

RITES LTD.

Code of Conduct For Board Members and Senior Management Personnel

1. INTRODUCTION

- 1.1 This code of conduct ("this code") shall be called "The Code of Conduct for Board Members and Senior Management Personnel" of RITES Ltd., hereinafter referred to as "the company"
- 1.2 The purpose of this code is to enhance ethical and transparent process in managing the affairs of the company. The code is in alignment with Company's vision and values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.
- 1.3 It shall come into force with effect from the 1st day of March, 2008.

2. DEFINITIONS

1. "Board Member" shall mean a Director of the Company.
2. "The Company" shall mean RITES Ltd.
3. "Senior Management Personnel" shall mean personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management i.e. Executive Directors and all functional heads.

3. APPLICABILITY

This code shall be applicable to the Board Member and Senior Management Personnel of the Corporation.

4. CODE OF CONDUCT

In performing the functions as a Board member and / or a member of Senior Management Team, such member:

- a) Rationale Decision: Should consider matters before him / her and arrive at a rationale decision after duly taking into account:
 - i. any possible material personal interest he or she may have in the subject matter;
 - ii. the amount of information submitted to him/her is sufficient to consider the subject matter and if necessary, he/she should call for additional information

- b) Compliance with Laws, Rules & Regulations: Is expected to conduct all business and affairs of the Company in accordance with applicable laws, rules and regulations, and shall ensure such conduct for himself/herself, officers and employees of the Company.
- c) Due Diligence: Is expected to discharge his/her duties, with due diligence and care to the business of the Company, in the best interest of the Company and its stakeholders. A non-executive director must devote such time as is necessary to carry out the duties of the non-executive director or a member of the committee as the case may be.
- d) Disclosure if change in other positions: As a member of the Board is expected to inform the Board of Directors of changes in other board positions, so as to disclose the interest in other company (ies).
- e) Corporate Opportunities: Is expected that while acting as a Director or member of the Senior Management Team of the Company, the objective must be to serve the interests of the Company as well as its stakeholders. And Is not expected to use the information acquired or gained during the conduct of the business of the Company for his or her personal advantage so as to cause detriment to the company and shall not compete with the business of the Company directly or indirectly during the tenure as Director or member of Senior Management Team of the Company. Such information received by them in the course of the exercise of respective duties remains the property of the Company. It is also expected that such information should not be disclosed to any other person except for the business of the Company unless that disclosure has been authorized by the Company, or is required by law.
- f) Disclosure: Is expected that a director or the member of the Senior Management generally must not engage in conduct, or make any public statement likely to prejudice the Company's business or likely to harm, defame or otherwise bring discredit upon or denigrate the Company, fellow Directors, Senior Management or other staff and may make such a statement only if such person is empowered to do so by the Company.
- g) Conflict of Interest: A "conflict of interest" occurs where the interest or benefit of director or member of Senior Management conflict with the interest or benefits of the company. Directors and Senior Management should be scrupulous in avoiding conflicts of interest

with the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company must be disclosed promptly to the Board of Directors. For e.g.

1. Outside Directorships: It is a conflict of interest to serve as a Director of any Company that competes directly with the Company. Directors/ officers must first obtain approval from the Company's Board of Directors before accepting such Directorship. Further each Director/ officer shall inform the Board of any such changes in their Board positions, relationship with other businesses and charitable organizations.
 2. Employment/ outside employment: The directors and Senior Management Personnel are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company, or is otherwise in conflict with or prejudicial to the company like simultaneous engagement/ employment or directorships with competitors of the Company, or from taking part in any activity that enhances or supports a competitor's position.
 3. Business Interests: If any Directors and Senior Management Personnel is considering investment in the business of any competitor of the Company, he or she must first take care to ensure that these investments do not compromise their responsibilities towards the Company. Before making investment in the business of the Competitor, the Director and Senior management Personnel shall take permission from the Board of Directors of the Company. Directors and Senior Management Personnel should take prior approval from the Board of Directors for making any such investment except investment in a listed company through stock exchanges not exceeding two percent of the capital of that company.
- h) Confidentiality: Is expected to maintain the confidentiality of all information (whether belonging to the Company or party with whom the Company has a relationship) entrusted to them or that comes to them from whatever source, in his or her capacity as a Director or member of Senior Management Team, except when disclosure is authorised by the Board or is warranted by law
- i) Annual Affirmation of compliance: All Board Members and the Senior Management shall on an annual basis, affirm compliance

with this Code and the Chief Executive Officer or the Managing Director shall in turn declare the same in the Annual Report.

