

Central Warehousing Corporation (CWC) - Joint Venture Policy

1. Introduction The Central Warehousing Corporation (CWC), a premier warehousing and logistics entity in India, aims to expand its operational capabilities in the modern storage system including automation of warehousing operations, construction and operations, maintenance of Silos, EXIM (ICD/CFS), distribution & logistics, and transportation sectors. To achieve this, CWC intends to enter into strategic joint ventures (JVs) with both Government and Private sector entities in the related field.

2. Objectives of the Joint Venture Policy

- I. To further strengthen CWC's presence in agri-storage and logistics, bulk storage, EXIM (ICD/CFS), Distribution, logistics, and transportation sectors.
- II. To enhance the operational efficiency and competitiveness of CWC in areas where it does not currently hold a competitive advantage and to strengthen its position in the above sectors.
- III. To leverage the technical expertise, technology, infrastructure, and market access of existing Government/Private players in above sectors with CWC's expertise in warehousing and its allied activities.
- IV. To leverage the CTO Category-I license granted to CWC by Indian Railways and to plan, formulate and execute comprehensive end-to-end logistics solutions.
- V. To leverage the brand and expertise of CWC in the sector including optimal utilization of the available assets to its maximum potential to derive the best possible returns,

3. Scope of the Joint Ventures The policy will cover joint ventures in the following areas:

- I. **EXIM (ICD/CFS) Business:** Business Area in Inland Container Depots (ICD) and Container Freight Stations (CFS) for handling of export-import logistics and other related services. The major points which CWC is looking from JV partners is as follows:
 - A. **Investment and Infrastructure Development:** The JV partner will be responsible for bringing in the required capital for the development, expansion, and modernization of the CFS/ICD facilities. This includes constructing new terminals, upgrading existing infrastructure, installing handling equipment, and building warehousing units.
 - B. **Operational Management:** The JV partner manages day-to-day operations at the CFS/ICD, including container handling, cargo storage, customs clearance, and value-added services (e.g., packing, labelling). This involves

efficient coordination of yard operations, vehicle movements, and container stacking.

- C. **Market Access and Customer Acquisition:** The JV partner leverages its existing network of clients, including exporters, importers, shipping lines, and freight forwarders, to attract business to the CFS/ICD. Their role includes marketing and business development to ensure high throughput and occupancy rates.
 - D. **Technology Integration:** The JV partner is responsible for implementing advanced technology solutions to streamline operations. This includes setting up digital platforms for container tracking, inventory management systems, automation of customs documentation, and real-time data sharing with customers and stakeholders.
 - E. **Regulatory Compliance and Liaison:** The JV partner will ensure compliance with all regulatory requirements, including obtaining necessary licenses and clearances from customs, port authorities, and other government agencies. They shall maintain adherence to safety, environmental, and operational standards as per legal requirements.
 - F. **Financial Management and Reporting:** The JV partner will manage the financial aspects of the CFS/ICD operations, including budgeting, cost control, revenue generation, and financial reporting. They are responsible for preparation of financial statements and reports for stakeholders, ensuring transparency and adherence to accounting standards.
 - G. **Customer Service and Relationship Management:** The JV partner will handle customer interactions, ensuring high service quality, timely processing of shipments, and effective handling of customer queries and complaints. They work to build strong relationships with key clients and stakeholders to foster long-term business.
 - H. **Workforce Training and Development:** The JV partner is responsible for recruiting, training, and managing the workforce at the CFS/ICD. This includes enhancing the skills of employees in areas such as cargo handling, customs procedures, IT systems, and customer service to improve overall operational efficiency.
 - I. **Risk Management and Contingency Planning:** The JV partner identifies potential risks (e.g., market fluctuations, operational disruptions, regulatory changes) and develops risk mitigation strategies. This includes contingency planning for events like port strikes, natural disasters, or changes in trade policies to minimize impact on operations.
 - J. **Strategic Planning and Business Expansion:** The JV partner will contribute to strategic decision-making, including identifying new business opportunities, planning for capacity expansion, and exploring additional revenue streams such as multimodal transport, or value-added logistics solutions related to above business ventures.
- II. **Distribution & Logistics and 3PL:** Business Area related to Warehousing, storage, inventory management, supply chain solutions, and value-added

services. The major points which CWC is looking from JV partners is as follows:

