

RITES LIMITED

BOARD CHARTER

1. INTRODUCTION AND PURPOSE

The primary objective of the Company's Board Charter is to set out the role and responsibilities of the Board of Directors ("the Board") as well as the requirements for its composition and meetings. The Board of Directors represents the interest of the shareholders of the Company, in perpetuating a successful business that ensure the achievement of the vision of the Company.

This board charter is subject to the provisions of "The Companies Act, 2013", the Company's Memorandum of Association and any other applicable law or regulatory provision, recommendations of the "Guidelines on Corporate Governance for Central Public Sector Enterprises 2010 issued by DPE " as amended from time to time

2. DEFINITIONS

2.1 In this Charter:

- (1) **Board** means the board of directors of the Company;
- (2) **Chair** means the chairman of the Board;
- (3) **Charter** means this Board Charter;
- (4) **Constitution** means the Company's constitution;
- (5) **Company** means the "RITES Limited"
- (6) **Group** means the Company and its subsidiaries; and
- (7) **Secretary** means the Company secretary.

3. ROLE OF THE BOARD

The primary role of the Board is that of trusteeship to protect the interest of Company, its stakeholders and enhance their value. As trustee, the Board ensures that the Company has clear goals and policies for achievement which are in alignment with the Vision and Mission of the Company.

The Board provides strategic direction, reviews corporate governance, authorizes and monitors strategic decisions, ensures regulatory compliances and safeguard interests of stakeholders.

The Board is responsible for maintaining and nurturing high levels of the Corporate Governance by the Company.

Without intending to limit the role of the Board in general, the specific functions and responsibilities of the Board includes:

- Determine the company's vision and mission to guide and set the pace for its current operations and future development.
- Determine the values to be promoted throughout the company.
- Determine and review company goals.
- Determine company policies
- Set strategy and structure
- Review and evaluate present and future opportunities, threats and risks in the external environment and current and future strengths, weaknesses and risks relating to the company.
- Determine strategic options, select those to be pursued, and decide the means to implement and support them.
- Determine the business strategies and plans that underpin the corporate strategy.
- Ensure that the company's organizational structure and capability are appropriate for implementing the chosen strategies.

4. COMPOSITION OF THE BOARD

The Board of Directors consists of professionals drawn from diverse field having rich knowledge and experience in the industry, finance and related sectors for providing strategic guidance and direction to the Company. Board of the Company comprises of 12 Directors viz. 4 functional directors including Managing Director, two Government Nominee Directors and six Independent directors. The composition of the Board is in consonance with SEBI Guidelines and Guidelines issued by DPE, Company's constitution and other applicable laws for the time being in force or as amended from time to time

As per Articles of Association of the Company, the number of Directors of the Company shall not be less than 3 and not more than 18. The Board is comprised of carefully selected individuals whose experience and skill base is commensurate with the requirements and profile of the Company.

The Directors shall be appointed by the president of India on such terms and conditions and remuneration and tenure as specified in their letter of appointment.

5. RESPONSIBILITIES OF THE BOARD MEMBERS

The Board is responsible for supervising the management of the business and affairs of the Company in a way to ensure that the interest of shareholders and stakeholders are promoted and protected. In discharging the duties, the board has the following overall responsibilities:

1. Approving the Corporation's business objectives and strategic plans
2. Reviewing the effectiveness of the strategic planning process;
3. Monitoring corporate performance against approved objectives and strategic plans;
4. Reviewing and approving risk management policies and procedures,
5. Monitoring compliance with legislative and regulatory requirements of all jurisdictions in which the Corporation operates,
6. Reviewing and approving the annual financial statements,
7. Reviewing the quarterly financial statements,
8. Reviewing and approving material investments and transactions.
9. Reporting the financial results to shareholders and other stakeholders,
10. Performing such other functions as prescribed by law or as assigned to the Board in the Corporation's governing documents or as per the guidelines issued by DPE, as amended from time to time

6. DUTIES OF THE BOARD OF DIRECTORS

(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.

