



## POLICY ON RELATED PARTY TRANSACTIONS

## **1. PREAMBLE**

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 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 Titagarh Wagons Limited (TWL) 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 Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR)"] 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 TWL 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 1<sup>st</sup> 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 under the provisions of Companies Act, 2013 and SEBI (LODR).

**"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) ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is higher. (*Regulation 23 of SEBI (LODR)*)

**"Policy"** means Related Party Transaction Policy.

**"Related Party"** means related party as defined in *Regulation 23 of SEBI (LODR)* 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:

- 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 or his relative 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:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- viii. any company which is -
  - (A) a holding, subsidiary or an associate company of such company; or
  - (B) a subsidiary of a company to which it is also a subsidiary;
- ix. Director or key managerial personnel of the holding company or his relative with reference to a company; or
- x. 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)(b) and (1)(c).
- h) A person identified in (1) (b) has significant influence over the entity (or of a parent of the entity).

**"Related Party Transaction"** means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract. *(Regulation 2(z)(c) of SEBI (LODR))*

For example, transaction with TWL's subsidiary companies whether in India or overseas or joint venture company 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:

- 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 Regulation 23 of SEBI (LODR) 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 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 *Regulation 23 of SEBI (LODR)* all Material Related Party Transactions shall require approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolutions.

Further, as per *Section 188 of the Companies Act, 2013* except with the prior approval of the company by a Resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into:

- i) Sale/Purchase or supply of any goods or materials, directly or through appointment of agent, >10% of the turnover OR Rs 100 Crores, whichever is lower.
- ii) Selling/disposing/buying property of any kind, directly or through appointment of agent, >10 % of the net worth OR Rs 100 Crores, whichever is lower.
- iii) Leasing of property of any kind >10 % of the net worth OR Rs 100 Crores, whichever is lower.

- iv) Availing or rendering any services, directly or through appointment of agent, >10% of the turnover OR Rs 50 Crores, whichever is lower.
- v) Related to appointment to any office or place of profit in the company/subsidiary/associate at a monthly remuneration exceeding Rs. 2.50 lakhs.
- vi) Remuneration for underwriting the subscription of any securities or derivatives thereof > 1% of the net worth

#### **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;
- 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 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:

- i. Any transaction at 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.

### **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 resolution in the general meeting under sub-section (7) 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.

(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 Audit 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.*

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

## **BACKGROUND**

Titagarh Wagons Limited [including its subsidiaries, affiliates, associate(s), joint venture(s), group company (ies)] (hereinafter referred as the 'Company') practices a corporate culture imbued with highest standards of integrity and transparency by adhering to the policies laid down by the Board of Directors where 'team-work' and 'professionalism' for maximum value creation for the stakeholders are the basic tenets of total approach.

## **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.

**BRIEF OVERVIEW OF THE REGULATION 19 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 [“SEBI (LODR)”]**

**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.
  - whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors

**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 nine directors on the Board of which six (6) are Non-Executive including one woman director & four (4) Independent and the remaining three (3) are Executive Directors.
- ☐ Key Managerial Personnel (KMP) consist Executive Chairman, Vice Chairman & Managing Director, Whole-time Director - 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):**

- ☐ 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 16(1)(b) of SEBI (LODR).

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 Regulation 16 of SEBI (LODR) as amended from time to time

**Criteria for appointment of KMP/Senior Management:**

- ☐ 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



# TITAGARH WAGONS LIMITED

## 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;
  - 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.
- <sup>1</sup>[The Chairman and Managing Director (CMD) or the Vice Chairman & Managing Director (VCMD) of the Company may grant loans/advances to the employees of the Company for addressing various exigencies like marriage, illness, purchase/construction of house, purchase of furniture etc. and such other contingencies as the aforesaid managerial personnel may think fit, upto a maximum of 20 times of salary of the concerned employee and to recover the loans/advances from the salary of the employee concerned in maximum 60 monthly instalments on the terms and conditions as may be deemed appropriate.]

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<sup>1</sup> Inserted w.e.f. 04/02/2019.



## **REVIEW**

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



**TITAGARH WAGONS LIMITED**

## **RISK MANAGEMENT POLICY**

## BACKGROUND

This document lays down the framework of Risk Management at Titagarh Wagons Limited - a multiproduct organization (hereinafter referred to as the 'Company' or 'TWL') 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 TWL is to create and protect shareholder value by carefully identifying the strategic, operational, financial, legal, environmental and other perceivable risks and 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
8. Developing a "Risk Reporting" system on an on-going basis.
9. Setting up suitable internal processes/systems to control and monitor 'Action Plans'.
10. Focusing on the risks relevant in respect of the organization or typical to it.

## 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 4**

*Key functions of the Board*

*The board should fulfill certain key functions, including:*

*1. 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.*

*7. 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.*

**C. 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.*

### **Information to be placed before Board of Directors**

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

*Titagarh Wagons Limited (TWL) being a listed company, is required to adhere to the regulations made both by the Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 1<sup>st</sup> 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 TWL 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**

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/monitoring and management at the ground level.

