be classified in the following:

- i. Strategic
- ii. Operational
- iii. Financial
- iv. Hazard

Risk Description: To display the identified risks in a structured format

Name of Risk	
Scope of Risk	Qualitative description of events with size, type, number etc.
Nature of Risk	Strategic, Operational, Financial, Hazard
Quantification of Risk	Significance & Probability
Risk Tolerance/ Appetite	Loss Potential & Financial Impact of Risk
Risk Treatment & Control Mechanism	a) Primary Means b) Level of Confidence c) Monitoring & Review
Potential Action for Improvement	Recommendations to Reduce Risk
Strategy & Policy Development	Identification of Function Responsible to develop Strategy & Policy



Cimmco Limited

Risk Evaluation:

After risk analysis, comparison of estimated risks against organization risk criteria is required. It is to be used to make decisions about the significance of risks and whether each specific risk to be accepted or treated.

Risk Estimation:

Can be quantitative, semi quantitative or qualitative in terms of probability of occurrence and possible consequences.

Impact level on performance/profit – Both Threats and Opportunities

Reporting

1. Internal Reporting

- a) Risk Management Committee
- b) Board of Directors
- c) Vertical Heads
- d) Individuals

2. External Reporting

To communicate to the stakeholders on regular basis as part of Corporate Governance

Development of Action Plan

The Board has constituted a **Risk Management Committee** consisting of two Independent Directors, Executive Chairman and Vice Chairman & Managing Director and defined the Committee's role and responsibility. The Committee shall not only assist in implementation of the Risk Management Plan of the Board but also monitor its implementation and review. The members of the Risk Management Committee shall discharge the role of "Think Tank", ideate and bounce off their collective suggestions to the Board for periodic updation of the Risk Management Plan to ensure that the same is in sync with changing macro and micro factors having bearing on all material aspects of the businesses CIMMCO is engaged in or shall undertake.

Risk Management Committee shall critically examine the report of VCMD and each identified risk shall be assessed for its likely impact vis a vis the resources at the Company's disposal.

Guidelines to deal with the risks

Business Plan including Capital Expenditure and Fund Flow Statement for each segment together with SWOT analysis, data on Production Planning, Materials Management, Sales & Distribution, Delivery Schedules, Assets, Accounts Receivables and Payables as well as Regulatory Regime applicable shall be reviewed in the light of the material risks identified. Through deliberations of the Committee a comprehensive plan of action to

deal with the risks shall be developed and guidelines flowing from such plan shall be communicated to the employees concerned for mitigation of the risks.

Board Approval

The Action Plan and guidelines decided by the Risk Management Committee shall be approved by the Board before communication to the personnel for implementation.

The Board shall approve the Risk Management (including Risk Treatment) strategy, control structure and policy guidelines and delegate authority and accountability for risk management to the Company's executive team.

The guidelines shall include prescription on:

Risk Treatment

Treatment of Risk through the process of selecting and implementing measures to mitigate risks. To prioritize risk control actions in terms of their potential to benefit the organization. Risk treatment includes risk control/ mitigation and extends to **risk avoidance, risk transfer (insurance), risk financing, risk absorption** etc. for

- a) Effective and efficient operations
- b) Effective Internal Controls
- c) Compliance with laws & regulations

Risk Treatment shall be applied at all levels through carefully selected validations at each stage to ensure smooth achievement of the objective.

Risk Registers

Risk Registers shall be maintained showing the risks identified, treatment prescribed, persons responsible for applying treatment, status after the treatment etc. Risk Managers and Risk Officers to be identified for proper maintenance of the Risk Registers which will facilitate reporting of the effectiveness of the risk treatment to the Risk Management Committee, Audit Committee and the Board.

Enterprise Risk Planning (ERP package) shall play a key role in timely availability of all data/reports required for the Committee to develop the Action Plan as stated above.

The Board shall have the discretion to deal with certain risks (may be called Key or Highly Sensitive Risks) in the manner it may deem fit. Mitigation of such Highly Sensitive/Key risks and effectiveness of their mitigation measures and review of the strategy may be directly discussed by the Board members with Audit Committee.