(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.

Independent Directors will have additional duties as defined in the Scheduled IV of the Companies Act, 2013 and as amended from time to time.

7. INDEPENDENT PROFESSIONAL ADVICE

The Board collectively and each Director individually may take, at the Company's expense such independent professional advice as is considered necessary to fulfil their relevant duties and responsibilities.

Individual Board members seeking such advice must obtain the approval of the Chairman (which may not be unreasonably withheld and the advice will be made available to all Board members as appropriate.

8. CHAIRMAN

The Chairman is responsible for:

- a) Leading the Board in its duties to the Company and ensure that the Board works effectively in discharging its responsibilities
- b) Ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and its individual directors
- c) Facilitating effective review, analysis and discussion at Board meetings

9 RESPONSIBILITY OF INDIVIDUAL DIRECTORS

(A) Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:

- a) acting in good faith and in the best interests of the Company as a whole;
- b) acting with care and diligence and for proper purpose;
- c) avoiding conflicts of interest wherever possible; and
- d) refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director.

(B) Directors are expected to support the letter and spirit of Board decisions.

(C) Directors will keep Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their, or their employers', interest.

10. DELEGATION TO MANAGEMENT

The Board is vested with responsibility for managing the business of the Company. The Board has delegated authority for various matters that are necessary for the day to day management of the Company's business to management through the Managing Director.

11. COMMITTEES

The Board may establish committees in line of the provisions of the Companies Act, DPE Guidelines etc, as amended from time to time.

The various powers, duties and responsibilities of the Board set out herein may be delegated to one or more committees of the Board. All Board committees will have a charter approved by the Board setting out the composition, duties and responsibilities of that committees in line with the requirement of Companies Act, 1956, DPE Guidelines on Corporate Governance for CPSEs 2010 or as amended from time to time. Minutes of the proceedings of all meetings of the Board committees shall be maintained and shall be placed in the Board meeting and copies of those minutes will be made available to all directors.

In view of the above delegation, Company has constituted various committees like:

- (i) Audit Committee to overseeing the Company's financial reporting process, review in the adequacy of internal control and audit systems, and reviewing the Company's financial and risk management policies in addition to scrutinizing the annual financial statements,
- (ii) Remuneration Committee to decide the annual bonus/variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits.

- (iii) Project Investment Committee to deal with the appraisal and approval of all the projects involving Equity participation
- (iv) Risk management Committee to overcome the problem associated with currency fluctuations
- (v) Investment Committee to invest the funds of the Company as per DPE guidelines .etc.

12. MEETINGS

The Board and its committees will meet in accordance with the Company's constitution and other applicable laws and as often as deemed necessary by the Board of directors and its committees in order to fulfill their duties and responsibilities as directors and as per the needs of the Company

Directors will use all reasonable efforts to attend each meeting of the Board and committee of which they are members

Board and committee papers will be circulated to Directors prior to each Board and committee meeting well in advance.

13. INDUCTION, CONTINUING EDUCATION AND ACCESS TO INFORMATION

Appointed Directors shall be provided with Memorandum and Articles of Association of the Company, Guidelines on Corporate Governance for CPSEs 2010 issued by DPE and Annual Report. Business briefing will be provided to Directors at each Board meeting.

All Directors will have access to Company information and members of management shall furnish information or briefings on specific matters as requested.

14. REVIEW AND AMENDMENT

The Board will review annually the Board and Committee charters and approve amendments as it considers appropriate

15. CONFLICTS OF INTEREST

Director must keep the Board informed of any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue.

If any matter is to be discussed at a meeting of the Board which would involve one or more directors having a material conflict of interest then those directors

- a) will declare that conflict of interest
- b) will not participate in any decision on the matter

16. CONFIDENTIALITY

All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and will not be disclosed or released to any person other than Board members, except as required by law or as agreed by the Board.

17. CODE OF CONDUCT

Each member of the Board shall abide by the terms of the RITES code of conduct in all dealings with and on behalf of the Company.