

Corporate Governance Manual and Board Charter



Indian Railway Catering and Tourism Corporation Limited

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Indian Railway Catering and Tourism Corporation Limited Corporate Governance Manual and Board Charter

This Manual is prepared with an objective to define the core principles of the internal governing system at IRCTC - encompassing policies, processes and authorities, and to ensure its strict implementation in order to achieve effective management of the businesses and efficiency in operations. Upon consideration and adoption of these guidelines by the Board of Directors of the Company, this Corporate Governance Manual has become operational effective January 1, 2011. The Board of Directors of IRCTC endeavours to promote and maintain the highest standards of Corporate Governance at IRCTC and seek compliance with the guidelines, provisions and/or directions of this Manual and such other guidelines framed, at all times, in letter and spirit.

PREAMBLE

To achieve its ultimate goal of maximizing shareholders value, IRCTC believes that good corporate practices enable the Board to direct and control the affairs of the Company in an efficient manner and that **the prime responsibility of good governance lies within an organization and not outside**. Corporate Governance at IRCTC is intended to ensure value creation for all its stakeholders. IRCTC believes that the governance process must ensure adherence and enforcement of the principles of sound Corporate Governance with the objectives of fairness, transparency, professionalism, trusteeship and accountability, while facilitating effective management of the businesses and efficiency in operations. The Company is committed to achieve and maintain highest standards of Corporate Governance and with this view, endeavours to improve in all aspects of Corporate Governance on an ongoing basis. This 'Corporate Governance Manual' contains guidelines covering decision making authority levels, the policies and processes which provide an effective and flexible governance framework in the Company realizing the need to ensure an effective mechanism of checks and balances with transparency and accountability as the hall mark '*Board is supreme*' in Internal Governance, since it is the collective responsibility of the Board Members to endorse the organisation's strategy, develop directional policy, supervise the operations of the Company and ensure accountability of the organisation to its owners/shareholders and authorities.

1.0 Corporate Governance: Company Philosophy

The objective of the Company in relation to Corporate Governance is to enhance shareholders' value in the long run by ensuring transparency, disclosures and reporting that not only comply with statutory regulations but also promote ethical conduct throughout the organization.

Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with

various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization.

1.1 GOVERNANCE CONCEPT: DEFINITION

Corporate Governance is about how, and a systemic process by which, companies are directed, supervised and controlled to enhance their wealth generating capacity by ensuring that the resources are managed in a manner that meets the aspirations of the stakeholders. It is the acceptance by the Management of the inalienable rights of shareholders as the owners of the corporation and of the Board and Management as trustees on behalf of the shareholders, leading to identifying and implementing a governance structure which specifies distribution of rights and responsibilities among different participants in a Company and spells out the rules and procedures for making decisions on corporate affairs. Transparency about a Company's governance policies is critical and an efficient corporate governance process / structure requires a clear understanding of the respective roles of the Board, Management and their relationship with others in the corporate structure.

1.2 CORE PRINCIPLES

Corporate Governance initiative at IRCTC is based on the following core principles:

- (i) The Board of Directors is responsible for, and has the important role of, overseeing management performance on behalf of shareholders;
- (ii) Management ought to be given freedom to drive the enterprise forward without undue restraints; and
- (iii) Ensure accountability while facilitating effective management of the businesses and efficiency in operations. Clearly define objectives of fairness, transparency, professionalism, trusteeship and accountability, while facilitating effective management of the businesses and efficiency in operations. IRCTC believes that any meaningful policy on Corporate Governance must provide empowerment – with a clear objective to perpetuating a successful business and optimizing long-term financial returns - to the Management of the Company, and simultaneously create a mechanism which ensures that the decision making powers vested are used with care and responsibility to meet stakeholder aspirations and societal expectations.

1.3 CORNERSTONES

Following cornerstones of IRCTC's internal governance guidelines emerge from the

above definition and core principles of Corporate Governance:

1.3.1 Trusteeship -

Within the framework set by the Companies Act, 1956, the Board represents, and is accountable to, the shareholders of the Company and the Management assists the Board in exercise of its responsibilities. These functions cast responsibility of trusteeship on the Company's Board of Directors and the Management. Collectively the Board and the Management act as trustees to protect and enhance shareholders' value, as well as to ensure that the Company fulfils its obligations and responsibilities to its other stakeholders and to ensure equity.

1.3.2 Fairness & Transparency -

IRCTC believes that transparency about the Company's governance policy is critical and the spirit of good Corporate Governance encompasses simple tenets of integrity, transparency and fairness in all actions and transactions. It is also believed that transparency must lead to maximum and appropriate disclosures to the stakeholders without jeopardising the strategic interests of the Company. Transparency means openness in the conduct of the business in a manner that will bear scrutiny and the Company's relationship with its employees.

1.3.3 Accountability -

An essential element of the core principle of governance is 'accountability' and, to effectively and efficiently discharge their responsibilities all constituents of the Management must have adequate empowerment i.e. the freedom to drive the enterprise forward in line with the corporate structure / organisational hierarchy, potential of the employees and the responsibility thrust. While the Board of Directors are accountable to the shareholders, and the management is accountable to the Board of Directors. Empowerment coupled with accountability provides an impetus to performance and improves effectiveness, thereby enhancing shareholder value.

Other key elements of good corporate governance principles include honesty, integrity, openness, performance orientation, responsibility, mutual respect and commitment to the organization. Efficient Corporate Governance requires a clear understanding of the respective roles of the Board and of the senior management and their relationships with others in the corporate structure. Relationships of the Board and management shall be characterized by sincerity, their relationship with employees shall be characterized by fairness and the relationship with government and regulatory authorities shall be characterized by a commitment to compliance in letter and spirit.

2.0 GOVERNANCE STRUCTURE

The Board of Directors (the “Board”) believes that the primary responsibility of the directors is to provide effective governance over the Company’s affairs for the benefit of its shareholders. Following the philosophy and core principles of internal governance outlined above, Corporate Governance structure in IRCTC shall be at the following two levels:

Board of Directors & Board Committees	<ul style="list-style-type: none">• Policy formulation, review and monitoring;• Review of operations
Senior Management	<ul style="list-style-type: none">• Oversee major executive responsibilities;• Implementation of policies, effectuation of delegated authorities and compliance responsibility

2.1 Board Supervision: -

Strategic supervision (on behalf of the shareholders) by the Board of Directors - through direction, support and guidance of policies, evaluation of the management and business performance, and seek & ensure accountability from the Senior Management. The Board’s responsibility – individually and collectively – shall cover the following areas for effective and efficient discharge:

- Fiduciary duties
- Oversight of the Management
- Evaluation of business and management performance
- Direction and guidance in formulating and shaping policies and business strategies in supervising and running the affairs of the Company. The Board shall collectively have the following prime responsibilities:
 - Spell out organisational vision, mission and values;
 - Formulate and set strategic direction, approve long-term strategic / business plans, and monitor corporate performance against such plans;
 - Review, identification and management of strategic risk;
 - Discharge all non-delegatable statutory responsibilities;
 - Approve financial statements ensuring a true and fair view of the Company’s affairs;
 - Approve appropriate accounting policies and ensure that they are applied consistently;
 - Ensure appropriate mechanisms for senior management succession;

- Determine and periodically review corporate governance policy(ies);
- Adopt policies of corporate conduct and ethics, including compliance with applicable laws and regulations, maintenance of accounting, financial and other controls, and reviewing the adequacy of compliance systems and controls;
- Evaluate periodically the work and overall effectiveness of the Board and its Committees.