ROLE OF AUDIT COMMITTEE

The following shall serve as the Role and Responsibility of the Audit Committee authorized to evaluate the effectiveness of the Risk Management Framework:

- Review of the strategy for implementing risk management policy
- To examine the organization structure relating to Risk management

- Evaluate the efficacy of Risk Management Systems – Recording and Reporting
- To review all hedging strategies/risk treatment methodologies vis a vis compliance with the Risk Management Policy and relevant regulatory guidelines
- To define internal control measures to facilitate a smooth functioning of the risk management systems
- Ensure periodic review of operations and contingency plans and reporting to Board in order to counter possibilities of adverse factors having a bearing on the risk management systems.

Integration of Risk Management Strategy

CIMMCO's risk management strategy is to be integrated with the overall business strategies of the organization and its mission statement to ensure that its risk management capabilities aide in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives.

Penalties

The penalties are prescribed under the Companies Act, 2013 (**the Act**) under various sections which stipulate having a Risk Management Framework in place and its disclosure.

Section 134 (8) (dealing with disclosure by way of attachment to the Board Report): If a company contravenes the provisions of this section, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

There are other provisions of the Act as well as SEBI Act which stipulate stiff penalties. Therefore, this Policy prescribes that violation of the provisions applicable to Risk Management Framework is something the Company cannot afford to risk.

REVIEW

This policy shall evolve by review by the Risk Management Committee and the Board from time to time as may be necessary.

This Policy will be communicated to all vertical/functional heads and other concerned persons of the Company.



Cimmco Limited

POLICY ON RELATED PARTY TRANSACTIONS



Cimmco Limited

1. PREAMBLE

The Company is committed to practicing the maximum transparency in the conduct of Related Party Transactions in sync with its corporate governance philosophy based on the objective of continuing ethical conduct in fulfilling its responsibilities and recognizes that Related Party Transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc. with the interest of the Company.

The Board of Directors (the "Board") of Cimmco Limited (**CIMMCO or Company**) has adopted the following policy on Related Party Transactions to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

2. OBJECTIVE

This policy is framed as per the requirement of Revised Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges and in accordance with the provisions of Section 188 of the Companies Act, 2013 read with The Companies (Meetings of Board and its Powers) Rules, 2014. Related Party Transaction (**RPT**) transactions are appropriate only if they are in the best interest of the Company and its stakeholders in addition to being in conformity with the applicable laws. The Company is required to disclose each year in the Financial Statements RPT as well as the policy concerning RPT. There being two sets of regulations governing RPT and CIMMCO being a listed entity, more stringent of the two shall be adhered to in the conduct of RPT by the Company.

Policy has been designed to ensure the transparency of approval process and disclosures requirements for fairness in the conduct of RPT in accordance with the applicable laws. This policy shall supplement the Company's practices applicable to or involving the transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

The Audit Committee of Directors ('Audit Committee'), shall review, approve and where permitted ratify Related Party Transactions based on this Policy in terms of the requirements under the above regulatory provisions as applicable.

3. APPLICABILITY

This Policy shall come into force with effect from 1st April, 2014 and shall be applicable to transactions made with:-

- (a) Board of Directors & their Relatives
- (b) Key Managerial Personnel (KMP) of the Company and their Relatives, and
- (c) Other Related Parties, as defined hereinafter.

4. DEFINITIONS

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted



Cimmco Limited

under the provisions of Companies Act, 2013 and Listing agreement.

"Arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. *(Section 188 of the Companies Act, 2013)*

"Board of Directors" or "Board" in relation to a Company, means the collective body of Directors of the Company. *(Section 2(10) of the Companies Act, 2013)*

"Control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position; *[As per SEBI (SAST) Regulation]*

"Key Managerial Personnel" means, *[Section 2(51) of the Companies Act, 2013]*

- (i) Managing Director;
- (ii) Chief Executive Officer or manager;
- (iii) Whole-time director;
- (iv) Chief Financial Officer; and
- (v) Company Secretary

"Material Related Party Transaction" means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed(s) five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher. *(Clause 49 of the Listing Agreement)*

"Policy" means Related Party Transaction Policy.

