



Indian Machine Tool
Manufacturers' Association

Corporate Governance Policies



IMTMA's Corporate Governance Policies:

PART A: Policy on Vigil Mechanism

PART B: Duties of Directors as per Companies Act

PART C: Fiduciary Role & Responsibilities of Directors

PART D: Role, Responsibilities & Code of Conduct Guidelines



PART A

POLICY ON VIGIL MECHANISM



PREFACE AND OBJECTIVE

Pursuant to Sec. 177 (9) and (10) of the Companies Act, 2013, it is obligatory for IMTMA to formulate a Vigil Mechanism Policy for the Directors and Employees to report genuine concerns in such manner as may be prescribed.

PROCEDURE



- Any Executive Committee Member (Director) or employee having grievance / concerns against another member/employee will refer the same to the Director General of the Company who will appoint an investigating officer to carry out an investigation on the matter reported.
- The investigating officer will complete the investigation within a period of 45 days.
- The Director General shall inform the complainant of the outcome of such investigation, within 15 days of completion of the investigation.



REVIEW

In case where the complainant is of the view that the complaint has not been treated fairly, he can prefer a review application to the Chairman of the Audit Committee.

SECRECY OR CONFIDENTIALITY

The complainant, the Subject, the Investigators and everyone involved in the process shall maintain secrecy and remain confidential about the protected disclosure and if such information is made public, the same shall be reckoned seriously.

POLICY DOCUMENT IS DISPLAYED ON IMTMA WEBSITE
www.imtma.in



PART B

DUTIES OF DIRECTORS AS PER COMPANIES ACT, 2013



SPECIFIC DUTIES PRESCRIBED UNDER THE COMPANIES ACT, 2013



UNDER SECTION 166:

1. Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
2. A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
3. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
4. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.



SPECIFIC DUTIES PRESCRIBED UNDER THE COMPANIES ACT, 2013

UNDER SECTION 166:

5. A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
6. A director of a company shall not assign his office and any assignment so made shall be void.
7. If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.



OTHERS:

1. Administration & Compliance:

- i. Filing returns with the Registrar of Companies
- ii. Convening Shareholders' Meetings
- iii. Approval of Company's documents
- iv. Audit Requirements

2. Restriction on activities and Disclosure of Information:

- i. Receipt of Compensation
- ii. Attending Board Meetings
- iii. Duties during Voluntary Winding up of a Company

3. Other Statutory Duties:

- i. Duties under Foreign Exchange Management Act.
- ii. Duties under the Negotiable Instruments Act.
- iii. Duties under the Competition Act.
- iv. Duties under Labour Laws.

For details, refer to Companies Act, 2013



PART C

FIDUCIARY ROLE & RESPONSIBILITIES OF DIRECTORS

In a free enterprise, the community is not just another stakeholder in the business but in fact the very purpose of it's existence.

Jamshedji Tata



Definition of Fiduciary:



- 1 : of, relating to or involving confidence or trust, e.g. a guardian acting in his fiduciary capacity.
- 2 : of, relating to a fiduciary or the position of a fiduciary e.g. a fiduciary bond.
3. One is often in a position of authority and obligates himself/herself to act on behalf of another (as in managing money or property of an association) and assumes a duty to act in **good faith** and with **care, candor**, and **loyalty** in fulfilling the obligation.





Fiduciary relationships often concern money, but the word fiduciary does not, in and of itself, suggest financial matters. Rather, fiduciary applies to any situation in which one person justifiably places confidence and trust in someone else and seeks that person's help or advice in some matter.

Characteristically, the fiduciary has greater knowledge and expertise about the matters being handled. A fiduciary is held to a **standard of conduct and trust above that of a casual business person**. He/she must avoid “self-dealing” or “conflicts of interests” in which the potential benefit to the fiduciary is in conflict with what is best for the people who trust him/her.

Latin *fidere*, which means “to trust”



Trustee:

One to whom something is entrusted;

A natural or a legal person or an association of persons to whom property is legally committed to be administered for the benefit of a beneficiary or larger group of stakeholders.





(A) Statutorily Constituted Fiduciary Duties:

Recognised under the laws of Corporate Governance:

1	Directors must act honestly, without negligence and in good faith; in the bona fide best interests of the company/association and stakeholders.
2	Directors must not exercise the powers conferred upon them for purposes different from those for which they were conferred.
3	Directors must not fetter their discretion for any reason whatsoever.
4	Directors must not, without the informed consent of the company, place themselves in a position in which their personal interests or duties to other persons are liable to conflict with their duties to the company or where there is a real and distinct possibility of conflict.
5	Directors have a duty not to compete with the company/institutions.