2.2 Management: -

Within the Board approved framework, the Executive Management Team headed by the Managing Director(MD) to ensure strategic management of the Company's businesses, supervise and monitor implementation of business plans, formulate and implement control systems, talent management and risk management policies. The MD is assisted by a Functional Directors and the Functional Heads, who has the freedom to focus on the management of the respective areas of responsibility. The task of governance at the various levels on this structure determines the core roles and responsibilities of the key entities, namely, the Board of Directors, MD, Functional Directors, and Functional Heads. The core roles, responsibilities and powers of the key entities at the various levels collectively make up the Corporate Governance structure. Responsibility of the Management Team headed by the MD shall include:

- Facilitate effective functioning of the Board;
- Formulate and present for approval annual business plans including objectives and strategies, capex and investments;
- Ensure implementation of approved Business Plans and other strategic objectives and present the same for review by Board from time to time;
- Responsible for day-to-day operations of the respective businesses and monitor its efficiency and effectiveness;
- Formulate organisational and / or business specific policies, systems and processes;
- Formulate human resources plans and policies, including recruitment, compensation, career and succession planning and human resource development plans – at all levels;
- Ensure Board is kept informed in a timely manner of all significant developments in relation to all businesses for securing advice, guidance, authorisation and / or decision;
- Ensure statutory and/or regulatory compliance with business conduct and governance processes etc.

As per the DPE Guidelines on Corporate Governance “Senior management” 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 one level below the Functional Directors, including all functional heads.

3.0 FORMAL STATEMENT OF BOARD CHARTER DEFINING THE ROLES AND RESPONSIBILITIES OF THE BOARD AND INDIVIDUAL DIRECTORS OF IRCTC.

Clause 3.5 of the Guidelines on Corporate Governance for CPSEs issued by DPE provides as under:

"A clear definition of the roles and the division of responsibilities between the Board and the Management is necessary to enable the Board to effectively perform its role. The Board should have a formal statement of Board Charter which clearly defines the roles and responsibilities of the Board and individual directors. The Board of each CPSE may be encouraged to articulate the corporate governance objectives and approach (within the broad parameters of the guidelines and the general perception of business risk) to satisfy the expectations of its majority shareholders and other stakeholders."

The Board, as a main functionary, is primarily responsible for efficient management of the affairs of the company and to ensure value creation for its stakeholders. Therefore, the foremost requirement of good governance is the clear identification of powers, roles, responsibilities and accountability of the Board, CEO/Chairman of the Board and other Directors in the form of a Board Charter. Accordingly, in pursuance of Clause 3.5 of the DPE Guidelines on Corporate Governance for CPSEs, it is proposed to have in place a formal statement of Board Charter which clearly defines the roles and responsibilities of the Board and individual directors.

3.1 Responsibilities of the Board

Section 291(1) of the Companies Act, 1956 provides for general powers of the Board and restrictions thereon. It states that subject to the provisions of the Companies Act, the Board of directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do; Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by this or any other Act or by the Memorandum or Articles of the Company or otherwise, to be exercised or done by the company in general meeting.

Further, Section 292(1) of the Companies Act, 1956 provides that certain powers to be exercised by Board only at meetings. These powers are:

- (a) The power to make calls on shareholders in respect of money unpaid on their shares;
- (aa) The power to authorise the buy-back of shares;
- (b) The power to issue debentures;
- (c) The power to borrow moneys otherwise than on debentures;
- (d) The power to invest funds of the company; and
- (e) The power to make loans.

The provisos' and explanations under this Section enables the Board to delegate some of the above powers at (c), (d) and (e) above to other functionaries by means of resolutions passed at meetings of the Board.

Further, Section 293(1) of the Companies Act, 1956 provides for certain restrictions on powers of Board, which shall not be exercised without the consent of the company in a general meeting.

3.2 Powers of Board under Articles of Association of IRCTC

Similar provisions regarding powers of Board are also provided in Article 131 and 132 of the Articles of Association of IRCTC.

<p>General Powers of Company vested in Directors</p>	<p>Article 131 of Article of Association</p>	<p>The Business of the Company shall be managed by the Directors who may pay all expenses of getting the Company registered and may exercise all such powers and do all such acts and things as the Company is by its Memorandum of Association or otherwise authorized to exercise and do, and are not hereby or by statute directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and of the memorandum of association and these Articles and to any regulations not being inconsistent with the Memorandum of Association and these articles from time to time made by the Company in General Meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.</p>
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Specific power given to Directors	Article 132 of Article of Association	Subject to the provisions of the Act and without prejudice to the general power conferred by these Articles, the Directors shall have the following powers, that is to say powers:-
To make bye-laws	Article 132(1) of Article of Association	To make, vary and repeal from time to time bye-laws for the regulation of the business of the Company and for governing its officers and servants including wage and welfare policy, terms and conditions of service, discipline, etc.;
To pay and charge interest etc.	Article 132(2) of Article of Association	To pay and charge to the capital account of the Company any interest lawfully payable treat under the provisions of the Act;
Capital works undertaking of	Article 132(4) of Article of Association	To authorize from time to time undertaking of works of capital nature, subject to the condition that all cases involving a capital expenditure exceeding Rs. 400 Crores or such higher amount as may be determined by the Board from time to time shall be referred to the President for approval and provided that:- (i) within any financial year the funds required will be found from the internal resources and within the budget allocation for the project. (ii) the expenditure on such works in subsequent years would be the first call on the respective budget allocations;
To pay for property in debentures	Article 132(5) of Article of Association	To pay for any property or rights acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds debentures, debentures stock or in shares that may be issued as fully paid up or with such amount credited as paid up thereon as may be agreed up; and any such bonds, debentures, debentures stock or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged;
To secure contracts by mortgage	Article 132(6) of Article of Association	To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such other manner as they think fit;

To refer to arbitration	Article 132(7) of Article of Association	To refer any claim or demand by or against the Company to arbitration and to challenge, observe and perform the awards;
To invest money	Article 132(8) of Article of Association	To invest and deal with any of the moneys of the Company in any currency not immediately required for the purposes thereof, upon such securities and in such manner as they may think fit and from time to time to vary or realize such investment;
To give bonus and to provide for welfare of employees and to create provident fund	Article 132(9) of Article of Association	To provide for the welfare of employees or ex-employees of the Company or of its predecessors in business and the wives, widows and families or the dependents or connection of such employees or ex-employees by building or contributing to the building of houses, dwellings or grants of money, allowances, bonuses, profit sharing bonus or benefit of any other kind or by creating and from time to time subscribing or contributing to provident and other association, institution funds, profit sharing or other scheme or trusts or by providing or subscribing or contributing towards places or instructions and recreating; hospitals and dispensaries, medical and other attendances and any other form of assistance, welfare or relief as the Directors shall think fit;
To subscribe to other funds	Article 132(10) of Article of Association	To subscribe or otherwise to assist or to guarantee money to scientific institutions or objects;
To create depreciation and other funds or reserves	Article 132(11) of Article of Association	To set aside before recommending any dividend out of the profit of the Company such sums as they may think proper for depreciation or to depreciation fund, Reserve or to Reserve Fund to meet contingencies or Insurance Fund or any special or other fund to meet contingencies or to repay Redeemable Preference Shares, and for special dividends and for equalising dividends and for repairing, replacing, improving, extending and maintaining any part of the properties of the Company and for such other purposes [including the purposes referred to in the sub-clause(10)] as the Directors may, in their absolute discretion think conducive to the interest of the Company and to invest the

		<p>several sums so set aside or such thereof as required to be invested upon such investments (subject to the restrictions imposed by the Act) as the Directors may think fit and from time to time to deal with and vary such investment and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Directors apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended and to divide the Reserve Fund into such special funds as the Directors may think fit and to employ the assets constitution all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Redeemable Preference Shares and that without being bound to keep the same separate from the other assets, and without being bound to pay or allow interest on the same, with power, however, to the Directors at their discretion to pay or allow to credit such fund interest at such rate as the Director may think proper;</p>
<p>To create posts and appoint officers</p>	<p>Article 132(12) of Article of Association</p>	<p>To create posts and to appoint and at their discretion remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and servants from permanent, temporary or special service, as they may from time to time, think fit and to determine their powers and duties and fix their salaries or emoluments and require security in such instances and to such amounts as they may think, fit and also without prejudice as aforesaid from time to time provide for management and transaction of the affairs of the Company in any specified locality in India or any other part of the world in such manner as they think fit;</p>