"Related Party" means related party as defined in *Clause 49 of the Listing Agreement* and Section 2(76) of the Companies Act, 2013 read with The Companies (Meetings of Board and its Powers) Rules, 2014 which is as follows:

A 'related party' is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person's family is related to a company if that person:
 - a. is a related party under *Section 2(76) of the Companies Act, 2013* which are as follows:



Cimmco Limited

- i. a director or his relative;
 - ii. a key managerial personnel or his relative;
 - iii. a firm, in which a director, manager or his relative is a partner;
 - iv. a private company in which a director or manager is a member or director;
 - v. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
 - vi. any body corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 - vii. any person under whose advice, directions or instructions a director or manager is accustomed to act:
 - viii. Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - ix. any company which is -
 - (A) a holding, subsidiary or an associate company of such company; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary;
 - x. Director or key managerial personnel of the holding company or his relative with reference to a company; or
 - xi. Such other person(s) as may be prescribed.
- b. has control or joint control or significant influence over the company; or
- c. is a key management personnel of the company or of a parent of the company; or
2. An entity is related to a company if any of the following conditions applies:
- a) The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - b) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
 - c) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
 - d) Both entities are joint ventures of the same third party; or
 - e) One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
 - f) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. if the company is itself such a plan, the sponsoring employers are also related to the company; or
 - g) The entity is controlled or jointly controlled by a person identified in (1).
 - h) A person identified in (1) (b) has significant influence over the entity (or of a parent of the entity).



Cimmco Limited

"Related Party Transaction" means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. *(Clause 49 of the Listing Agreement)*

For example, transaction with CIMMCO's associate companies/joint venture company, if any whether in India or overseas will come under this category. This applies to every company including private companies.

Pursuant to *Section 188 of the Companies Act, 2013*, Related Party Transactions mean, any contract or arrangement with a related party, with respect to—

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company.

"Relative" means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if -

- They are members of a Hindu undivided family;
- They are husband and wife;
- Father (including step-father) Mother (including step-mother)
- Son (including step-son)
- Son's wife
- Daughter
- Daughter's husband
- Brother (including step-brother) Sister (including step-sister)

"Approval by disinterested shareholders" means, voting by shareholders in favour of the Special Resolution (with three fourth approving this), other than Directors and Promoters/Promoter Group.

3. POLICY

3.1 Broad Principles

Any transaction with the subsidiary companies / related parties will be governed by the following broad principles:



Cimmco Limited

- Globally distributed Delivery Model
- The sub-contracting will happen where skills and Intellectual Property are available
- Geography to which delivery to be made will also be taken into account while sub-contracting.
- The transactions can be either from Parent Company to Subsidiary Company(ies) and vice versa and also among the Group Companies.
- Price at arm's length - transfer pricing rules and regulations will apply.

All Related Party Transactions must be referred to Audit Committee for prior approval by the Committee in accordance with this Policy-

- irrespective of the value;
- even if the transaction is exempted;
- including any modification of such contracts.

3.2 Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably require. Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with the Policy.

The Company strongly advocates receipt of such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

What is not a Related Party Transaction? (Transactions that are exempted)

The transaction entered into by the company is:

In ordinary course of business (this is not a defined term in the Act and will have to be interpreted on a *case to case basis*) i.e. a business as stated in main object(s) clause of the Memorandum of Association of the company and should be a business which is usual or customarily carried on by the company at regular intervals; but on the contrary Clause 49 of the Listing Agreement does not specify any exemption for Related Party Transactions entered in ordinary course of business. **and**

On arm's length basis i.e. a transaction between two related parties that is conducted as if they were unrelated or in other words at competitive market rates prevailing, so that there is no conflict of interest. The price and other terms in the contract with the Related Party are to be similar as would be applicable to any third party.

However, in both the above circumstances a proof / evaluation is required to affirm that the transaction is



Cimmco Limited

not RPT. This would need to be consistent with domestic transfer pricing requirements as well under the Income Tax Act, 1961.

4.3 Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of Audit Committee.