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 Audit Committee.

The following steps to be taken:

**Risk identification and prioritization:** To identify organization's exposure to uncertainty, Risks may be classified in the following:

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

Additionally the below mentioned risks also need attention whether by way of separate class or sub class of the aforesaid:

- Country Risk
- Forex Risk
- Regulatory Risk
- Market Risk

**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

#### **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) Audit 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 Audit Committee consisting of three Independent Directors has been delegated the evaluation of risk management system. The Committee shall assist in implementation of the Risk Management Plan of the Board. The members of the Audit 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 the industry dynamics and the changing macro and micro factors having bearing on all material aspects of the businesses TWL is engaged in or shall undertake.

Audit 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 Audit 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 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**

TWL'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.



# TITAGARH WAGONS LIMITED

## 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 Audit 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.



# TITAGARH WAGONS LIMITED

## **TITAGARH WAGONS LIMITED (“TITAGARH”)**

### **Context:**

Titagarh’s vision is to be a global leader in rail rolling stock and other heavy engineering equipment and a world class service provider for infrastructure sector, to be known as a dependable and preferred partner for growth, provide full satisfaction to its customers and balance the interests of all stakeholders as a responsible corporate citizen.

Corporate Social Responsibility (**CSR**) at Titagarh has been a part of its existence long before social responsibility became mandatory by law and Titagarh aspires to continue making consistently increasing improvement in the life of beneficiaries of Titagarh’s CSR initiatives.

### **Objectives:**

- ☐ To actively contribute to the social and economic development of the communities in which Titagarh operates.
- ☐ Steer its CSR endeavours towards building a better, sustainable way of living for the weaker sections of society and thus participate in raising the country's human development index.

### **Focus Areas:**

- ☐ **Promoting education, including** employment enhancing vocation skills especially among children, women, elderly, and the differently abled; and livelihood enhancement projects and setting up endowment funds in academic institutions with the objective of assisting economically backward but meritorious students in their studies.
- ☐ **Eradicating hunger, poverty and malnutrition, promoting healthcare** including preventive health care and **making available safe drinking water.**
- ☐ **Promoting gender equality, empowering women**, setting up measures for reducing inequalities faced by socially and economically backward groups.
- ☐ **Ensuring environmental sustainability**, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga.

### **Geographic focus of CSR efforts:**

The CSR Committee shall decide on the location for CSR activities.

## **CSR Themes**

The CSR Programs and Projects are given below:-

<b>Sl. No.</b>	<b>CSR PROGRAM</b>	<b>Sr. No.</b>	<b>CSR Projects and Implementation Partners</b>
<b>I</b>	<b>Health &amp; Hygiene</b>  <b>CSR Theme: Jeevan Nirog</b>	1	Medical Camps- started as a pilot project by the Company and following encouraging response, the interventions continue.
		2	Treatment of a young cancer patient (Piyush)
		3	Cancer treatment of young cancer patients in association with Tata Medical Centre, Kolkata
		4	Rehabilitation including medical care of children with special needs by partnering with SICW (Society for Indian Children Welfare) NGO in Kolkata
<b>II</b>	<b>Education</b>  <b>CSR Theme: Gyan Jyoti</b>	5	Education of specially abled children of “Dhankhet Manovikas Kendra” in association with Manovikas Kendra, Kolkata
		6	Education, psychological and nutrition-based interventions for children of red light areas in association with South Kolkata Hamari Muskan, Kolkata (SKHM)
		7	Scholarship for the meritorious students from underprivileged background at Jadavpur University, Kolkata
<b>III</b>	<b>Water Sanitation</b>  <b>CSR Theme: Shail Ganga</b>	8	Water filters and Hand washing Stations for the students of thirteen schools registered under Sarva Shiksha Mission of the Government of India in Kolkata, by joining hands with Splash Organisation (NGO)
<b>IV</b>	<b>Animal Welfare</b>  <b>CSR Theme: Parvaah</b>	9	Welfare for street animals that includes shelter homes and medical aids in association with ASHARI (People for Animals)
		10	Association with Mothers’ Heart- An NGO for street animals’ welfare.

## **Composition of CSR Committee:**

### **Board Committee**

A Committee of the Board is constituted in accordance with the applicable provisions of Section 135, consisting of:

<b>Sl No</b>	<b>Name of Directors</b>	<b>Position Held</b>
1	Smt. Rashmi Chowdhary	Non- Executive Director, Chairperson
2	Shri J P Chowdhary	Executive Chairman, Member