To delegate powers	Article 132(13) of Article of Association	Subject to Sections 292 and 293 of the Act, to delegate all or any of the powers, authorities and discretions for the time being vested in the Directors, subject however to the ultimate control and authority being retained by them;
Authority to further sub-delegate	Article 132(14) of Article of Association	Any such delegate or attorney as aforesaid may be authorized by the Director to sub-delegate all or, any of the powers authorities;
To lend money	Article 132(15) of Article of Association	To lend moneys to subsidiaries and associated organizations, on such terms and conditions as they may consider desirable subject to the provisions of the Act;
To insure property etc.	Article 132(16) of Article of Association	To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods stores, produce and other movable property of the company either separately or conjointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power;
To open bank accounts	Article 132(17) of Article of Association	To open accounts with any bank or bankers in any currency, and pay money into and draw money from any such account from time to time as the Directors may think fit;
To accept surrender of shares	Article 132(18) of Article of Association	To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof;
To appoint trustees	Article 132(19) of Article of Association	To appoint any person or persons(whether incorporated or not to accept and hold in trust for the Company any property belonging to the Company or in which it is interested, or for any other purpose and to execute and do all such acts and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees;
To give receipt	Article 132(20) of Article of Association	To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;
To authorise acceptance etc.	Article 132(21) of Article of Association	To determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements,

		cheques, dividend warrants, releases, contracts and documents;
To give security by way of indemnity	Article 132(22) of Article of Association	To execute in the name and on behalf of the company in favour of any director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed to;
To give share in profits	Article 132(23) of Article of Association	To give to any Director, officer or other person employed by the Company an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or other wise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as a part of the working expenses of the Company;
To subscribe to charitable and other funds	Article 132(24) of Article of Association	To subscribe or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national, public or any other institutions or objects, or for any exhibition;
To establish local boards	Article 132(25) of Article of Association	From time to time and at any time to establish any Local Board in any specified locality in India or elsewhere and to appoint any person to be a members of any Local Board, and to fix their remuneration, and from time to time, and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Directors, other than their powers to make call and to authorize the members for the time being, of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit, and the Directors may at any time remove any person so appointed, and may annul or vary any such delegation. Any such delegates may be authorized by the Directors to sub-delegate all or any of the powers, authorities and

		discretions for the time being vested in them;
To appoint attorneys	Article 132(26) of Article of Association	At any time and from time to time by Power of Attorney to appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors think fit) may be made in favour of the members or any of the members of any Local Board established as aforesaid or in favour of any company or the members, Directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Directors, and any such Power of Attorney may contain such powers for the protecting or convenience of persons dealing with such attorneys as the Directors may think fit;
To enter into contracts	Article 132(27) of Article of Association	to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name of and on behalf of the Company as they may consider expedient for or in relation to any of matters aforesaid or otherwise for the purposes of the Company;
To institute or defend action	Article 132(28) of Article of Association	to institute, conduct, defend, compound or abandon any legal proceedings by or against the company or its officers or otherwise time for payment or satisfaction of any debts due and of any claims or demands by or against the Company;
To pay preliminary expenses	Article 132(29) of Article of Association	To pay the costs, charges, and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;
To maintain foreign register	Article 132(30) of Article of Association	To keep Foreign Register of Members/Debenture-holders in accordance with the provisions of the Act.

3.3 Responsibilities of Managing Director and Individual Directors.

3.3.1. Part-time Chairman

As per Article 104 (C), as long as President of India holds 51 % more of the paid-up share capital of the Company, the Part-time Chairman of the Company shall be appointed by President from time to time and shall be a non-retiring director. He will preside over the meetings of Board of Directors.

3.3.2. Managing Director & Functional Directors.

A. Managing Director:

- I. Managing Director is a member of the Board of Directors and as Chief Executive of the company, he executes statutory and corporate responsibility in the efficient and profitable operations of the company and effectively implement the policies and directives laid down by the Board of Directors.
- II. As a functional Director he is also responsible for managing specific tasks relating to some of the divisions under his direct charge.
- III. He plays the lead role in:
 - (i) Positioning the company in the highly competitive service industry providing value added services to IR's passenger segment under a professionally managed branded product.
 - (ii) Strengthening IR's linkages with the hospitality industry, travel intermediaries and other modes of transport through networking and use of information technology.
 - (iii) Devising innovative schemes for public private partnership in the ventures of the company through franchisees, subsidiary companies and creating new stake holders from the existing unorganized sector and potential partners.
 - (iv) Developing business strategies and operating plans and developing resources, technical material, financial and human in the best interests of the corporate objectives.

B. Director (Catering Services)

- I. As a member of the Board of Directors of the Company, he / she exercises statutory and corporate responsibilities in the efficient and profitable operations of the company.
- II. As a functional Director, he is responsible for managing specific tasks assigned to him pertaining to the areas of catering services, production and distribution of catering products and

modernization of equipments and services. He is responsible for :-

- (i) Developing a corporate strategy for upgrading catering services presently managed by IRCTC through technology improvements, organizational change and innovative techniques.
- (ii) Consolidating the existing fragmented unorganized services rendered by private licencees at stations and onboard.
- (iii) Developing regulatory mechanisms and institutional framework for expansion of catering and retail outlets through franchises, joint ventures, leasing, etc.
- (iv) Developing brand equities and enhancing revenues from vending outlets, on board services and development of new products.
- (v) Maintaining close liaison with the Indian Railways' commercial and operating organizations for rendering on line services including loading and unloading of food, transfer and handling of food and modernization of pantry car design and base kitchen lay outs.
- (vi) Close liaison with the professional hospitality industry in the private sector.
- (vii) Development of HRD and training programmes for staff engaged in catering related services.
- (viii) Keeping abreast with the business environment both at the domestic and international level in the development of company's business and transfer of technology in the area of his responsibility.

C. Director (Tourism and Marketing)

- I. As a member of the Board of Directors of the company, he she exercises statutory and corporate responsibilities in the efficient and profitable operations of the company.
- II. As a functional Director, he is responsible for managing specific tasks assigned to him pertaining to the areas of Travel & Tourism, business development and marketing. He is responsible for:-
 - (i) Development & performance of travel & tourism business of the company.
 - (ii) Developing sound corporate and marketing strategies consistent with Company's objectives.
 - (iii) Directing the business development and marketing function including promotion of domestic and international travel, widening the distribution of Indian Railways' passenger related services through global

distribution systems, networking of GSAs and use of information technology.

- (iv) Development of railway infrastructure including land, buildings for use as hotels, lounges, pre-departure and post departure services, passenger amenities and other terminal services through active participation of the private sector in joint ventures.
- (v) Strengthening IR's linkages with the tourism and hospitality industry and development of branded tourism products particularly for chartered and group travel.
- (vi) Attracting private investment in the running of luxury trains, tourist coaches, hill railways and other branch lines with tourism and business potential.
- (vii) Enhancing the revenues through development of ancillary business like advertising, publicity and other value added services.
- (viii) Scanning the business environment at the domestic and international level for the growth of company's business in the area of his responsibilities.