As per *Clause 49 of the Listing Agreement* all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

Further, as per *Section 188 of the Companies Act, 2013* prior approval by Special Resolution (SR) at a general meeting is required for companies having paid up share capital of Rs. 10 Crores or more for entering into the following transactions:

- i) Company having paid-up share capital of at least Rs. 10 Crore.
- ii) Sale/Purchase or supply of any goods or materials >10% of the turnover OR Rs 100 Crores, whichever is lower.
- iii) Selling/disposing/buying property of any kind >10 % of the net worth OR Rs 100 Crores, whichever is lower.
- iv) Leasing of property of any kind >10 % of the net worth OR Rs 100 Crores, whichever is lower.
- v) Availing or rendering any services >10% of the turnover OR Rs 50 Crores, whichever is lower.
- vi) Related to appointment to any office or place of profit in the company/subsidiary/associate at a monthly remuneration exceeding Rs. 2.50 lakhs.

4.4 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant and complete material information of the Related Party Transaction, including the nature, terms and duration of the transaction, the business purpose, justification of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;



Cimmco Limited

- Whether there are any compelling business reasons for the Company to enter into the related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- Whether the Company has obtained the opinion of an Independent Chartered Accountant that the proposed transaction is in compliance with the relevant provisions of the Companies Act, Income Tax Act and the Listing Agreement with Stock Exchanges.

Approval of the Board

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any Law for the Board to approve the Related Party Transaction, then the considerations set out above shall apply to the Board's review and approval of the matter, with such modification(s) as may be necessary or appropriate under the circumstances.

Such approval of the Board should be obtained only at a duly convened meeting and cannot be obtained by way of a circular resolution or by delegating to any Committee of the Board [**Section 188(1)**]

Approval of Shareholders

All "material" transactions, even if exempted have to be approved by the "disinterested" shareholders by way of Special Resolution within three months from the date of entering into such contracts.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:



Cimmco Limited

- i. Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

5. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take such action it deems appropriate.

In any case, where the Committee decides not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has the authority to modify or waive any procedural requirements of this Policy.

6. Reporting Requirements

The Company shall report to Stock Exchanges on quarterly basis, the details of all material transactions with Related Parties.

The Company shall report in the Annual Report, the transactions that require the approval of the Board and shareholders with justification for entering into such contract or arrangement.

7. Penalties

Notwithstanding the quantum of penalties having been raised in the Companies Act, 2013, violation of the provisions governing RPT also stipulate imprisonment upto one year.

Section 188:

(3) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.



Cimmco Limited

(4) Without prejudice to anything contained in sub-section (3), it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

(5) Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall,—

(i) in case of listed company, be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both; and

(ii) in case of any other company, be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees.

REVIEW

The policy shall be reviewed by the Nomination & Remuneration Committee and the Board, from time to time as may be necessary

This Policy will be communicated to all related parties, operational employees and other concerned persons of the Company and also uploaded on the web site of the Company.



CIMMCO LIMITED

CRITERIA FOR PERFORMANCE EVALUATION OF BOARD & INDEPENDENT DIRECTORS



CIMMCO LIMITED

1. PREAMBLE

1.1. The Company is committed to adoption of the best practices in sync with its corporate governance philosophy based on the objective of fostering sustainable ethical conduct in fulfilling its responsibilities. The Board of Directors (the "Board") of **Cimmco Limited** has adopted the following criteria pursuant to clause 49 of the Listing Agreement to ensure compliance with the applicable provisions of the Listing Agreement.

1.2. The Nomination & Remuneration Committee of the Company shall lay out the criteria for performance evaluation of the Board & Independent Directors, which shall be approved by the Board. The evaluation shall be done by the entire Board (excluding the director being evaluated). The criteria shall be reviewed by the Nomination & Remuneration Committee and the Board from time to time.

2. APPLICABLE COMPLIANCES UNDER COMPANIES ACT 2013

2.1. In the Board's Report a statement is required to be given indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual Directors [Section 134 & Companies {Accounts} Rules 2014]].

