

Terms and Conditions of Appointment of Independent Directors on the Board of RITES Limited

The Independent Directors are appointed on the Board of RITES Limited, pursuant to the order of Ministry of Railways, Government of India (“MoR”). The appointment of Independent Directors of the Company is subject to confirmation by shareholders in the next Annual General Meeting and the extant provisions of applicable laws including (i) Companies Act, 2013 (ii) Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and (iii) Articles of Association of the Company, and is generally for a period of three years or till further orders by “MoR”, whichever is earlier.

COMMON TERMS AND CONDITIONS

The term ‘Independent Director’ should be construed as defined under the Companies Act, 2013 and the listing agreement/ SEBI Listing Regulations as amended from time to time.

The Board has also constituted Board Level Committees as required under statutory regulations and guidelines and to facilitate the smooth & efficient flow of decision making process. The Independent Director may be inducted to serve as Chairperson/ Member on any of the said Committees or any of other Committee(s) as may be constituted from time to time. Their appointment on such Committee(s) shall be subject to applicable law.

FUNCTIONS, RESPONSIBILITY AND DUTIES

The role, functions and duties shall be those as are required as per Schedule IV of Code of Conduct for Independent Directors Companies Act, 2013 and the rules made there under and the Listing Agreement/ SEBI Listing Regulations as amended from time to time.

Further, in terms of Section 166 of the Companies Act, 2013, they shall:

- I. act in accordance with the Articles of Association of the Company
- II. 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.
- III. exercise their duties with due and reasonable care, skill and diligence and shall exercise independent judgement.
- IV. not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- V. not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.
- VI. not assign their office as Director and any assignments so made shall be void.

REMUNERATION AND REIMBURSEMENT OF EXPENSES

The Independent Directors shall be paid such remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board from time to time in compliance with applicable law.

The sitting fees presently being paid to the Independent Directors is Rs 40,000/- per Board Meeting and Rs 25,000/- per Committee meeting thereof.

In addition to payment of sitting fee, they shall be eligible for boarding, lodging and travelling expenses for attending the Board and Committee meetings or any other official meetings.

Conflict of Interest

It is accepted and acknowledged that Independent Directors may have business interests other than those of the Company. As a condition precedent to commencement of their appointment, they are required to declare to the Company any such directorships, appointments and interests to the Board. Thereafter, they are required to declare to the Company whenever there is any change in the circumstances which may affect their status as an independent director.

At the first meeting of the Board in which they participate as an independent director and thereafter, at the first meeting of the Board in every financial year or whenever there is any change in the circumstances, which may be affect his/her status as an independent director, they are required to give a declaration that they meet the criteria of independence.

Termination

Independent Director may resign from their position at any time and should they wish to do so, they are requested to serve a reasonable written notice to the Company and the Board and Board shall take note of same.

Confidentiality

All information in relation to the Company acquired during their appointment and tenure as an independent director is confidential and should not be disclosed to third parties unless required by law.

As a director, they are subject to and bound by the prohibition and restrictions against insider trading and disclosure of unpublished price sensitive information, as prescribed under the Act and the regulations issued by the Securities and Exchange Board of India ("SEBI"). They would have to strictly abide by the Internal Code of Conduct for Prevention of Insider Trading in dealing with Securities of RITES Limited pursuant to Regulation 9(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended or replaced from time to time).

Liability

Subject to applicable law, for any breach of their duties they shall be liable to consequences prescribed under applicable law and in relation to the Company, they would be liable for such Page 3 of 3 acts of omission or commission by the Company which had occurred with their knowledge, attributable through Board processes, and with their consent or connivance, or where they have not acted diligently.

Miscellaneous

- The appointment is also subject to the maximum permissible directorships that one can hold under applicable law, including as per the provisions of the Act and the Listing Agreement.

- The Independent Director shall not be an employee of the Company and this letter shall not constitute a contract of employment.
- They shall not serve as an independent director in more than seven listed entities, provided that if they are serving as a whole time director in any listed entity, they shall serve as an independent director in not more than three listed entities.
- They shall not act as a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he/ she is a director which shall be determined as follows:
 - (a) the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded;
 - (b) For the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.

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