3	Shri Umesh Chowdhary	MD and Vice Chairman, Member
4	Shri Atul Joshi	Independent Director, Member

### **Approach and Monitoring Mechanism of CSR projects**

- ☐ Every year, the CSR Committee places for the Board's approval, a CSR Plan delineating the CSR Initiatives to be undertaken during the financial year and the specified budgets therefor. The Board considers and approves the CSR Plan with such modifications as may be deemed necessary.
- ☐ The CSR Committee assigns the task of implementation of the CSR Plan within specified budgets and timelines to such persons or bodies as it deems fit.
- ☐ The persons/bodies to which the implementation is assigned carry out such CSR Programmes as determined by the CSR Committee within the specified budgets and timeframes and reports to the Committee on the progress therein at such frequency as the Committee may direct.
- ☐ The CSR Committee reviews the implementation of the CSR Programmes once a quarter and issues necessary directions from time to time to ensure orderly and efficient execution of the CSR Programmes in accordance with this Policy.
- ☐ Titagarh's CSR initiatives are planned with various monitoring mechanisms and control points to increase their effective delivery.
- ☐ A suitable organizational structure is constituted to steer the CSR Projects/activities of the Company, at the corporate level.
- ☐ Keeping in the importance of CSR Projects/activities, the Divisional Heads carry out due diligence and also discuss the modalities, monitor the progress of CSR Projects/activities during their periodical interactions.
- ☐ The role/function of every employee involved in planning, implementing and monitoring of the CSR Projects /programs is monitored to bring the desired clarity and accountability.
- ☐ At the end of every financial year, the CSR Committee is required to submit its report to the Board.

Further at the execution level the following monitoring scheme is adopted to maintain work clarity and accountability and ensure effective monitoring:

1. Local review: MIS report by execution team after completion of scheduled activity.
2. Senior leaders review the progress, effectiveness, action plan and support required
3. Regional review on monthly basis.
4. Board committee review on quarterly basis.



**Budgets:**

A specific budget is to be allocated for CSR activities. The budget is to be project driven and reviewed and monitored by the CSR Committee.

**Information dissemination:**

The Company's endeavours in this domain are to be disseminated on its website and annual reports. Disclosures in the Annual Reports or elsewhere are made in accordance with the applicable provisions of law.

**Management Commitment:**

The management is committed to discharging CSR diligently in conformity with the policy of Titagarh as a responsible corporate citizen.

**Review:**

CSR Policy may be reviewed from time to time as may be necessary after the changes are approved by the CSR Committee.



# TITAGARH WAGONS LIMITED

## Vigil Mechanism

### **Scope and Purpose:**

Titagarh Wagons Limited is committed to conducting its business by adopting the highest standards of professional integrity and ethical behavior. The organization has been aiming at developing an open and transparent culture where it is safe for all employees to raise their concern about any unacceptable and unethical practices, including misconduct and provide reassurance that they will be protected from reprisals or victimization for whistle blowing in good faith.

### **Policy Statement**

Vigil Mechanism encourages employees to report unethical business practices at workplace without fear of reprisal as part of Corporate Governance. The policy aims at:

- To allow and encourage our employees and business associates and other stakeholders to bring to notice of the management concerns about suspected unethical behavior, malpractice, wrongful conduct, fraud, violation of the Company's Policies including Code of Conduct, violation of law or questionable Accounting or Auditing matters by any Employee /Director in the company (hereinafter referred to as Wrongful Conduct) without fear of reprisal.
- To ensure timely and consistent organizational response and thereby ensuring complete transparency in the organization.
- To prohibit initiation of adverse action against an employee as a result of the disclosure of obligatory information or information in general course of employee's day to day work.
- To build and strengthen a culture of transparency and trust in the organization.

Any employee who becomes aware of a suspected wrongful conduct of any employee or associate etc. is encouraged to send his/her observations/concrete facts to the management either through phone or written communication complete with related evidence (to the extent possible) without fear of reprisal or retaliation of any kind.

The information on suspected wrongful conduct is such information which the employee in good faith, believes and/or evidences and inter alia includes:

- a) A violation of any law or regulation, including but not limited to corruption, bribery, theft, fraud, coercion and wilful omission.
- b) Pass back of Commissions/benefits or conflict of interest.
- c) Procurement frauds.
- d) Mismanagement, Gross wastage or misappropriation of the Company's funds/ assets.

- e) Manipulation of the Company's data/records.
- f) Stealing cash/the Company's assets; leaking confidential or proprietary information.
- g) Unofficial use of Company's materials/human assets.
- h) Activities violating Company policies including Code of Conduct.
- i) A substantial and specific danger to public health and safety.
- j) An abuse of authority.
- k) An act of discrimination or sexual harassment.

The above list is only illustrative and should not be considered as exhaustive.

### **Reporting:**

In alleged wrongful conduct involving Senior Management, the employee can directly approach the Chairman of the Audit Committee. The Contact details of the Chairman of the Audit Committee are as under:

Shri D N Davar  
B5/82, Safdarjung Enclave  
New Delhi - 110029  
Email: [info.sandhar@gmail.com](mailto:info.sandhar@gmail.com)

In any other case apart from mentioned above, the employees can send their complaints to the email-id mentioned below:

[vigil.auditcommittee@titagarh.in](mailto:vigil.auditcommittee@titagarh.in)

The Management, upon receipt of disclosure, shall investigate the complaint(s) to ascertain its genuineness and veracity. Based on the outcome of such investigation, the management will take appropriate action in the matter.

<sup>1</sup>[Any employee of the Company may report instances of leak of unpublished price sensitive information directly to the Chairman of the Audit Committee.]