D. Director (Finance)

- I. As a member of the Board of Directors of the Company, he she exercises statutory and corporate responsibilities in the efficient and profitable operations of the company.
- II. As a functional Director, he is responsible for managing specific tasks assigned to him pertaining to the areas of financial management and accounting. He is responsible for:-
 - (i) Developing sound corporate and financial strategies including procurement of funds at the minimum cost and their effective utilization.
 - (ii) Direct the financial management functions including budget preparation and control cash flow, foreign exchange management, taxation and expenditure.
 - (iii) Devise suitable scheme for private investment in joint ventures, disinvestment, financial closure of projects and attracting potential partners in the business of the company.
 - (iv) Maintain liaison with the financial institutions, regulatory authorities and other commercial banks.
 - (v) Ensure prompt and proper accounting of revenue and expenditure and preparation of the company's financial accounts including profit and loss accounts and balance sheet and facilitating the auditing of company's accounts by the auditors.

- (vi) Ensure proper and accurate maintenance of profit centres and cost centres and formulating systems and procedures for this purpose.
- (vii) Internal audit of the systems and procedure of the company.

3.3.3. Government Directors

As stated above, under Article 104(e), the President may also appoint Directors representing the Government. In the case of IRCTC, there is one Director appointed by the President in addition to Part-time Chairman, who are representing the Government, which is the 100 % shareholder. As in the case of Independent Directors, the Director representing the Government is also not vested with any executive powers and responsibilities, unlike the whole time Functional Directors, and the Director mainly attends the meetings of the Board and other Board Committees where he is nominated as Chairman/Member by the Board, as and when such meetings are convened. Government officials with the Board of IRCTC are of great help as this provides for a liaison role and a channel of communication between Government and the Public Enterprises.

As per DPE guidelines on Corporate Governance, the dual role of a Government Director should be clearly recognized-as a Director of company and as a representative of the Government. He should be allowed to function freely and use his own judgment without any formalized briefing by the Ministry before a Board meeting with discretion whether to seek a briefing or make a report. The Government Director should identify himself with the objects and goals of the enterprise, engage in joint thinking on equal terms and not assume a superior status, he should not reserve his position on matters before the Board, however, others on the Board should not expect him to commit the Government in respect of matters which require to be referred to the Government. In all subsequent examination of the Board approved proposals, his role should be mainly elucidatory and he should not sit in judgement over the Board. Reference to the Ministry for approval, sanction etc. should be addressed to the Government representative on the Board whose responsibility should be to process the matter and obtain the necessary Government approval promptly.

3.3.4. Part-time Independent Directors.

Independence of the Board is essential for sound corporate governance as envisaged in DPE Guidelines on Corporate Governance. In terms of said guidelines, Government of India has appointed 4 Independent Directors on the Board of IRCTC. These Independent Directors are not vested with any executive powers and responsibilities, unlike whole time Functional

Directors, and they mainly attend the meetings of the Board and other Board Committees where they are nominated as Chairman/Members by the Board, as and when such meetings are convened.

The role and presence of Independent Directors on the Board is widely considered as a means of protecting the interests of shareholders and all other stakeholders, and to bring an element of objectivity and independence in examination, deliberation, and decision making in respect of matters brought before the Board. Since the Independent Directors are reputed professionals drawn from diverse fields of expertise, the quality of decision making and corporate governance is enhanced by having a more broader perspective. The Independent Directors are collectively responsible for the deliberations and decisions taken by the Board from time to time.

4.0 CODE FOR BOARD OF DIRECTORS' & BOARD COMMITTEES

4.1 Board Charter and Role of Board of Directors

4.1.1 Duties of the Directors

The operations of the Company are managed under the direction of the Board within the framework set by the Companies Act, 1956 and the Memorandum and Articles of Association of the Company. The Board represents and is accountable to the shareholders of the Company. The Board is primarily responsible to provide and evaluate the strategic direction of the Company, management policies and their effectiveness. The Board's responsibilities further include overseeing the functioning of the Company's top management and monitoring legal compliance and the management of risks related to the Company's operations. Board members are expected to act in good faith and with due care so as to exercise their judgement on an informed basis in what they reasonably and honestly believe to be in the best interests of the Company and its stakeholders.

4.1.1.1 Statutory Duties

The Directors are responsible for ensuring compliance with all applicable statutory requirements by the Company. For this, the Board will require the management to place before itself all the relevant reports, certificates, with supporting documents as applicable to facilitate the Board or its sub-committee to achieve this objective. In case any violation or default by the management is observed, the Board may provide necessary direction to the management for taking corrective action and effective compliance.

4.1.1.2 Fiduciary Duties

Directorships are considered 'positions of trust' not strictly defined by any

statutory law. The Board as a whole and the Directors as individuals owe certain fiduciary responsibilities to the Company as an entity and to its stakeholders. Directors are required to act in the best interests of all shareholders / stakeholders of the Company in accordance with the Memorandum and Articles of Association of the Company. The fiduciary duties of Directors within the framework of law are as under:

(i) Duty of Loyalty to act without conflict and always put the interests of the Company before those of the individual Director

Directors should not be influenced by any financial or personal interest in the course of their dealings on behalf of or with the Company. If avoidance is impractical in a given situation then such transactions should be approved by non-interested Directors in a manner that ensures arms length transactions including the right of the non-interested Directors to reject the transaction altogether. Independent Directors must critically review conflict-of-interest transactions.

(ii) Duty of Care to take informed decisions

Duty of Care carries personal responsibility and is owed to the Company. Duty of Care demands that Directors must exercise due care and diligence in overseeing the management of the business of the Company. Directors shall collectively and individually, act prudently in discharging their duties. Directors are expected to attend all Board, General and Committee meetings. The duty of care requires that a Director informs himself of all material information reasonably available before making a business decision. This duty also requires Directors to inform themselves of alternatives to a proposed business decision. The Directors may request for any information they deem necessary before taking any decisions.

(iii) Duty to act in good faith in accordance with the Company's codes and policies and the best governance practices

The duty of good faith requires the Directors to ensure that all the necessary processes are followed to arrive at decisions which are in the best interests of the Company.

(iv) Application of Fiduciary Duty Principles

The Directors must follow the following principles in fulfilling their fiduciary responsibilities:

- Directors should keep themselves informed of all matters related to the Company and its business affairs;

- Directors should always act collectively as a Board, or as they are specifically authorized by the Board and its Committees;
- Directors should attend and participate in each meeting as far as possible;
- Directors should ask questions or voice their concerns, if any;
- Directors are responsible for their decisions on any given matter;
- Directors should not disclose confidential information unless expressly authorized to do so by the Board or its Committees or as may be required in the course of dealings on behalf of the Company;
- Directors should disclose their personal and business interest on any matter placed before the Board and abstain from voting on such matters;
- Board's decision should be reflected through its minutes and the Directors should assure that.

4.1.2 Role of the Board and Management

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the operations and functioning of the Company. The Board functions under the overall direction of the Chairman to assure that the long-term interests of the shareholders are being served. The MD is assisted by the Functional Directors / senior managerial personnel in overseeing the functional matters of the Company.

4.1.2.1 Functions of the Board

The Board of Directors shall meet periodically to consider matters as required under law and to consider, review and discuss reports by management on the performance of the Company, its plans and prospects as well as immediate issues facing the company. In addition to its general oversight of management, the Board, through itself or through its Committees shall perform a number of specific functions, including:

- Providing counsel and oversight on the selection, evaluation, development and compensation of senior management;
- Reviewing, monitoring and where appropriate, approving financial and business strategies and major corporate actions;
- Monitoring corporate performance against strategic business plans, including overseeing operating results on a regular basis to evaluate whether the business is being properly managed;
- Assessing major risks facing the Company and reviewing options for their mitigation / avoidance.
- Reviewing and approving material transactions not in the ordinary course of business;

- Ensuring processes are in place for maintaining the integrity of the Company by way of integrity of the financial statements, compliance with law and ethics, and integrity of relationships with customers, suppliers and other stakeholders;
- Ensuring that the Company is in compliance with all applicable statutory and legal requirements;
- Protection and enhancement of Shareholders' value.