- A. **Infrastructure Development and Investment:** The JV partner will contribute to capital investments required for setting up or upgrading distribution centers, fulfilment hubs, and warehousing facilities. This includes financing the construction of state-of-the-art warehouses, implementing automated storage solutions, and establishing distribution networks in key locations, Furthermore investing in transportation infrastructure, including expanding the fleet (trucks, rail wagons, and vessels), and developing intermodal terminals to enhance connectivity between road, rail, sea, and air transport.
- B. **Supply Chain Optimization:** The JV partner will bring expertise in optimizing the supply chain, focusing on inventory management, demand forecasting, and efficient order processing. They will develop and implement strategies to minimize lead times, reduce stock outs, and streamline product flow from suppliers to end customers.
- C. **Technology Integration and Digital Transformation:** The JV partner will lead the adoption of advanced technologies such as Warehouse Management Systems (WMS), Transportation Management Systems (TMS), and real-time tracking solutions as per customer's requirement. This digital transformation shall enhance inventory visibility, order accuracy, and overall operational efficiency.
- D. **Market Access and Client Acquisition:** Leveraging their market experience, the JV partner will bring in an established client base, including manufacturers, retailers, e-commerce companies and others. They will focus on acquiring new clients, particularly in industries such as FMCG, pharmaceuticals, electronics, defence, automotive and others, to drive business growth.
- E. **Operational Management and Service Delivery:** The JV partner will oversee daily operations, including warehouse management, order fulfilment, packaging, and First-mile/last-mile delivery. This involves ensuring timely and accurate service delivery while maintaining high standards of quality, safety, and customer satisfaction. The JV partner will adopt best practices in logistics management, including route planning, load optimization, and efficient scheduling to reduce operational costs, enhance asset utilization, and increase overall profitability.
- F. **Multimodal Transport Integration:** The partner will facilitate the integration of multimodal transport solutions (road, rail, air, and sea) to enhance the efficiency of the distribution network. They will focus on optimizing transport routes, reducing transit times, and lowering overall logistics costs through better modal choices.
- G. **Regulatory Compliance and Risk Management:** The JV partner will ensure adherence to regulatory requirements, including local and international trade laws, safety standards, and environmental regulations.

They will also implement risk management frameworks to address issues such as supply chain disruptions, compliance risks, and operational safety.

- H. **Value-Added Services:** The JV partner will provide value-added services such as packaging, labeling, kitting, quality inspection, and reverse logistics (returns management) etc. to enhance service offering and to attract clients looking for comprehensive logistics solutions.
- I. **Sustainability and Green Logistics Initiatives:** The JV partner will collaborate in implementing sustainable practices, including energy-efficient warehousing, use of electric vehicles for transportation, and waste reduction strategies.
- J. **Strategic Planning and Business Expansion:** The JV partner will play a key role in developing long-term business strategies, including identifying new market opportunities, expanding the distribution network to underserved regions, and exploring new service offerings.

III. **Transportation:** Road, rail, and multimodal transport services.

- A. **Infrastructure Investment and Fleet Expansion:** The JV partner will be responsible for investing in transportation infrastructure, including expanding the fleet (trucks, rail wagons, and vessels), building distribution hubs, and developing intermodal terminals to enhance connectivity between road, rail, sea, and air transport.
- B. **Development of Multimodal Transport Solutions:** The JV partner will focus on providing integrated multimodal transport services, combining road, rail, air, and sea freight to offer seamless end-to-end logistics solutions. This approach helps optimize routes, reduce transit times, and minimize handling costs.
- C. **Technology Integration for Real-Time Tracking:** The JV partner will implement advanced technology solutions such as GPS tracking, Fleet Management Systems (FMS), and Internet of Things (IoT) devices to enable real-time tracking of shipments, improve route optimization, and enhance visibility throughout the supply chain.
- D. **Market Access and Customer Acquisition:** The JV partner will leverage its existing network and industry relationships to bring in new customers from sectors such as manufacturing, retail, FMCG, pharmaceuticals, e-commerce and others. The focus will be on expanding the customer base and increasing market share.
- E. **Operational Efficiency and Cost Optimization:** The JV partner will adopt best practices in logistics management, including route planning, load optimization, and efficient scheduling. This will help reduce operational costs, enhance asset utilization, and increase overall profitability.
- F. **Comprehensive Service Offerings:** The JV will offer a wide range of transportation services, including Full Truckload (FTL), Less Than Truckload (LTL), express delivery, freight forwarding, door-to-door services, project

cargo handling, and specialized transport for perishable and hazardous goods.