2.2. The Nomination and Remuneration Committee shall identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance {Section 178 & Companies [Meetings of Board and its Powers] Rules 2014}}

2.3. The performance evaluation of Independent Directors {as defined in these provisions} shall be done by the entire Board of Directors, excluding the director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director {Section 149 - Schedule IV & Companies [Appointment and Qualification of Directors] Rules 2014}

2.4. Code for Independent Directors has been laid down. {Section 149 - Schedule IV}

3. APPLICABLE COMPLIANCES UNDER CLAUSE 49 OF THE LISTING AGREEMENT

3.1. One of the key functions of the Board is to monitor and review Board Evaluation framework.

3.2. Performance evaluation of Independent Directors is stipulated.

3.3. The Nomination & Remuneration Committee shall lay down the evaluation criteria of the Independent Director and evaluation shall be done by the entire Board of Directors (excluding the director being evaluated).

3.4. The Criteria shall be disclosed in the Annual Report.

3.5. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

4. INDIVIDUAL DIRECTOR EVALUATION & OVERALL BOARD EVALUATION PROCESS

4.1. The criteria are based for assessment of peer Directors and assessment of the overall performance of the Board.



CIMMCO LIMITED

4.1.1. Each Director has to complete a evaluation sheet by giving the appropriate rating number related to each of the criteria mentioned below that most closely reflects:-

- ✓ performance of individual peer Directors, and
- ✓ overall performance of the Board.

4.1.2. For each of the criteria, rating number ranges between 1 and 5 as follows:-

- 01- indicating minimum positive.
- 05- indicating maximum positive.
- 00- indicating where the particular criterion is not applicable or Director does not have enough knowledge or information.

4.1.3. Separate sheet would be provided to each Director for evaluation.

4.1.4. The ratings will be compiled and placed before the Board for discussions and evaluation.

4.1.5. The evaluation exercise is to be completed within a time frame.

5. RATING CRITERIA {Ratings from 1-5}

5.1. INDIVIDUAL PEER REVIEW {By all directors}

- a) Whether the Directors uphold ethical standards of honesty and virtue?
- b) Whether the Directors have appropriate qualifications to meet the objectives of the Company?
- c) Whether they have financial/accounting or business literacy/skills?
How actively and successfully do they refresh their knowledge and skill & are they up-to-date with the latest developments in areas such as the corporate governance framework and financial reporting and in the real estate industry and market conditions?
- d) How well prepared and well informed are they for Board/Committee meetings?
- e) Do they show willingness to spend time and effort learning about the Company and its business?
- f) Is the attendance of Directors at Board /Committee meetings satisfactory?
- g) Do they actively participate in the Board /Committee meetings?
- h) Can they present their views convincingly, yet diplomatically?
- i) Do they listen to the views of others?
- j) How cordial are their relationships with other Board/Committee members and Senior Management?
- k) What has been the quality and value of Director's contribution at Board/Committee meetings?
- l) What has been their contribution to the development of strategy and risk management and how successfully they have brought their knowledge and experience to bear in the consideration of these areas?
- m) Where necessary, how resolute are they in holding to their views and resisting pressure from others?
- n) How effectively have they followed up matters about which they have expressed concern?
- o) How well do they communicate with other Board/Committee members, senior management and others?

5.2. BOARD/COMMITTEE VALUATION {By all directors}:-

1. Whether Board / Committee have diversity of experiences, backgrounds & appropriate composition?
2. Whether Board / Committee monitor compliance with corporate governance, laws, regulations and guidelines?