4.1.3 Role of the Independent Directors

Principles of corporate governance require Independent Directors to review the overall strategy, oversee the performance of management, actively participate, arrive at an independent judgment and help in decision making process of the Board. Their key role is to provide an unbiased, independent, varied and experienced perspective to the Board. The responsibilities of Independent Directors collectively or through their Committees include:

(i) To be well informed

The Independent Directors are expected to be well informed about the Company and have an adequate understanding of the business environment in which the Company operates.

(ii) Provide strategic direction

The Independent Directors are required to contribute to Board matters in a varied and informed manner and to act as a constructive critic in looking at the objectives and plans of the executive management.

(iii) Oversee the performance of the management

The Independent Directors are also responsible for monitoring the performance of senior management with regard to ensuring that the determined strategies and objectives of the Company are achieved.

(iv) Ensure accuracy of accounts and books of the Company

It is the responsibility of the Independent Directors to ensure that the Company's accounts present a true and fair picture of its business and financial performance. This includes selection of internal auditors, review of the annual audit plan, audit reports, the accuracy of internal controls and compliance with applicable legal requirements. This role is performed through the Audit Committee comprising a team of Independent Directors.

(v) Protect the interest of all stakeholders

Independent Directors should ensure that decisions are taken in the best interest of the Company and all its stakeholders.

- (vi) **Uphold the highest standards of integrity and probity in the interests of the Company.**

4.2.1 Board Orientation and Induction

New directors appointed by the Board shall be given formal induction and orientation with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters, and business operations. The management shall facilitate the new appointee to visit the Company's Corporate Office to get familiar with the Company's operations. The management will also provide all the necessary documents / brochures, reports and internal policies including this Corporate Governance Manual to the new members so that they get acquainted with various procedures and practices followed in the Company.

The Board also recognizes the importance of continuous education to its Directors. The Board is committed to provide training avenues to its members on matters, which are current and relevant for the Board's effective performance. These include training on technical aspects like industry developments, new accounting standards, financial policies, corporate governance developments and compliance thereof, business-specific opportunities, associated risks and mitigation strategies. These training programs may be conducted in-house by the Company's internal experts in the relevant field or by external agencies. Apart from the above, IRCTC's management team makes periodic presentations on business and performance updates of the Company at Board and Committee meetings.

The Board lays particular emphasis on improving its governance standards on an ongoing basis keeping in mind the new regulations introduced by relevant authorities from time to time and global best governance practices. In furtherance of this goal, Board members will be encouraged to periodically attend training programs / seminars / discussion forums to understand leading-edge corporate governance issues and make suggestions for improving the prevalent governance practices.

4.3 Board Structure and Performance

4.3.1 Size of the Board

As per Article No. 103 of Articles of Association of the Company, unless determined by the Company in General meeting, the number of Directors shall not be less than 3(three) and not more than 12(Twelve). These Directors may be

functional Directors on whole-time basis or part-time Directors.

Current Requirements

- Section 252 of the Companies Act, 1956 prescribes that every public limited company shall have at least 3 Directors.
- Section 259 of the Companies Act, 1956 provides for appointment of up to 12 Directors without seeking Central Government approval.
- The Articles of Association of the Company prescribes that the Company can appoint up to 12 Directors.

4.3.2 Board Composition

- The Board of Directors of the company shall have an optimum combination of Functional, Nominee and Independent Directors.
- The number of Functional Directors (including MD) should not exceed 50% of the actual strength of the Board.
- The number of Nominee Directors appointed by Government/other CPSEs shall be restricted to a maximum of two.
- In case of a Non-Executive Chairman, at least one-third of the Board should comprise of Independent Directors and in case of an Executive Chairman, at least half of the Board should comprise of Independent Directors.

Current Requirements

The Companies Act, 1956 is silent on the ratio of Non-Independent and Independent Directors.

4.3.3 Board definition of what constitutes Independence for Directors

For a Director to be considered Independent, the Board determines that the Director does not have any direct or indirect material pecuniary relationship with the Company.

In order to avoid any conflict of interest, the Board discourages any kind of transaction, material or not, with its independent members. In case the Company is required to enter into such a transaction with a Director or any person associated with him, the Board follows a strict procedure as laid down in its policy for “Model Code of Business Conduct and Ethics for Board Members and Senior Management” of the Company with effect from 11th Day of December, 2007 to ensure that the transaction is at arms length and in the best interest of the Company. A copy of the same is given as per **Annexure-I**.

Current Requirements

As per mandatory Corporate Governance guidelines issued by Department of Public Enterprises the expression “Independent Director” shall

mean a part-time Director of the company who:

- (a) apart from receiving Directors’ remuneration, does not have any material pecuniary relationship or transaction with the company, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;
- (b) is not related to persons occupying management positions at the Board level or at one level below the Board;
- (c) has not been a senior executive or managerial personnel of the company in the immediately preceding three financial years;
- (d) is not a partner or an executive, or was not a partner or an executive during the preceding three years, of any of the following:
 - i) the statutory audit firm or the internal audit firm or tax audit firm or energy audit firm or management audit firm or risk audit firm or insurance audit firm that is associated with the company, and
 - ii) the panel advocate(s) or legal firm(s) or consultant(s) and consulting firm(s) or expert(s) that have a material association with the company.
- (e) is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the Director; and
- (f) is not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares.

Format of undertaking to be given by Independent Director is given as per **Annexure-II**.

4.3.4 Limits on outside Board Memberships

The Board expects its members to have adequate time and resources to contribute to effective Board performance. Accordingly its members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with his role as a director of the Company.

A Director shall not be a member in more than 10 committees or act as Chairman of more than five committees across all companies in which he is a Director. Furthermore it should be a mandatory annual requirement for every

Director to inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.

Explanation:

- a. For the purpose of considering the limit of the committees on which a Director can serve, all public limited companies, whether listed or not, shall be included.
- b. For the purpose of reckoning the limit under this sub-clause, Chairmanship/membership of the Audit Committee and the Shareholders Grievance Committee alone shall be considered.

Current Requirements

- Section 275 of the Companies Act, 1956 provides for a person to hold directorships in not more than 15 companies.
- In terms of Section 299 of the Companies Act, 1956, Directors are required to furnish annual disclosure of interest they or their relatives hold in other companies and firms.
- In terms of Section 305 of the Companies Act, 1956, Directors are required to inform within twenty days, any change in the office.

4.3.5 Declarations to be given by Board members

The following disclosures / declarations are to be given by Board members:

Sr. No.	Relevant Section/ Rule/ reg.	Particulars	Periodicity
1.	Sec. 299 and 297 of the Companies Act, 1956	Disclosure of interests by Director to the Company	General notice to be given at the time of joining the Board;(Immediate) As and when there is a change in interests; General notice to be given during the last month of every financial year. [before March 31 of every year]
2.	Sec. 305 of the Companies Act, 1956	Disclosure of Particulars of other Directorships	General notice to be given at the time of joining the Board; [Immediate] As and when there is a change in Directorships / office held in other

			bodies corporate; [within 20 days of such change]
3.	Sec 308 of the Companies Act, 1956	Disclosure of shareholding in the Company and its subsidiaries	General notice to be given at the time of joining the Board; [Immediate] As and when there is a change in holding;
4.	Reg. Model Code of Business Conduct and Ethics for Board Members and Senior Management	Annual Certification of compliance with the Code.	Within 30 days of the close of every financial year.

4.3.6 Tenure of Board Members

Term Limits

The Managing Director and Functional Directors are appointed by Ministry of Railways, Government of India, for a period of five years from the date of taking over of the charge or till the date of superannuation of the incumbent or till further orders from the Government of India, whichever event occurs earlier.