### **Protection to the Whistle Blower**

#### Confidentiality

No adverse action shall be taken against an employee who in good faith makes any disclosure of suspected Wrongful Conduct to the management. The identity of the complainant shall be kept confidential.

#### Protection against victimization

If it is found that as a result of whistle blowing, any employee is being harassed or ill treated in any manner by his or her superior adequate protection will be provided against victimization of the employee making disclosure in good faith.

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<sup>1</sup> Inserted w.e.f. 01/04/2019.

**Retention of the Records**

The Company shall retain a copy of all complaints or concerns, investigation reports and all relevant documentation thereof. The Audit Committee shall decide the period of retention of all these records, subject to limitations in applicable legislation.

**Amendment**

The Company reserves the right to amend the policy at any point of time. Any amendment to the policy shall take effect from the date when it is approved by Audit Committee and the same is notified to the employees in writing.

# **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

## 1. PREAMBLE

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 **Titagarh Wagons Limited (TWL)** has adopted the following policy pursuant to Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR)"] to ensure compliance with the applicable provisions of the Listing Agreement. This policy will be applicable to the Company effective from October 1, 2014.

## 2. OBJECTIVE

Determination of material Indian or foreign subsidiaries of the Company, where applicable, and to provide the governance framework for such subsidiaries by complying with disclosure/other requirements regarding such subsidiaries and disinvestment of their shares held by the Company, and selling/ disposing/ leasing of assets of such subsidiaries by them.

## 3. DEFINITIONS

- 3.1. **"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 2013 ("the Act").
- 3.2. **"Board of Directors or Board"** means the Board of Directors of the Company, as constituted from time to time.
- 3.3. **"Independent Director"** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.
- 3.4. <sup>1</sup>[Omitted]
- 3.5. <sup>2</sup>**"Material Subsidiary"** shall mean a Subsidiary whose income or net worth exceeds <sup>3</sup>[10]% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

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<sup>1</sup> The following words were omitted. Change effective from 04/02/2019:

"Material Subsidiaries" means a Subsidiary in which the investment of the Company exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the Subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.

<sup>2</sup> For the words- "Material Unlisted Indian Subsidiary" means an unlisted Subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves)', the following words were substituted- "Material Subsidiary" shall mean a Subsidiary whose income or net worth'. Change effective from 04/02/2019

<sup>3</sup> For the number- '20', the following number was substituted- '10'. Change effective from 01/04/2019

3.6. “Subsidiary” <sup>4</sup>[shall be as defined in the Companies Act, 2013 and] in relation to holding company means a company in which the holding company -

- (i) controls the composition of the Board, or
- (ii) exercises or control more than half of the total <sup>5</sup>[voting power] either at its own or together with one or more of its subsidiary companies.

<sup>6</sup>[Omitted]

3.7. “Significant Transaction or Arrangement” means any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the Material Unlisted Subsidiary for the immediately preceding accounting year.

3.8. <sup>7</sup>[Omitted]

#### 4. APPLICABLE COMPLIANCES UNDER Regulation 24 OF SEBI (LODR)

4.1. One Independent Director of the Company shall be a Director on the Board of the <sup>8</sup>[Unlisted Material Subsidiary company, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 of SEBI (LODR), the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.]

4.2. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on an annual basis.

4.3. The minutes of the Board meetings of the unlisted subsidiary company shall be placed before the Board of the Company on a half yearly basis.

4.4. The management shall on a half yearly basis bring to the attention of the Board of the Company, a statement of all ‘Significant transactions and arrangements’ entered into by the unlisted subsidiary company.

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<sup>4</sup> Inserted w.e.f. 04/02/2019

<sup>5</sup> For the words- ‘share capital’, the following words were substituted- ‘voting power’. Change effective from 04/02/2019

<sup>6</sup> The following words were omitted. Change effective from 04/02/2019:

The expression “total share capital” means, the aggregate of the:-

(a) paid-up equity share capital; and

(b) convertible preference share capital

<sup>7</sup> The following words were omitted. Change effective from 04/02/2019:

“Subsidiary(ies)” means a subsidiary of the Company as defined in the Companies Act, 2013

<sup>8</sup> For the words- ‘Material Unlisted Subsidiary company, incorporated in India’, the following words were substituted.

Change effective from 01/04/2019:

‘Unlisted Material Subsidiary company, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 of SEBI (LODR), the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.’



- 4.5. The management shall present to the Audit Committee on an annual basis, a list of such subsidiaries together with the details of the materiality defined herein. The Committee shall review the same and make suitable recommendations to the Board, including but not limited to, recommendation for appointment of Independent Director on the Board of Material Unlisted Indian Subsidiary Company.
- 4.6. The Company, without the prior approval of the members by Special Resolution in its General Meeting, shall not:
- Dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
  - Cease the exercise of control over the Material Subsidiary; or
  - Sell, dispose or lease of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year;

<sup>9</sup>[Provided that special resolution shall not be required if the aforesaid is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.]