CIMMCO LIMITED

3. Whether Board / Committee demonstrate integrity, credibility, trustworthiness, an ability to handle conflict constructively, and the willingness to address issues proactively?
4. Whether Board / Committee dedicate appropriate time and resources needed to execute their responsibilities?
5. Whether Agenda and related information are circulated in advance of Board / Committee meetings to allow Directors sufficient time to study and understand the information?
6. Whether written materials provided to Board/Committee members are relevant and concise?
7. Whether the Chairman encourages inputs on agenda of Board / Committee meetings from their members, management, the internal auditors, and the independent auditor?
8. Whether meetings of Board / Committee are conducted effectively, with sufficient time spent on significant matters?
9. How well does management respond to request from the Board/ Committee for clarification or additional information?
10. Whether proper minutes are maintained of each meeting of Board / Committee?
11. Whether Board / Committee meetings are held with enough frequency to fulfil the Board's /Committee's duties?
12. Whether Board / Committee {as required} consider the quality and appropriateness of financial/ accounting and reporting, including the transparency of disclosures?
13. Whether Board / Committee consider the statutory audit plan and provide recommendations?
14. Whether Board / Committee ensure that management takes action to achieve resolution when there are repeat comments from statutory auditors?
15. Whether adjustments to the financial statements that resulted from the statutory audit are reviewed by the Audit Committee, regardless of whether they were recorded by management?
16. Whether Board / Committee oversee the role of the statutory auditors and have an effective process to evaluate the auditor's qualifications and performance?
17. Whether Board / Committee review the audit fees paid to the statutory auditors?
18. Whether Board/ Committee consider internal audit reports, management's responses, and steps toward improvement?
19. Whether Board/ Committee oversee the process and are notified of communications received from governmental or regulatory agencies related to alleged violations or areas of non-compliance?
20. Whether the contributions of the Board/ Committee to ensuring robust and effective risk management are adequate?

6. EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

6.1.Each Independent director shall be evaluated by all other Directors of the Board BUT not by the other Independent Directors themselves.

Rating Criteria for **PEER REVIEW** {by all Directors} as stated hereinabove shall also apply to Independent directors to the extent there is no overlapping with the Rating Criteria of Independent Directors as stated hereinafter.

Whether Independent director/s {ID} follows Professional Conduct, carry out their Roles and Functions and Duties as required in section 149 and Schedule IV of the Companies Act 2013& given herein below?

6.2.Evaluation based on professional conduct

- Whether ID upholds ethical standards of integrity and probity?
- Whether ID acts objectively and constructively while exercising their duties?



CIMMCO LIMITED

- Whether ID exercises his/her responsibilities in a *bona fide* manner in the interest of the Company?
- Whether ID devotes sufficient time and attention to his/her professional obligations for informed and balanced decision making?
- Whether ID not allow any extraneous considerations that will vitiate his/her exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making?
- Whether ID does not abuse his/her positions to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person?
- Whether ID refrains from any action that would lead to loss of his/her independence?
- Where circumstances arise which make an independent director lose his/her independence, whether the independent director has immediately informed the Board accordingly?
- Whether ID assists the Company in implementing the best corporate governance practices?

6.3.Evaluation based on Role and functions

- Whether ID helps in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct?
- Whether ID brings an objective view in the evaluation of the performance of Board and management?
- Whether ID scrutinises the performance of management in meeting agreed goals and objectives and monitor the reporting of performance?
- Whether ID satisfies himself/herself on the integrity of financial information and that financial control and the systems of risk management are robust and defensible?
- Whether ID has taken actions to safeguard the interests of all stakeholders, particularly the minority shareholders?
- Whether IDs balances the conflicting interest of the stakeholders?
- Whether ID during the Board/ Committee meetings along with other members determines appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management?
- Whether ID moderates and arbitrates in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest?

6.4.Evaluation based on Duties

- Whether ID undertakes appropriate induction and regularly update and refresh his/her skills, knowledge and familiarity with the Company?
- Whether ID seeks appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts?
- Whether IDs strive to attend all meetings of the Board of Directors and of the Committees of which he/she is a member?
- Whether ID participates constructively and actively in the Committees of the Board in which he/she is chairperson or member?
- Whether ID strives to attend the general meetings of the Company?
- Where ID has concerns about the running of the Company or a proposed action, whether he/she ensures that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting?
- Whether ID does not unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board?



CIMMCO LIMITED

- Whether ID gives sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure himself/herself that the same are in the interest of the Company?
- Whether ID ascertains and ensures that the Company has an adequate and functional vigil mechanism and also ensures that the interests of a person who uses such mechanism are not prejudicially affected on account of such use?
- Whether ID reports concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct?
- Whether ID acts within his/her authority, assist in protecting the legitimate interests of the Company, shareholders and its employees?
- Whether ID does not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law?