- j) Remuneration: A Director and the Senior Management shall not accept compensation, in any form, for services performed for the Company from any source other than the Company without limiting the foregoing, such persons may not accept from others a commission, or similar remuneration for any business transaction in which the Company is involved or for services rendered to the Company.
- k) Gifts: A Board Member or a member of Senior Management Committee and members of his or her immediate family may not offer, give, or receive gift(s) (whether cash or in kind) from persons or entities who deal with the Company in those cases where any such gift is being made or could reasonably appear to have been made in order to influence the such persons actions as a member of the Board or Senior Management or where acceptance of the gift(s) could reasonably create or appear to create a conflict of interest.
- l) Related Party Disclosures: The Board members and Senior Management Personnel shall make disclosure of related party transactions to the Board of Directors in the format provided under Accounting Standard 18 (AS-18) (Appendix III) issued by the Institute of Chartered Accountants of India (ICAI) and/ or any modification or recodification thereof.
- m) Protection of Assets: Is expected to protect the assets of the Company and ensure their efficient use.

5. AMENDMENTS TO THE CODE

The provisions of this code can be amended/ modified by the Board of Directors of the Company from time to time and all such amendments/ modifications shall take effect from the date stated therein.

6. PLACEMENT OF THE CODE ON WEBSITE

Pursuant to provisions of the Listing Agreement, this Code and any amendments thereto shall be hosted on the website of the company.

7. ANNUAL COMPLIANCE REPORTING

- a) In line with the provisions of the Listing agreement, all Board members and Senior Management Personnel shall affirm compliance of this code within 30 days of close of every financial year. The Annual Report of the company shall contain a declaration

to this effect signed by the Managing Director. A Performa of Annual Compliance Report is at Appendix-I. The Annual Compliance Report shall be forwarded to the Company Secretary. If any board member or Senior Management Personnel leaves the Company at any time during a financial year, he shall send a communication to the Company Secretary affirming compliance of the code till date of his association with RITES.

- b) Managing Director of the Company and all whole time directors shall certify to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of this Code.

8. CONSEQUENCES OF NON- COMPLIANCE OF THIS CODE

The Company shall ensure confidentiality and protection to any person who has, in good faith, reported a violation or a suspected violation of law, of this code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation.

Directors/ officers must cooperate in any internal or external investigation of possible violations. Reprisal, threat, retribution or retaliation against any person who has, in good faith, reported a violation or a suspected violation of law, of this code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is to be avoided.

In case of breach of this Code by Board or Senior Management Personnel, the penalty for the breach shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary.

Penalty may include serious disciplinary action, removal from office and dismissal as well as other remedies including recommendations for any of the above penalty, to the extent permitted by law and as considered appropriate under the circumstances.

9. DISCRIMINATION AND HARASSMENT

The Company is committed to providing a workplace free of discrimination and harassment based on race, color, religion, age, gender, national origin, disability, veteran status, or any other biases. It will be the endeavor of every director and officer of the company to see that workplace is free from such bias.

10. SAFETY, HEALTH AND ENVIRONMENT

The company shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in.

11. ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members and Senior Management personnel shall acknowledge receipt of this code or any modification(s) thereto, in the acknowledgement form as at Appendix-II and forward the same to the Company Secretary that they have received, read, understood and agreed to comply with this code.

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ANNUAL COMPLIANCE REPORT

Ido hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL during the financial year ending 31st March 200__.

Signature :.....

Name :.....

Designation :.....

Date :.....

Place :.....

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ACKNOWLEDGEMENT FORM

I, have received and read the Company's "CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL ("this Code"). I have understood the provisions and policies contained in this Code and I agree to comply with this code.

Signature :

Name :

Designation :

Date :

Place :

APPENDIX-III

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For

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The Board Members/Senior Management Personnel shall disclose the following, in respect of all transactions with related parties, as covered in AS-18 issued by ICAI:

- (i) the name of the transacting related party;
- (ii) a description of the relationship between the parties;
- (iii) a description of the nature of transactions;
- (iv) volume of the transactions either as an amount or as an appropriate proportion ;
- (v) any other elements of the related party transactions necessary for an understanding of the financial statements.

Signature:

Name:

Designation:

Date:

Place:

Note: The following are illustrative and not exhaustive list of examples of the related party transactions in respect of which disclosures should be made by Board Members:

- purchases or sales of goods (finished or unfinished) ;
- purchases or sales of fixed assets ;
- rendering or receiving of services;

- agency arrangements;
- leasing or hire purchase arrangements;
- transfer of research and development ;
- license agreements;
- finance (including loans and equity contributions in cash or in kind) ;
- guarantees and collaterals ; and
- management contracts including for deputation of employees.