Part-time Chairman and Part-time Official/Government Directors are appointed by Ministry of Railways, Government of India and shall cease to be Director of the Company on his ceasing to be the Official of the Ministry of Railways.

Part-time non-official/Independent Directors are appointed by Ministry of Railways, Government of India usually for a tenure of three years. They cease to be Director of the Company on completion of tenure of three years.

Current Requirements

- Section 317 of the Companies Act, 1956 provides for a term of five years at a time for Managing Director. He may be re-appointed by further periods not exceeding five years on each occasion.
- Sections 255 and 256 of the Companies Act, 1956 provide for a method for appointment of Director who shall be liable to retire by rotation. Section 255 provides that not less than 2/3rd of the Board of Directors shall be persons whose period of office is liable to determination by retirement of directors by rotation is considered to be Directors liable to retire by rotation [Directors other than those employed by the Company],

of which 1/3rd shall retire at every annual general meeting of the Company and the Company shall have an option to re-appoint the retiring Directors or appoint someone else in their place.

IRCTC being a Government Company, presently, the above provisions are not applicable on it (GSR No. 906 dated 30-07-1981).

4.3.7. Compensation to Directors

IRCTC, being a wholly owned Government Company under Companies Act, the Functional Directors of the Company are appointed by President of India through Ministry of Railways. The Functional Directors so appointed, draw remuneration under Industrial Dearness Allowance (IDA) pattern of pay scale and as per the terms and conditions issued by Government of India from time to time.

The part-time official (Government nominees) Directors on the Board of the Company do not draw any remuneration from the Company.

The part-time non-official (independent) Directors on the Board of the Company are paid sitting fee of Rs.10,000/- per meeting.

The Board has constituted a Remuneration Committee of Board of Directors to decide the annual bonus/ variable pay pool and policy for its distribution across the executives and Non-unionized supervisors, within the prescribed limits.

Current Requirements

Section 309(2) of the Companies Act, 1956 provides for remuneration by way of a fee to a Director for attending meetings of the Board of Directors or Committee thereof. In terms of the said section, the Company pays its Non-Executive Directors a sum of Rs. 10,000/- towards sitting fees.

4.3.8 Loans to Directors and Executive Officers

The Company shall not make any personal loans or extend any credit to Directors or executive officers except as laid out in the Company's employment rules for executive officers.

Current Requirements

Section 295 of the Companies Act, 1956 prescribes restrictions on loans as well as guarantees and securities to be given to Directors and their relatives and associates.

4.3.9. Meetings of Independent Directors

The Independent Directors of the Company shall meet from time to time as they

may deem appropriate. These meetings will be conducted without the presence of Executive Directors or management personnel. These meetings would be conducted in an informal, flexible manner to enable the Independent Directors to discuss various matters pertaining to the affairs of the Company. The Independent Directors shall take appropriate steps to present such views before the MD or the Board. These meetings could be held prior to or after Board meetings. The Independent Directors are free to call for such meetings at any point of time, as desired. These discussions may include such other topics as the Independent Directors deem fit. The proceedings of such meetings may not form part of Company records. The Board believes that these meetings are critical to ensure highest degree of involvement and contribution from Independent Directors in the decision making process of the Company.

4.3.10 Access to outside Advisors / Auditors

The Board and its Committees have the right to appoint any external agency, advisors / experts to assist in the decision making process. The Board can appoint such persons / agencies based on its own experience or as per the recommendations of the senior management. These advisors directly report to the Board and present their findings / suggestions directly, as per their terms of reference given by the Board. In case the Board so desires it can delegate the power of appointing an external agency or deciding its terms of reference to the senior management. The fees and expenses of any such advisors will be borne by the Company. The objective of the above is to provide Board members with requisite information to assist in their decision making process. The objective is also to provide the Board members with an opinion, independent from the management, on the alternative decision points available to the Board and the pros and cons of the same.

4.3.11 Ethics and Conflicts of Interest

The Board has approved the “Model Code of Business Conduct and Ethics For Board Members and Senior Management” of the Company . All the Directors, officers and employees are required to adhere to the Code of Conduct as approved by the Company.

Current Requirements

Corporate Governance Guidelines issued by DPE provides that every CPSE shall have a Code of Conduct for Directors and Senior Management, the code shall inter-alia encompass the ethics and fair dealing policies of the Company and all Board members and senior management personnel are required to annually confirm compliance with the Code. A declaration to this effect shall be made by the CEO in the Annual Report of the Company.

4.4 Board Leadership

4.4.1 Appointment of Chairman and Managing Director

As per Article 103(c) of the Articles of Association, So long as the president of India holds 51 % or more of the paid-up equity share capital of the Company, the Chairman cum Managing Director of the Company shall be appointed by the President on such terms and conditions, remuneration and tenure as the President may determine from time to time or a Part-time Chairman only. The Chairman cum Managing Director shall be the Chief Executive of the Company and a non-retiring Director. Where the President shall appoint only a part-time Chairman, a non-retiring Director, a Managing Director shall be appointed by the President on such terms and conditions, remuneration and tenure as the President may determine from time to time. The Managing Director shall be the Chief Executive of the Company and a non-retiring Director.

4.5 Board interaction with Senior Management

In addition to the Executive Directors, senior management of the Company, like, the heads of finance, accounts, different businesses, members of the audit cell and such other persons may be invited to attend Board meetings in which matters related to their function is to be discussed. This enables the Board members to have complete information and seek clarifications to any queries that they may have. The business heads may be requested to make presentations to the Board on key developments in their specific areas and project-based information. Independent Director may also request for other executives to be called upon to provide necessary clarifications, if required. Directors are also entitled to call upon any executive to have a one to one discussion on any matter. Directors may request the Company Secretary to arrange for such meeting or directly approach the concerned executive.

In the event of non-availability of an executive, the presence of whom is considered essential by the Board members for decision-making, the Board may defer the decision, till such availability unless they are provided with the necessary information otherwise.

Current Requirements

Corporate Governance Guidelines issued by DPE provides that the Audit Committee may invite such executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the Committee.

4.6 Meeting Procedures

4.6.1 Board Meetings

4.6.1.1 Pre-scheduled Board meetings

The Board shall meet at least once in every three months and at least four such meetings shall be held every year. Further, the time gap between any two meetings should not be more than three months.

The following minimum information should be placed before Board of Directors:-

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the Board.
5. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations Front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

15. Non-compliance of any regulatory or statutory or shareholders service such as nonpayment of dividend, etc.

The main business to be considered in all such meetings will be as follows:

Month of Meeting	Main Items to be included
May/ June	<ul style="list-style-type: none"> • Un-audited yearly financial Results, • Segment-wise performance on physical parameters, • Annual Disclosure of Interest.
July/August	<ul style="list-style-type: none"> • Adoption of Audited Accounts, • Approval of Directors' Report and Notice of AGM. • Recommendation of Final Dividend,
October/ November	<ul style="list-style-type: none"> • Mid year review of performance. • Un-audited Half yearly Financial Results. • Declaration of Interim Dividend. • Approval of draft MOU for next financial year. • Finalization of fees of Statutory Auditors.
February/ March,	<ul style="list-style-type: none"> • Annual operating plans & budgets for the next financial year. • Declaration of Interim Dividend, if not declared earlier.

4.6.1.2 Urgent Board meetings

Apart from the pre-scheduled Board Meetings, the Company may for the purpose of urgent matters, convene additional Board Meetings at any time during the year. However, such meetings shall be convened only upon justification of the urgency of the subject matter and with the prior approval of the MD and in consultation with other Directors.

4.6.2 Selection of Agenda Items for Board Meetings

The Agenda for the Board meeting is decided keeping in mind that the meetings focus primarily on the matters requiring legal / statutory compliance, policy decisions and on items that are truly the Board's responsibility. The following procedure is followed for the selection and finalization of Agenda for Board meetings:

(i) Reminder by Secretarial Division:

The Secretarial Division sends an advance intimation / reminder of the Meeting (at least 25 days in advance) to all the other divisions requesting

for submission of items to be considered in the next Board meeting.