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(A) Statutorily Constituted Fiduciary Duties:

6	Duty of Care:	Prior to making decisions, all material information is gathered.
7	Duty of Loyalty:	Not to use their position of trust and confidence to further their private interests.
8	Duty of Good Faith:	Business judgement rule requires that Directors acted in good faith and in the honest belief that actions taken was in the best interest of the institution.
9	Duty of Confidentiality:	Not to disclose confidential information or use it for own benefit.
10	Duty of Prudence:	Administer with a degree of care, skill and caution that a prudent Director would exercise.
11	Duty of Disclosure:	Act in complete Candor



(B) Fiduciary Duties in Common Laws:

A Director/Trustee/Managing Committee Member on Board of a Public Institution, an Industry Association, a Society or similar honorary or social organisation, **MUST:**

- 1) Recognise that he occupies the chair representing the entire industry and not merely his own company and act accordingly.
- 2) Concept of Trusteeship must be fully understood and put in practice.
- 3) Fairness, Transparency and Integrity in all dealings with and by one and all.



(B) Fiduciary Duties in Common Laws:

- 4) Not to use Association's properties for self use or own benefit.
- 5) Not to discriminate on the basis of caste, religion, colour, ancestry, marital status, gender age, nationality, ethnic origin or disability.
- 6) Zero tolerance for harassment of any kind.
- 7) Constantly monitor protection of environment.