## 5. COMPLIANCE BY STEP DOWN SUBSIDIARIES

Where a listed holding company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

## 6. GUIDING PRINCIPLES

- 6.1. All the applicable provisions of laws, as amended from time to time, are to be complied in letter and spirit in implementing this Policy.
- 6.2. “**Material subsidiary**” of the Company would be identified, which would include, if any:
- ✓ Material listed Indian & foreign subsidiaries
  - ✓ Material unlisted Indian & foreign subsidiary,
- as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company.
- 6.3. <sup>10</sup>[Omitted]
- 6.4. **Disposal of shares** held by the Company, whether Equity or preference, of the Material Subsidiary and Material unlisted Indian subsidiary; and

<sup>9</sup> Inserted w.e.f. 01/04/2019

<sup>10</sup> The following words were omitted w.e.f. 01/04/2019:

“Material unlisted Indian subsidiary” of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company.

**Sale/ disposal/ lease of assets** of the Material Subsidiary and Material unlisted Indian subsidiary would be considered and complied keeping in view the following:

6.4.1 Valuation of the shares / assets of Material Subsidiary and Material unlisted Indian subsidiary would be done by Registered Valuer in terms of the Companies Act 2013 and in absence of related notification of these provisions, by an independent merchant banker registered with SEBI, or by an independent chartered accountant in practice with minimum 10 years' experience or as may be permitted by the Central Government.

6.4.2. The proposal shall be considered by the Audit Committee and the Board of the Company and the relevant subsidiary and decision taken in terms of the provisions of the Regulation 24 of the SEBI (LODR) and Companies Act 2013 and its Rule/s, as applicable.

6.4.3. Where the disposal of the shares or selling/ disposing/ leasing of assets of Material Subsidiary and Material unlisted Indian subsidiary company are triggering the limits laid down, the proposal after being approved by the Audit Committee and the Board shall be placed before the shareholders of the Company and the relevant subsidiary, as applicable, in a general meeting or through postal ballot in terms of the provisions of the Regulation 24 of SEBI (LODR) and Companies Act 2013 and its Rule/s seeking approval/s of such shareholders by way of passing special resolution/s, as applicable.

6.4.4. Only on receipt of the necessary approvals, herein the disposal of the shares or selling/ disposing/ leasing of assets of the Material Subsidiary and Material unlisted Indian subsidiary would be done.

6.4.5. Necessary reporting would be made to the Audit Committee and Board meetings of all the concerned companies.

6.4.6 Stock Exchanges would be duly intimated, if and as and when applicable.

6.5. <sup>11</sup>[Omitted]

## **7. REVIEW**

The policy shall be reviewed by the Board from time to time as may be necessary.

## **DISCLOSURE**

The Policy for determining Material Subsidiaries shall be disclosed on the website of the Company at [www.titagarh.in](http://www.titagarh.in) and a web link thereto shall be provided in the Annual Report of the Company, as per the provisions of law in force.

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<sup>11</sup> The following words were omitted. Change effective from 01/04/2019:

'In case of Material unlisted Indian subsidiary of the Company the same compliances as mentioned above at Article 4 with the heading "Applicable Compliances under the Regulation 24" shall apply.'

## **CRITERIA FOR PERFORMANCE EVALUATION OF BOARD & INDEPENDENT DIRECTORS**

## **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 **Titagarh Wagons Limited (TWL)** has adopted the following criteria pursuant to Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR)"].

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 specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance [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 REGULATION 17 OF SEBI (LODR)**

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. CRITERIA FOR PERFORMANCE EVALUATION OF BOARD & INDEPENDENT DIRECTORS**

An effective Board consciously creating a culture of leadership and transparent corporate governance with a long term vision and requisite strategies to enable the Company to become a responsible entity working for maximization of the stakeholders' value while contributing to society is at the core of its approach. Towards this Titagarh Wagons Limited ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

Titagarh Wagons Limited also recognizes the importance of Independent Directors in achieving the effectiveness of the Board and aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board carries out an annual evaluation of its own performance, as well as the evaluation of the working of its Committees and Individual Directors. The performance evaluation was carried out in accordance with the Remuneration Policy framed by the Company within the framework of applicable laws.

#### **QUALIFICATION AND CRITERIA OF INDEPENDENCE**

- The Nomination and Remuneration Committee (NRC) and the Board shall review on an annual basis appropriate skills, knowledge and experience required of the Board as a whole and its individual members.
- NRC shall also assess the independence of the directors at the time of appointment/reappointment and the Board shall assess the same annually.
- The Board shall reassess determinants of independence when any new interest or relationships are disclosed by a Director.
- In evaluating the suitability of the individual members NRC may take into account factors such as, general understanding of the Company's business dynamics, global business and social perspective.

#### **5. 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.

*FAMILIARISATION PROGRAMME FOR INDEPENDENT  
DIRECTORS*

## 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 Titagarh Wagons Limited (TWL 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 TWL Code of Conduct, the TWL Code of Conduct for Prevention of Insider Trading and TWL 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:

The Directors are offered visits to the Company's plants, where plant heads makes 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 issue, 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 issue.