7. COMPLIANCES

- All evaluation shall be done annually.
- Criteria and Evaluation shall be disclosed in the Annual Report of the Company.
- On the basis of the report of performance evaluation, it shall be determined by the Nomination & Remuneration Committee & Board whether to extend or continue the term of appointment of the Independent Director subject to all other applicable compliances.

The Board may review and update the criteria from time to time as it may deem appropriate.



CIMMCO LIMITED

**FAMILIARISATION PROGRAMME FOR INDEPENDENT
DIRECTORS**



CIMMCO LIMITED

OBJECTIVE

To provide insights into the Company to enable the Independent Directors to understand the Company's business in depth that would facilitate their active participation in managing the Company.

INTRODUCTION AND ORIENTATION

When a new Independent Director comes on the Board of Cimmco Limited (**Cimmco or Company**), a meeting is arranged with the Executive Chairman and Vice Chairman & Managing Director to discuss the functioning of the Board and the nature of the operations of the Company's business activities.

New Independent Directors are provided with copy of latest Annual Report, the Cimmco Code of Conduct, the Cimmco Code of Conduct for Prevention of Insider Trading and Cimmco Code of Fair Disclosure Practices, and composition of various Committees of the Board.

The Company provides the Directors with the tours of company's facilities from time to time. A detailed Appointment Letter incorporating the role, duties and responsibilities, remuneration and performance evaluation process, insurance cover, Code of Conduct and obligations on disclosures, is issued for the acceptance of the Independent Directors.

FAMILIARIZATION AND CONTINUING EDUCATION PROCESS

The Company through its Executive Chairman/Vice Chairman & Managing Director/ Key Managerial Personnel conducts programmes/presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company. Such programmes /presentations provide an opportunity to the Independent Directors to interact with the Senior Management of the Company and help them to understand the Company's strategy, business model, operations, product portfolio, markets, organization structure, finance, human resources, facilities and risk management and such other areas as may arise from time to time.

The programmes/presentations also assist the Independent Directors with their roles, rights and responsibilities.

OTHER INITIATIVES TO UPDATE THE INDEPENDENT DIRECTORS

Other steps to keep the directors updated on a continuing basis include:



CIMMCO LIMITED

The Directors are offered visits to the Company's plants, where plant heads make them aware of the operational and sustainability aspects of the plants to enable them to have full understanding on the activities of the Company and initiatives taken on safety, quality, CSR, Sustainability etc.

At various Board meetings during the year, presentations are made to the Board on safety, health and environment and sustainability issues, risk management, company policies, changes in the regulatory environment applicable to the corporate sector and to the industry in which it operates, with areas of improvement and other relevant issues.

Quarterly presentations on operations made to the Board include information on business performance, operations, market share, financial parameters, working capital management, fund flows, senior management change, major litigation, compliances, subsidiary information, donations, regulatory scenarios etc.

Quarterly results / press release of the Company are sent to the Directors.

The Directors are invited to participate in the process of familiarization and keep themselves updated by offering their suggestions for the Company to implement.

In addition to the periodic reports on various statutes and their impact, if any on the environment in which the Company operates, emails are promptly sent out on important changes/developments to keep the directors updated.

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

1. Term of Appointment

The independent directors will be appointed for a term of five (5) years from the date of approval by the shareholders of their appointment in the general meeting of the Company, unless terminated earlier or extended, as per the provisions of the applicable laws. Independent Directors will not be liable to retire by rotation. Re-appointment for another term of maximum period of five years at the end of the current term shall be based on the recommendation of the Nomination and Remuneration Committee, the outcome of the performance evaluation process and their continuing to meet the independence criteria and subject to the approval of the Board and the shareholders by way of Special Resolution.

Subject to their consent to becoming a member thereof, the Board may constitute/reconstitute Committees to discharge such duties and exercise powers as may be referred/delegated by the Board from time to time.

2. Time Commitment

Considering the nature of the role of a director, it is difficult to lay down specific parameters on time commitment. The Independent Directors agree to devote such time as is prudent and necessary for proper performance of their role, duties and responsibilities as an Independent Director.