(ii) Submission of Details by respective divisions:

The respective divisions send the details, in writing, with respect to the items required to be placed at the next Board meeting along with supporting documents to facilitate meaningful discussion and deliberations at the Board meetings. These details are received at least 15 days before the Board meeting. The following minimum details are required to be furnished:

- Brief introduction on the proposal to be placed before the Board;
- Need and justification of the proposal;
- Relevant legal and statutory provisions applicable to the matter;
- Advantages / implications of the proposal;
- Proposed execution timings;
- Cost –benefit analysis;
- Need for frequent / supplemental/ interim approval / sanctions, if any, and whether a Committee needs to be constituted;
- Delegation of authority, if any, proposed and the particulars of the executives in whose favour authorization is sought.

Matters received after the designated date may at the discretion of the MD may be deferred to the next Board meeting, . even if there is no proposal to be placed before the Board.

(iii) Preparation of draft Agenda:

Based on the proposals received from the various departments, the Secretarial division prepares the draft Agenda (12 days before the meeting), which includes the following:

- Draft notice and Agenda of the Meeting;
- Draft notes on Agenda;
- Supporting documents to the Agenda;
- Draft resolutions to be passed by the Board for each item of the Agenda;

(iv) Clearance of Agenda by the MD:

After preparation of the draft Agenda, the Company Secretary, shall atleast 10 days before the Board meeting, discuss with the MD, the specific Agenda items for the meeting. The MD has the overall authority to approve the Agenda for the meeting. The MD shall determine the nature and the format in which information shall be provided regularly to the Directors before each scheduled Board meeting. Directors are encouraged to make suggestions for Agenda items, or additional pre-

meeting materials. The MD may decide to discuss the agenda with Functional Directors before the same is finalized and sent to Directors.

4.6.3 Board Materials distributed in advance

Post internal clearance, the Notice and Agenda papers are circulated to the Directors, atleast 7 days in advance. All material information will be incorporated in the Agenda to facilitate meaningful discussion at the meeting. Where details with respect to an item on the Agenda cannot be sent in advance due to confidentiality reasons, the same shall be placed on the table at the Board meeting with the prior approval of the MD. Reference to tabling of details at the meeting will be made in the corresponding Agenda item. Any Board member including Independent Directors may request for inclusion of any matter in the Agenda for a particular Board meeting if he so desires. In the event such a suggestion is made, the particular item will be necessarily included in the Agenda. The Board members can send such requests 2 weeks in advance of the Board meeting. In the event of an urgency, the items could be considered, even if sent later, with the approval of the MD.

4.6.4 Board Presentations

Materials on presentations proposed to be made at the meetings, if any, are sent to the Board members in advance to enable focused discussion on key issues.

In case where the subject matter is confidential, the presentation is directly made at the meeting.

4.6.5 Guidelines for tabling of items at Board meetings

Tabling of items at Board meetings is generally discouraged. Only in rare circumstances or for items of extreme confidential nature and where immediate decision is required, the senior management may table additional items for discussion with the permission of the MD/ Functional Directors.

4.6.6 Quorum, voting rights, manner of attendance and other procedures

It is expected that each Director will make every effort to attend each Board meeting. Attendance in person is required. Each Director is expected to have carefully reviewed all materials distributed in advance of the meeting, be prepared to participate meaningfully in the meeting, and to discuss all scheduled items of business at the meeting.

The proceedings and deliberations of the Board are confidential. Each Director will maintain the confidentiality of information received in connection with his or her service as a Director.

4.6.7 Recording of Dissent at Board Meetings

The Directors are expected to actively participate in the discussions of the Board

and express their free and frank opinion. If any Director expresses his dissent, he should be able to present his views at the Board and after discussions, the view of all the Directors including dissent, if any, should be recorded in the minutes.

4.6.8 Preparation of minutes, circulation and ratification

Within 7 days after the Board meeting, the Secretarial department shall prepare draft minutes of the proceedings of the Board meeting and submit to the Managing Director through functional Director for his approval for circulation of the draft to all the Directors within 15 days of the meeting for their comments. Comments / suggestions received from the Directors will be appropriately incorporated. The final minutes shall thereafter be submitted to Chairman for his approval through ED (T&C), Railway Board and thereafter would be recorded in the minutes book within 30 days of the meeting. The minutes shall be placed before the Board in the next meeting for noting/confirmation and shall be duly signed.

4.6.9 Issuing certified copies of resolutions / minutes

The Secretarial department shall issue certified copies of the resolutions passed or extracts of the minutes of Board meetings, as and when required by any other division to enable them to take appropriate steps in the matter.

4.7 Board Committees

The Board has established the following Committees to assist the Board in discharging its responsibilities:

1. Audit Committee
2. Remuneration Committee
3. Investment Committee,
4. Executive Board Committee,
5. Administrative Committee,

Further, the Board in its 48th Meeting held on 7th September, 2010 has suggested for formation of Risk Management Committee.

The Board has adopted charters setting forth the roles and responsibilities of each of the above Committees. The Board may constitute new Committees or dissolve any existing Committee, as it deems necessary for the discharge of its responsibilities.

4.7.1 Audit Committee Charter

4.7.1.1 Constitution

The Audit Committee shall function in accordance with the terms of reference covered under this Charter, such additional provisions as may be stipulated under Corporate Governance Guidelines issued by DPE, the Companies Act, 1956 (the Act) and other statutes or any modification or re-enactment thereof and as may be specified by the Board from time to time.

4.7.1.2 Role of the Audit Committee

The Audit Committee assists the Board with its responsibility for overseeing the quality and integrity of the accounting, auditing, and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting processes of the Company, the audits of the Company's financial statements, the qualifications, independence and performance of the statutory auditors, the performance of internal auditors etc.

4.7.1.3 Composition of the Committee

The Committee shall consist of such number of members as the Board may determine from time to time, but in any event not less than 3. All members of the Committee shall be 'financially literate' and the Committee will have at least one member who shall have financial and accounting expertise. The Company Secretary shall act as the Secretary to the Committee.

Chairman:

The Chairman of the Audit Committee will be appointed by the Board at the time of constitution / reconstitution of the Audit Committee. The members of the Committee may also elect the Chairman amongst themselves. The Chairman of the Audit Committee should be an Independent Director.

Induction and Training: The Committee members shall keep themselves updated of the new developments in accounting practices and procedures. The members shall ensure that they are appropriately informed of the implication of such new developments by the management and / or auditors of the Company.

Reconstitution:

The Board may at its discretion reconstitute the Audit Committee at any time.

4.7.1.4 Procedures

Meetings:

The Chairman of the Committee, in consultation with the Committee members, finalizes the schedule and frequency of the Committee meetings.

The Committee shall meet at least 4 times every financial year and not more than four months should elapse between two meetings. The schedule shall specify the Committee Agenda to be discussed and considered at each meeting to ensure that the Committee's responsibilities are fully met. Usually, the Audit Committee meeting is held before a Board meeting. Additional meetings may be held, as the Committee deems fit. The Committee may request Head of Finance, representatives of the Internal Auditors, and Statutory Auditors or any other personnel to attend the Audit Committee meetings. At least twice a year, the Committee shall meet the Statutory Auditor and internal auditors without the executive management being present.

Agenda:

The Chairman of the Committee shall approve the Agenda for every meeting, in consultation with the management. The Agenda and information concerning the business to be conducted at each meeting, shall be, as far as practical, communicated to the members at least 4 days in advance of each meeting to facilitate meaningful overview.