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 scenario 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.



# **PRESERVATION OF DOCUMENTS AND** **ARCHIVAL POLICY**

## **OBJECTIVE**

This policy deals with the retention and archival of the corporate records of Titagarh Wagons 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 and Disclosure Requirements) 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 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 [dinesh.arya@titagarh.in](mailto:dinesh.arya@titagarh.in)

## **Website Updation / Updates to stock exchanges**

The Company shall upload the policy on its website [www.titagarh.in](http://www.titagarh.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

# POLICY ON DISCLOSURE OF MATERIAL EVENTS/INFORMATION

## **OBJECTIVE**

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

## **REGULATORY**

TWL's equity shares are listed at BSE and NSE 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 BSE and NSE, 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.
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 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.



## **CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

[Under Regulation 8(1) of Securities and Exchange Board of India (Prohibition of  
Insider Trading Regulations), 2015]

This Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (Code for Disclosure) shall come into force from 14<sup>th</sup> May 2015.

### **<sup>1</sup>[Important Definitions:**

- (i) Legitimate purpose: shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.
- (ii) "unpublished price sensitive information": means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:-
  - (i) financial results;
  - (ii) dividends;
  - (iii) change in capital structure;
  - (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
  - (v) changes in key managerial personnel

NOTE: It is intended that information relating to the company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.

- (iii) "insider": means any person who is:
  - (i) a connected person; or
  - (ii) in possession of or having access to unpublished price sensitive information;

NOTE: Since "generally available information" is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an "insider" regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this

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<sup>1</sup> Inserted w.e.f. 01/04/2019

definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.

### **Communication or procurement of unpublished price sensitive information**

1. No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to the company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
2. No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to the company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” or purposes of SEBI (Prohibition of Insider Trading) Regulations, 2015 and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations
3. An unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:
  - (i) entail an obligation to make an open offer under the takeover regulations where the Board of Directors of the company is of informed opinion that sharing of such information is in the best interests of the company.
  - (ii) not attract the obligation to make an open offer under the takeover regulations but where the Board of Directors of the company is of informed opinion that sharing of such information is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts.
4. For purposes of point (3) above, the Board of Directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of point (3) above, and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information
5. The Board of Directors shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may

be with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.]

## **Corporate Disclosure Policy**

The Company shall ensure:

1. Prompt public disclosure including to the Stock Exchanges of Unpublished Price Sensitive Information that it believes might impact price discovery, no sooner than the time credible and tangible information comes into being, in order to make such information generally available.
2. Uniform and universal dissemination of Unpublished Price Sensitive Information to avoid selective disclosure.
3. Prompt dissemination of Unpublished Price Sensitive Information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
4. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
5. Ensuring that information shared with analysts and research personnel is not Unpublished Price Sensitive Information.
6. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
7. Handling of all Unpublished Price Sensitive Information on a need-to-know basis.

## **Dissemination of information**

The Company shall designate a senior officer as chief investor relations officer ("Chief Investor Relations Officer") who, in consultation with the Compliance Officer, shall deal with the dissemination of information and disclosure of Unpublished Price Sensitive Information.

## CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS

### 1. Introduction:

Regulation 9(1) of the newly introduced SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "Regulations") mandates a listed company to formulate a Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons, towards achieving compliance with the said Regulations, adopting the minimum standards, set out in Schedule B to the Regulations.

Accordingly, in supersession of the previous Code adopted by the Board at its meeting held on April 28, 2008, the following Code of Conduct (hereinafter referred to as the "Code") effective from May 15, 2015 has been adopted by the Board of Directors of the Company at its meeting held on 22nd May, 2015.

### 2. Important Definitions:

(i) Compliance Officer: Shri Dinesh Arya, Company Secretary has been designated so and reports to the board of directors, who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring, adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the Code(s) specified under these regulations, under the overall supervision of the board of directors of the Company.

(ii) Insider: A Connected Person (any person who in the last 6 months directly/indirectly was in the possession of any Unpublished Price Sensitive Information) and his Immediate Relative (spouse, parent, sibling, and child of such person or of the spouse).

(iv) Trading: means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.

(v) Unpublished Price Sensitive Information (UPSI): means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: – (i) financial results; (ii) dividends; (iii) change in capital structure; (iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions; (v) changes in key managerial personnel; and (vi) material events in accordance with the listing agreement.

(vi) Trading Days: means a day on which the recognized stock exchanges are open for trading where securities of the Company are listed.

Other terms not specifically defined here shall have the same meaning as assigned under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

### 3. Reporting

The Compliance Officer shall report to the Board of Directors ("Board") and in particular, shall provide reports to the Chairman of the Board periodically at such frequency as may be stipulated by the Board.

#### **4. Restriction and Preservation of UPSI:**

(i) No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information.

(ii) The Designated Employees shall maintain the confidentiality of all Price-Sensitive Information. The Designated Employees shall not communicate or procure such information to any person directly or indirectly except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

(iii) UPSI is to be handled on a “need to know” basis, i.e. UPSI shall be disclosed only to those within the Company who need the information to discharge their duties.