3. Role, duties and responsibilities

A. The Independent Director as a member of the Board, along with the other Directors will be collectively responsible for meeting the objectives of the Board which inter alia include:

- Requirements stipulated under the applicable provisions of the Companies Act, 2013 (**'the Act'**),
- Responsibilities of the Board pursuant to various regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR'),
- Accountability under the Directors' Responsibility Statement and
- Contributing to growth of the Company as a responsible entity of the society,

B. The Independent Directors shall abide by the 'Code for Independent Directors' as contained in Schedule IV to the Section 149(8) of the Act and discharge their duties inter alia in accordance with:

- (i) Section 166 of the Act;
- (ii) Regulation 25 and other applicable provisions of LODR;
- (iii) Code for Prohibition of Insider Trading Regulations; and
- (iv) Policies of the Board adopted from time to time.

4. Remuneration

The Independent Director shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are a member as fixed by the Board from time to time. In addition to the sitting fees, profit related commission may also be payable to you. In determining the amount of this commission, the Nomination and Remuneration Committee may consider various factors as disclosed in the remuneration policy forming part of the Board's report. An indicative list of the factors that may be considered are as follows:

- Attendance at the meetings of Board and Committees,
- Contribution at Board and Committee meetings,
- Guidance and support provided to senior management of the Company outside of Board meetings,
- Industry practices,
- Performance evaluation, and
- Performance of the Company.

Further, the Company may pay or reimburse to the Independent Directors such fair and reasonable expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company subject to applicable articles in the Articles of Association and Rules of the Company/Policies of the Board.

5. Separate meetings:

The independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management; all the independent directors of the Company shall strive to be present at such meeting as stipulated in the Code for Independent Directors.

6. Insurance

The Company follows a policy of obtaining an appropriate Directors' and Officers' Liability Insurance policy and pay the premium for the same. It is intended to maintain such insurance cover for the Term of appointment of the Independent Director, subject to the terms of such policy in force from time to time. A copy of the policy document will be supplied on request to the Independent Directors.

7. Performance Appraisal/ Evaluation Process

As a member of the Board, their performance as well as the performance of the entire Board and its Committees shall be evaluated annually based on the criteria determined by the Nomination and Remuneration Committee and disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee. An indicative list of factors that may be evaluated as part of this exercise is:

- Participation and contribution by a director,
- Commitment (including guidance provided to senior management outside of Board/ Committee meetings),
- Effective deployment of knowledge and expertise,
- Effective management of relationship with stakeholders,
- Integrity and maintenance of confidentiality,
- Independence of behaviour and judgment, and
- Impact and influence.

8. Confidentiality and access to records:

Independent Directors shall have a right of access to Company's documents and records, including financial records, as per the provisions of the Act; and any confidential information, which may come to their knowledge in the performance of their duties as a director of the Company must not be divulged, except so far as (i) it may be necessary in connection with the proper performance of their duties to the Company; (ii) the Company may, from time to time, authorise them to disclose such information, as may be required by them with the condition that they will take all reasonable precautions, as may be necessary to maintain the secrecy and confidentiality of all confidential information of the Company; (iii) they may be required by law to disclose.

9. Disclosures, other directorships and business interests

During the Term, the Independent Directors must agree to promptly notify the Company of any change in their directorships and also make disclosures as stipulated by the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Director of the Company, they shall promptly disclose the same to the Chairman and the Company Secretary.

The Independent Directors must confirm that as on date of this letter, they have no such conflict of interest issues with their existing directorships. They will be required to give a declaration that they meet the criteria of independence every financial year, as provided under Section 149 of the Act in the prescribed format.

10. Termination

The directorship of Independent Directors on the Board of the Company shall cease in accordance with law. Apart from the grounds of termination as specified in the Act, their directorship may be terminated for violation of any provision of the Code of Conduct as applicable to them.

Independent Directors may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation and also to the Registrar of Companies (RoC). The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, whichever is later.

If at any stage during the Term, there is a change that may affect their status as an Independent Director as envisaged in Section 149(6) of the Act or they fail to meet the criteria for “independence”, they may agree to promptly submit their resignation to the Company with effect from the date of such change.