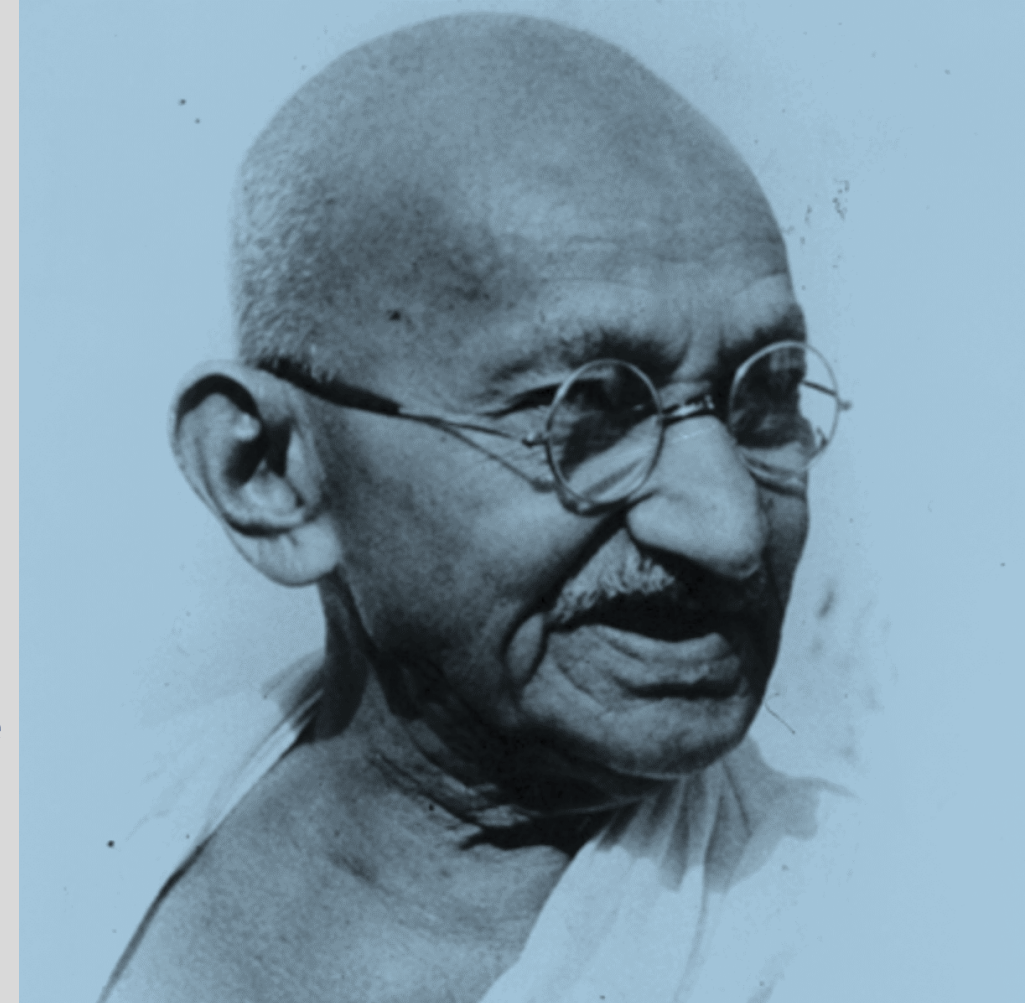


(C) Gandhian Concept of Trusteeship:

Form of Economic Governance

Gandhian concept of Trusteeship;

- Be responsible for my life as well as lives of others in relationship with me,
- Mutuality, mutual responsibility, common good,
- Position in which people/members repose Trust. Living upto their Trust.
- Trusteeship, as applicable to the corporate world, refers to the act of holding and managing resources on behalf of the stakeholders of the firm.



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(C) Gandhian Concept of Trusteeship:

Form of Economic Governance.



- Given that the traditional take on wealth has almost always been tilted towards owners of corporations, this concept brings in an element of equity, by placing other stakeholders such as employees, customers, business associates, government, society and environment on the same level as large and small shareholders.
- The idea is that all wealth, including human, financial and technological resources, belong to the society and the rewards accruing from their use must revert to society at large (IMTMA members).



(C) Gandhian Concept of Trusteeship:

Form of Economic Governance.

- The principles of trusteeship can be traced to the concept of collective endeavor and community benefits;

Resources must be held and utilized for the benefit of society.

Managers are the trustees of the stakeholders and must work towards optimizing stakeholder value, not merely maximizing shareholder value.

Fiduciary Role & Responsibilities of Directors



Highlights:

- Stakeholders are more important than Shareholders.
- Hold the position as a 'Guardian' of the industry.
- Good faith, care, candor, loyalty, honesty, prudence and ethics are paramount.
- Conduct must be above that of a casual business person.
- Must avoid conflict of interest at all costs.
- Common good and bonafide interests of the association are supreme.
- Pursue and foster concept of 'Trusteeship', resources belong to membership at large, all stakeholders.



PART D

ROLE, RESPONSIBILITIES & CODE OF CONDUCT GUIDELINES



Roles:

- 1) Actively share non-confidential information related to technology development, innovation, import substitution, best practices, success stories, industry performance and global opportunities in my organisation or otherwise.
- 2) Participate and contribute to success of training programmes through identifying topics, designing contents, deputing delegates, providing or sponsoring faculty members and personally leading some of the initiatives.
- 3) Initiate, lead and shoulder responsibilities in activities of the Association like exhibitions forums, delegations, deliberations, cluster development, promotion of business excellence, AMTTF etc.

Roles:



- 4) Coordinate and facilitate activities of the Association in my region and communicate members needs to the Association.
- 5) Effectively promote machine tool industry's image and build 'Made in India' brand by being an ambassador of the Association to financial institutions, vendors, suppliers other industry associations, governmental bodies and global markets.



Responsibilities:

Allocate following resources in my organisation/company to -

- 1) Nominate a coordinator, and inform his contact details to the Association, Executive Committee members, and other relevant organisations.
- 2) Inform nominated persons in various departments to pass on important information which could be shared with the Association.
- 3) Allocate time for Association information-sharing related activities.
- 4) Allocate expenditure in my organisation/company budget for participating in activities of the Association including travel/stay costs, etc.
- 5) Provide faculty and facility in the region to support programmes of the Association.



Responsibilities:

- 6) Assign senior managers in my organisation/company to promote the Association programmes.
- 7) Encourage key members in my organisation/company to actively participate in events of the Association, subject to their core competencies and areas in which they can contribute.
- 8) Spend specified time every week for Association's activities.
- 9) Attend a minimum 90% of the Executive Committee meetings, as well as 66% of other forum/meetings.
- 10) Make necessary disclosures and comply with the requirements of Companies Act, 2013 and Articles of the Association of IMTMA.
- 11) Participate in exhibitions with display of world-class standards.