(iv) Insiders who are perpetually in possession of UPSI and actively plan to trade in the equity of Titagarh Wagons Limited (TWL), have the option to formulate the Trading Plan and are required to contact the Compliance Officer in this regard.

#### **5. Trading Window:**

The Trading Window shall remain closed Seven (7) Trading Days before the board Meeting is scheduled to consider UPSI and shall reopen after 48 hours of that day. During the period when the Trading Window is closed no insider is allowed to buy/sale/trade in the shares of TWL.

#### **6. Pre-clearance:**

Any Insider who buys/sells/trade in shares exceeding 7000 equity shares of Rs. 2/- each fully paid up or the value of such number of shares exceeds Rs. 10 Lacs shall be required to have the trade pre-cleared by applying to the Compliance Officer. The form for pre-clearance is **attached**.

#### **7. Disclosure Responsibilities & formats**

(i) Initial Disclosures of holdings

- Every promoter, key managerial personnel and director of the Company shall disclose (**as per Form A**) his holding of securities of the Company as on the date of these Regulations taking effect, to the Company within thirty (30) days of these Regulations taking effect;
- Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a promoter shall disclose (**as per Form B**) his holding of securities of the Company as on the date of appointment or becoming a promoter, to the Company within seven (7) days of such appointment or becoming a promoter.

(ii) Continual Disclosures of trades

- Every promoter, employee and director of the Company shall disclose to the Company (**as per Form C**) the number of such securities acquired or disposed of within two (2) trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs.10,00,000/- (Rupees Ten lakh) or such other value as may be specified.

The Company shall within a period of two (2) working days from the date of receipt of such disclosures, inform the Stock Exchanges particulars of such trading.

#### **8. Penalty for contravention of Code of Conduct**

Any Designated Person contravening the Code will be liable to penalty and appropriate disciplinary action including remuneration freeze, suspension, dismissal etc. as may be decided by the Chairman of the Board in consultation with the Compliance Officer.

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For abundant precaution all Insiders are requested to contact the Compliance Officer on [dinesh.arya@titagarh.in](mailto:dinesh.arya@titagarh.in) before sale/purchase or dealing in the Company's shares. A copy of the SEBI (Prohibition of Insider Trading Regulations), 2015 is available on the website of the Company [www.titagarh.in](http://www.titagarh.in)

## **NOTICE**

**Titagarh** is committed to providing and promoting a safe, healthy and congenial working environment that enables employees to work without fear irrespective of gender, caste, creed or social class and sexual harassment. Titagarh strives to create a work environment in which employees can realize their maximum potential.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is a legislative Act in India that seeks to protect women from sexual harassment at their place of work. Based on the Act, the management of Titagarh has put in place a policy against sexual harassment in the workplace and is directed to ensure zero tolerance towards verbal, psychological, physical conduct of a sexual nature by any employee or stakeholder that directly or indirectly harasses, disrupts or interfaces with another's work performance or that creates an intimidating, offensive or hostile environment.

It is therefore mandatory for all employees/consultants (including Trainees/Apprentices/Contract Workers) to follow this policy and the guidelines formulated herein. Sexual Harassment at workplace will be deemed to be a violation / breach of terms of employment, and a criminal offence in addition to violation of gender equality guaranteed under the constitution.

Any individual employee/consultant who is found to have violated the harassment policy shall be subject to appropriate disciplinary action as decided by the constituted Internal Complaints Committee (ICC), in accordance with the statutory provisions and to consider and redress the complaints of any Sexual Harassment. This Policy extends to all employees of Titagarh. The Internal Complaints Committee (ICC) of Titagarh will take all necessary and reasonable steps to assist the affected person in terms of support and preventive action if they choose to file complaint under the Indian Penal Code and ensure that victims or witnesses are not victimized or discriminated against while dealing with complaints of sexual harassment.

The new Act has recognized Sexual Harassment which includes unwelcome sexually determined behaviour (whether directly or by implication) such as:

1. Physical contact and advances;
2. A demand or request for sexual favours;
3. Sexually coloured remarks;
4. Showing pornography;
5. Any other unwelcome physical, verbal or non-verbal conduct of sexual nature.

The punishments as incorporated in the Indian Penal Code are as follows:

1. IPC Section 292: Obscenity: First conviction with imprisonment of either description for a term which may extend to two years, and with fine which may extend to two thousand rupees, and, in the event of a second or subsequent conviction, with imprisonment of either description for a term which may extend to five years, and also with fine which may extend to five thousand rupees.

2. IPC Section 293: Obscenity: First conviction with imprisonment of either description for a term which may extend to three years, and with fine which may extend to two thousand rupees, and, in the event of a second or subsequent conviction, with imprisonment of either description for a term which may extend to seven years, and also with fine which may extend to five thousand rupees.

3. IPC Section 294: Obscenity: Punishment with imprisonment of either description for a term which may extend to three months, or with fine, or with both.