- G. **Compliance with Regulatory Standards:** The JV partner will ensure compliance with all relevant transportation regulations, including safety standards, environmental regulations, customs laws, and industry-specific requirements (e.g., cold chain compliance for pharmaceuticals). This includes securing necessary permits for domestic and international transport.
 - H. **Risk Management and Insurance Coverage:** The JV partner will implement comprehensive risk management strategies, including securing insurance coverage for cargo, vehicles, and personnel. This will help mitigate risks related to transit delays, cargo theft, accidents, and legal liabilities.
 - I. **Focus on Sustainability and Green Logistics:** The JV partner will prioritize the adoption of eco-friendly practices, such as using electric vehicles (EVs), biofuels, and optimizing transport routes to reduce carbon emissions.
 - J. **Strategic Planning for Business Growth:** The JV partner will contribute to long-term strategic planning, focusing on expanding the transportation network, entering new markets, and exploring opportunities for service diversification. This includes evaluating potential partnerships, and innovations in logistics technology.
- IV. **Bulk Storage and Silo:** Construction, maintenance and operations of silo for bulk storage of food grains and other bulk cargo like cements, fertilizer, industrial raw material etc.
- A. **Infrastructure Investment:** The JV partner will be responsible for investing in land and silo infrastructure, including expansion of the project if needed.
 - B. **Development of Multimodal Transport Solutions:** The JV partner will focus on providing integrated multimodal transport services, combining road, rail to offer seamless end-to-end logistics solutions. This approach helps optimize routes, reduce transit times, and minimize handling costs, operational losses and harness the efficiency.
 - C. **Technology Integration:** The JV partner will implement advanced technology solutions for silo management which includes operation and management of the stored items in such silo which would enable real time decision making by utilizing sensor, Artificial Intelligence,(AI), Machine Learning (ML), Internet of Things (IoT) devices but not limiting to the above described items and anything which is needed with the evolving technology for such bulk storage shall be implemented for the proper maintenance and management of the system to optimize the storage solutions and improved operational efficiency. Obsolescence in technology deployed is a key challenge and opting the latest development should be the motto.
 - D. **Market Access and Customer Acquisition:** The JV partner will leverage its existing network and industry relationships in association with CWC to bring in new customers from various target sectors for maintaining the optimal utilization of the storage infrastructure. The focus will be on expanding the customer base and increasing market share.

- E. **Operational Efficiency and Cost Optimization:** The JV partner will adopt best practices in silo management for attaining the operational efficiency and cost optimization. This will help reduce operational costs, enhance asset utilization, and increase overall profitability.
- F. **Comprehensive Service Offerings:** The JV will offer a wide range of services, including total quality management operations, un-packaging/debugging, bagging, labelling, branding if any, standardization etc but not necessarily limited to these stated tasks and may have to undertake any other activities as required from time to time as a part of value addition.
- G. **Compliance with Regulatory Standards:** The JV partner will ensure compliance with all relevant regulations including FSSAI, Legal Metrology Act including safety standards, environmental regulations, customs laws, and industry-specific requirements. This includes securing necessary license for operations and maintenance as per the requirements.
- H. **Risk Management and Insurance Coverage:** The JV partner will implement comprehensive risk management strategies, including securing insurance coverage for the stock, asset, equipment, and personnel. This will help mitigate risks related to any eventualities including natural calamities.
- I. **Focus on Sustainability and Green Logistics:** The JV partner will prioritize the adoption of eco-friendly practices including reducing carbon foot prints in the operation and maintenance of the project which requires towards achievement of net ZERO target as per the GoI commitments.
- J. **Strategic Planning for Business Growth:** The JV partner will contribute to long-term strategic planning, focusing on expanding the business, entering new markets, and exploring opportunities for value addition, diversification and both vertical and horizontal integration with the existing business for a synergistic effect. This includes evaluating potential partnerships, and innovations in operational technology.

4. Joint Venture Structure The joint ventures will be structured based on the type of partner involved:

A. With Government Entities

- **Equity Structure:** CWC will hold a **50% stake**, and the partner Government entity will hold the remaining **50% stake**.
- **Governance:** The Board of Directors will have equal representation from CWC and the Government entity.
- **Decision-Making:** Major decisions will require consensus from both parties to ensure a balanced approach.

B. With Private Sector Entities

- **Equity Structure:** CWC will hold a **maximum of 49% stake**, and the private sector partner will hold **a minimum of 51% stake**.