Responsibilities: Actively involve to -

- 1) Build bridges with customer associations like ACMA, SIAM, IEEMA, OFB, Railways. etc.
- 2) Interact with R&D educational institutions to promote industry-institution linkage.
- 3) Regularly interact with financial institutions to explore financial assistance funding options for the machine tool industry.
- 4) Generally use my area of influence for spreading the goodwill of the Association.
- 5) Find out training needs of members in the region, to enable the Association to structure the training calendar for the year.



Responsibilities: Actively involve to -

- 6) Consistently identify activities of interest to members of the Association.
- 7) Be a channel of communication for the membership in the region.
- 8) Facilitate implementation of the programme in other regions through the Association.
- 9) Facilitate meetings of local members to understand issues and receive regular feedback to assess effectiveness of the Association activities for future improvements, and take up matters in the Executive Committee meetings.
- 10) Share non-confidential proceedings of the Executive Committee meetings with local members.



Responsibilities: Actively involve to -

- 11) Be on the lookout for new sources of information and share market information for the benefit of other members.
- 12) Keep abreast of economic and political developments at the domestic and global levels.
- 13) Share market information for the benefit of other members.
- 14) Create awareness of the Vision and Mission of the Association.
- 15) Establish links with media and arrange to contribute/publish news regularly about the machine tool industry.
- 16) Create awareness, promote and facilitate cluster approach amongst machine tool manufacturers/vendors in the region.



Responsibilities: Actively / regularly participate in -

- 1) Maximum number of Association's activities, and be an 'ambassador' for image building.
- 2) Shouldering common Association's responsibilities in exhibitions, conferences, delegations, etc.
- 3) Being personally aware of the Association's plans, on an ongoing basis.
- 4) Championing a chosen area and take the responsibility to make it happen.
- 5) Leveraging my knowledge/skill with grit and determination for furthering the cause of the Association's activities.
- 6) Promoting the Association's programmes for maximum participation of members.

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Responsibilities: Actively / regularly participate in -

- 7) Leading, at least one programme, for the Association in a year.
- 8) Making excellent machines and provide superior services.
- 9) Making customer demand friendly machines (such as TPM, lean manufacturing, etc.).
- 10) Maintaining a data bank of structured information.
- 11) Participate in R&D initiatives of the Association.



Code of Conduct: Things I will always do -

- 1) Display transparency, punctuality and sincerity in all my transactions.
- 2) Provide accurate data to the Association.
- 3) Raise the industry's standard through positive outlook and behavior.
- 4) Share learning's through open communication and involvement in activities of the Association.
- 5) Devote time, provide resources and promptly respond to communications.
- 6) Pay all my dues to the Association within the stipulated time.



Code of Conduct: Things I will always do -

- 7) Be a contact point and promote the interest of domestic manufacturers and communicate their concerns to the Association.
- 8) Promote cooperation amongst members and build relationships.
- 9) Be the Association's spokesperson.
- 10) Help create opportunity and recognition for others and help fulfill the Vision of the industry.
- 11) Fulfill commitment, be responsive and display cordial attitude to make Association's work enjoyable and satisfying.



Code of Conduct: Things I will always do -

- 12) Support constructive criticism rather than being critical.
- 13) Always respect views of others and display trust in them.
- 14) Preserve strict confidentiality of sensitive data.
- 15) Uphold government laws.
- 16) Follow the guidelines, rules and regulations of the Association in all dealings.
- 17) Respect the Association's Secretariat and motivate them to perform.
- 18) Uphold ethical practices.



Code of Conduct: Things I will never do -

- 1) Mislead fellow members or the Association.
- 2) Unethical practices to hurt other members, and be disrespectful to them either inside or outside the Association.
- 3) Bring down the image of Indian industry and denigrate other member(s).
- 4) Ask or seek competitor's data from the Association.
- 5) Use the Association's platform for promoting myself or my organisation / company.
- 6) Quote figures, etc. to the media without specific information from the Association's Secretariat.

Code of Conduct: Things I can expect from the Association-



- 1) True and factual industry data, so that a strategy can be formulated.
- 2) Impartiality and transparency in all transactions of the Association towards all members.
- 3) Build linkages through other Associations, etc. to represent issues with policy-makers.
- 4) Consider the members convenience and location for organising Executive Committee meetings.
- 5). Responsive Secretariat to meet the needs of all Executive Committee members.

Association's benefit will not be extended to defaulting member companies.



THANK YOU