4. IPC Section 354A: Sexual Harassment: Shall be punished with rigorous imprisonment for a term which may extend to three years, or with fine, or with both for offence specified in clause (I) or clause (ii) or clause (iii) of sub-section (I) and with imprisonment of either description for a term which may extend to one year, or with fine, or with both for offence specified in clause (iv) of subsection (I).

5. IPC Section 354B: Sexual Harassment: Shall be punished with imprisonment of either description for a term which shall not be less than three years but which may extend to seven years, and shall also be liable to fine.

6. IPC Section 354C: Sexual Harassment: Shall be punished on first conviction with imprisonment of either description for a term which shall not be less than one year, but which may extend to three years, and shall also be liable to fine, and be punished on a second or subsequent conviction, with imprisonment of either description for a term which shall not be less than three years, but which may extend to seven years, and shall also be liable to fine.

#### FOR GIVING INFORMATION/MAKING COMPLAINT

Internal Complaints Committee: Contact: Ms. Paramjeet Walia - Phone No. 40190800

Any employee who feels that he/she is being sexually harassed directly or indirectly may submit a complaint of the alleged incident to the Internal Complaints Committee (ICC) in writing within 15 days of occurrence of incident.

**Tolerating sexual harassment is only going to make the offender bolder. Hence report it forthwith.**



## CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

**TITAGARH WAGONS LIMITED (“TWL”) is committed to maintaining sound standards of** business conduct and Corporate Governance.

The Board of Directors (the “Board”) and the senior management of TWL undertake to abide by the Code of Conduct (the Code) adopted by the Board and affirm compliance with this Code on an annual basis by acknowledging the same as provided hereinafter.

The Code for the Board of Directors and Senior Management was framed in terms of the then Clause 49 of the Listing Agreement with BSE and NSE and adopted on the 28th April, 2008. Subsequent to coming into force of the SEBI (Listing Obligations and Disclosures) Regulations, 2015 (LODR) the Code has been duly updated in conformity with the applicable Regulations of the LODR (the Code). The Code is hereby also supplemented suitably pursuant to the LODR by incorporating herein duties of Independent Directors laid down in the Schedule IV to the Companies Act, 2013 (the Act) (the Duties of I.D.).

The statement containing duties of I.D. has been handed over to them and also posted annexed to the Code on the web site [www.titagarh.in](http://www.titagarh.in)

### **APPLICABILITY**

The Code is applicable to all the members of the Board of Directors and senior management of the Company. Senior Management shall mean personnel of the Company who are members of its core management team excluding Board of Directors and include all members of management one level below the executive directors, including all functional heads.

### **THE CODE**

***Conflict of Interest:*** The Directors and senior management should be scrupulous in avoiding ‘conflict of interest’ with the Company. In the event of a potential conflict of interest in any transaction with any of the business partners/associates, in the case of (a) senior management personnel, he/she should make full disclosure of all facts and circumstances prior to giving effect to such transactions, to the VCMD/CEO and in the case of (b) Managing Director and/or (c) Chairperson, he should make full disclosure of all facts and circumstances thereof to the Board of Directors for deliberation and necessary action.

***Honest and Ethical Conduct:*** The Directors and senior management shall act with the highest standards of personal and professional integrity and ethical conduct and use their powers of office vested with fiduciary duties, in good faith and in the best interests of the Company as a whole.

***Confidentiality:*** The Directors and senior management shall maintain the confidentiality of sensitive information of the Company or that of any customer, supplier or business associate of the Company in respect of which the Company has a duty to maintain confidentiality, except when disclosure is authorized or legally mandated. The Confidential information includes all non-public information (including private, proprietary, and so on) that might be exploited by the competitors or disclosure of which might be harmful to the Company or its associates. The use of confidential information for his/her personal advantage or gain is also strictly prohibited.

***Protection and Proper Use of the Company's Assets:*** The Directors and Senior management should protect the Company's assets and property. The Company's assets should be used only for legitimate business purposes.

***Compliance with Laws, Rules and Regulations:*** The Directors and senior management shall ensure compliance with all applicable laws, rules and regulations applicable to the Company. Transactions, directly or indirectly, involving securities of the Company should not be initiated unless fully compliant with the Code of Conduct for Prohibition of Insider Trading.

**DUTIES OF DIRECTORS**

Every Director of the Company shall endeavor to comply with the provisions of Section 166 of the Act and rules made thereunder. Further, the Independent Directors shall also endeavor to perform such duties as are laid down in the Schedule IV to the Act.

**COMPLIANCE WITH CODE OF CONDUCT**

Each Director and senior management personnel shall adhere to this Code of Conduct and affirm compliance with the Code as of the date of appointment/reappointment and thereafter on annual basis as stipulated in the Regulation 17 of LODR. Violation of this Code will lead to appropriate action. The Board reserves its right to amend the Code in whole or part at any time provided such modification is not inconsistent with the provisions of the Act or LODR.

***I have noted the contents of above Code of Conduct and affirm compliance therewith so far it relates to me as an Independent Director.***

Name: .....

Designation:

Kolkata, the .... day of April,