- **Governance:** The private sector partner will have a majority representation on the Board of Directors, but CWC will retain significant rights to protect its interests.
- **Decision-Making:** Decisions related to strategic investments, business expansions, and changes in the JV structure will require approval from both CWC and the private partner.
- **Constitution of the JV Structure:** The joint venture so created shall be registered as a 'Company' under the Companies Act'2013 and accordingly, shall abide by the Rules and regulations applicable for a company under the said Act. The Joint Venture so created under the companies Atc'2013 shall be a separate legal entity with separate CIN, PAN, TAN and GST number.
- **Maintenance & Audit of Books of Accounts of JV :** All Joint Ventures formed under this policy of Company under Companies Act, 2013 shall ensure preparation of the financial statements in the manner specified under sub section (1)of Section 129 of Companies Act, 2013. It shall be the responsibility of the Joint Venture partner to prepare and finalize separate books of Accounts in respect of Joint Venture operations and arrange to get the same audited as per the statutory timelines as per the the law in force. Profitability shall be determined on the basis of such separate audited Accounts. Considering that both the parties have financed the incremental investments, the surplus/deficit/gross operating margins will be shared in the same proportion of finance. The Joint Venture partner shall be responsible for appointment of Statutory Auditors and satisfactory conclusion of Audit of Annual Accounts of the Joint Venture. Annual Accounts of the JV are to be made available to CWC before finalization of CWC Annual Accounts for consolidation purposes as per IndAS.
- **C&AG audit requirements :** The C&AG of India conducts compliance audit and financial audit of JVs ,where share of Government company in equity either separately or in combination with other government Companies/Corporations is more than 51% of the paid up capital and which are registered under the Indian Companies Act, 1956 or Companies Act, 2013. In respect of JVs incorporated in India under the Companies Act, 1956 or Companies Act, 2013 where Government Company's share either separately or in combination with other Companies/Corporations is less than 51% of the paid up capital and in case of unincorporated JVs, the C&AG of India has no power either to conduct compliance audit or financial audit on accounts of such JVs. The Joint Venture Partner shall be under the obligation to supply for any information required by CWC as part of the audit conducted by the C&AG of India on CWC Accounts.

5. Criteria for Partner Selection: The Joint Venture Partner will be selected as per the Government guidelines in vogue from time to time and as per the business need of CWC.

- **Government Entities:** Preference will be given to public sector undertakings (PSUs) and Government-backed organizations with relevant experience in logistics & Supply Chain and Transportation.
- **Private Sector Entities:** Selection will be based on the partner's market reputation, financial stability, expertise in the relevant field and proven track record in similar projects.

6. Compliance with Warehousing Corporations Act, 1962 and its provisions revised from time to time.

- All joint ventures formed under this policy will adhere to the provisions of the Warehousing Corporations Act, 1962, ensuring:
 - 1) Maintenance of proper accounts and records.
 - 2) Compliance with audit requirements as per the Act.
 - 3) Adherence to guidelines for the safekeeping of goods.
 - 4) Regular reporting to ensure transparency and accountability.

7. Operational Framework

- **Management Structure:** The management of the JV will be overseen by a board of directors, with members appointed by both CWC and the JV partner.
- **Performance Monitoring:** CWC will implement performance monitoring mechanisms to regularly evaluate the JV's performance, focusing on key metrics such as revenue growth, market share, customer satisfaction, and operational efficiency.

8. Risk Management

- **Risk Assessment:** Comprehensive risk assessments will be conducted before entering into any JV, covering financial, operational, and regulatory risks.
- **Mitigation Strategies:** Risk mitigation strategies will be developed, including clear exit clauses, indemnity provisions, and dispute resolution mechanisms.

9. Exit and Termination

- The policy will include provisions for the exit or termination of the JV in case of:
 - 1) Non-performance or consistent losses over a specified period.
 - 2) Breach of agreement or legal violations by either party.
 - 3) Change in regulatory framework affecting the feasibility of the JV.

10. Approval Process

- All joint ventures will require approval from CWC's Board of Directors as well as prior approval from Central Government i.e., from the Ministry of Consumer Affairs, Food, and Public Distribution in line with the provisions of the Warehousing Corporations Act, 1962 revised/amended from time to time and/or in line of DPE OM dated MGMT-18/0006/2016-MGMT FTS 5969 dated 17.09.2024.
- For significant investments or projects exceeding a certain financial threshold as per DPE guidelines, approvals may be sought from the Ministry of Consumer Affairs, Food, and Public Distribution.

11. Policy Review and Amendments

- This JV policy will be reviewed periodically, and amendments will be made in line with changing market dynamics, regulatory requirements, and the strategic goals of CWC.
- The reviews and amendments carried out thereupon shall be informed from time-to-time.

12. Number of JV and Time line:

- The numbers of JV to be finalized by CWC is not limited and it depends on the strategic need of the Corporation as per the evolving market scenario. In any of the given focus areas, there may be more than one JVs depending up on the geography, market need and scenario.
- The process of JV formation won't be closed after some specific time period but is open ended. It's a continuous process which would be evaluated from time to time.
- Any organization, entity, individual, company, corporation who wants to form JV with CWC may apply as per the broader policy frame work envisaged herein with details of their credentials, proven track records, detailed project report, financials and any such other relevant which they feel is necessary to evaluate their proposal for an informed decision making by CWC.