Meeting proceedings:

The Committee shall ensure that minutes of all its proceedings are kept and reports on its actions and activities are placed at the next meeting of the Board. The Secretary of the Committee records the proceedings of the Committee meeting which is then reviewed and approved by the Chairman of the meeting for circulation to the other members of the Committee for their comments. The final minutes are noted at the ensuing meeting of the Committee and signed by the Chairman of the meeting. The Committee is governed by the same rules regarding meetings, notice and voting requirements as are applicable to the Board. The Committee is authorized and empowered to look into other matter as it deems fit, or as may be specifically referred to them by the Board or any other Committee of the Board, beyond the provisions of this Charter.

Quorum:

The quorum for the purpose of the Committee meetings shall be either two members or one third of the members of the Committee, personally present, whichever is higher, but a minimum of two independent members must be present.

4.7.1.5 Authority

The Committee is authorized:

- To investigate any activity covered under this Charter;
- To seek any specific information, as may be required, from any employee(s) of the Company and the concerned employee(s) shall cooperate with the request of the Committee;
- To obtain legal or other independent professional advice and secure attendance of outsider(s) with relevant experience if the same is considered necessary, subject to the approval of the Board;
- To form and delegate authority to its sub-committees or to one or more members of the Committee.

The Company shall bear all such expenses to support the requirements of the Committee.

4.7.1.6 Role of Audit Committee:

The Audit Committee's specific responsibilities in carrying out its oversight role are provided by Corporate Governance Guidelines issued by DPE. Briefly, the Committee's duties are classified under following categories:

(i) Financial Statements and Related Disclosures

- Review and discuss with management and external auditor(s), the financial results including Management Discussion and Analysis of Financial Condition and Results of Operations, prior to placing the same for approval by the Board.
- Review critical accounting policies, financial reporting and accounting standards and principles (including significant changes to those principles or their application) and key accounting decisions and judgments affecting the Company's financial statements and disclosures. This shall include rationale for such choices and possible alternative treatments.
- Review with the external auditors any audit problems or difficulties and management's response to the same.

(ii) Statutory Auditors' Qualifications, Independence, Remuneration and Performance

- Approve the audit engagement fees and any non-audit services to be provided by the statutory auditors,
- Oversight / overview of the statutory auditor including resolution of disagreements between management and the statutory auditor.

- Review with the management and the statutory auditor, the scope, planning and staffing of the proposed audit on an annual basis.
- Obtain and review with the Sr. audit partner/ partner, annually or more frequently as the Committee considers appropriate, a written report by the Statutory Auditors describing, the Auditors' internal quality control of processes and procedures, any issues raised in any inquiry, review or investigation by governmental, professional or other regulatory authorities with respect to independent audits carried out by the Statutory Auditor and any steps taken to deal with these issues; and all relationships between the Statutory Auditor and the Company. The Committee shall annually confirm the independence of the Statutory Auditors on the basis of the above report and review with the audit partner.

(iii) Internal Audit

Appointment of Internal Auditors – The Comptroller and Auditor General of India was requested to furnish the names of the CA firms having experience in Hospitality and Tourism Industry. Based on the financial bid and cost benefit

- The Committee shall be kept informed of the scope of audit given to such firms from time to time.
- The Committee shall review the performance of the internal audit department including the objectivity and authority of its reporting obligations, the proposed audit plans for the coming year and the results of internal audits.
- The Committee shall review with management and the statutory auditors, the quality, adequacy and effectiveness of the Company's internal control systems and risk management tools and any significant deficiencies or material weaknesses in the internal controls.

(iv) Compliance with Legal and Regulatory Requirements

The Committee shall receive reports from the management on any legal matters as may be statutorily required and any material reports or inquiries from regulatory or governmental agencies on the financial statements of the Company. The Committee shall review such matters with the management, and any internal or external counsel, as the Committee considers appropriate.

(v) Other Duties

The Committee may perform such other functions, as may be necessary or appropriate for the performance of its oversight function. It is the

responsibility of the Company's management to prepare the financial statements in accordance with applicable laws and regulations, and of the Statutory Auditors to audit those financial statements. Therefore, each member of the Committee shall be entitled to rely on the integrity of such persons and organizations from whom information is received, for the accuracy of the financial and other information provided to the Committee.

(vi) **Confidentiality**

The members of the Audit Committee and all other individuals attending the meetings of the Audit Committee should not disclose the information contained in the reports they receive, the contents of discussion or confidential information regarding the Company which have become known to them in such meetings to any other person other than in course of conducting their normal duties.

(vii) **Current Requirements on authority and responsibilities of the Audit Committee.**

In terms of the Corporate Governance Guidelines issued by DPE, the terms of reference / powers of the Audit Committee have been specified as follows:

A. The Audit Committee shall have the following powers: -

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice, subject to the approval of the Board of Directors.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To Protect the whistle blowers.

B. The role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

- (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings,
 - (e) Compliance with legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions; and
 - (g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems.
 7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 8. Discussion with internal auditors and/or auditors any significant findings and follow up there on.
 9. Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 12. To review the functioning of the Whistle Blower Mechanism.
 13. To review the follow up action on the audit observations of the C&AG audit.
 14. To review the follow up action taken on the recommendations of Committee on Public Undertakings

(COPU) of the Parliament.

15. Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
16. Review all related party transactions in the company. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transactions.
17. Explanation: The term “related party transactions” shall have the same meaning as contained in the Accounting Standard 18, issued by the Institute of Chartered Accountants of India.
18. Review with the independent auditor, the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
19. Consider and review the following with the independent auditor and the management:
 - The adequacy of internal controls including computerized information system controls and security, and
 - Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
20. Consider and review the following with the management, internal auditor and the independent auditor:
 - Significant findings during the year, including the status of previous audit recommendations
 - Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information,

Explanation: If the company has set up an Audit Committee pursuant to provision of the Companies Act, the said Audit Committee shall have such additional functions/features as contained in these guidelines.

- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4.7.2 Remuneration Committee Charter

4.7.2.1 Constitution

The Remuneration Committee shall function in accordance with the terms of reference covered under this Charter.

4.7.2.2 Role of the Remuneration Committee

Remuneration Committee will decide the annual bonus/variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits. The Company shall not be eligible for Performance Related Pay unless the Independent Directors are on its Board.

4.7.2.3 Composition

Members:

The Committee shall consist of such number of members as the Board may determine from time to time, but in any event not less than 3 members. All the members of the Remuneration Committee shall be part-time Directors (i.e Nominee Directors or Independent Directors). The Committee members shall be appointed by the Board. The Company Secretary shall act as the Secretary to the Committee.

Chairman:

The Chairman of the Remuneration Committee shall be appointed by the Board at the time of constitution or reconstitution of the Committee. The Committee should be headed by an Independent Director.

Induction and Training:

The Committee members shall keep themselves updated of the new developments in managerial compensation. The members shall ensure that they are appropriately informed of the implications of such new developments by the Company.

Reconstitution:

The Board may at its discretion reconstitute the Remuneration Committee at any time.

4.7.3 Investment Committee Charter

4.7.3.1 Constitution

The Investment Committee shall function in accordance with the terms of reference covered under this Charter.

4.7.3.2 Role of the Investment Committee

Investment Committee will decide Investment of surplus funds in terms of circular No. DPE O.M. No. 4/6/94-Fin. Dated 14th December, 1994 and subsequent instructions, if any.

4.7.3.3 Composition

Members:

The Committee shall consist of the Managing Director as Chairman of the Committee, Director (Catering Services), Director (Tourism & Marketing) and Director (Finance). The Company Secretary shall act as the Secretary to the Committee

Chairman:

Managing Director shall be the Chairman of the Investment Committee.

Induction and Training:

The Committee members shall keep themselves updated of the new developments in Investment of surplus funds. The members shall ensure that they are appropriately informed of the implications of such new developments by the Company.

Reconstitution:

The Board may at its discretion reconstitute the Investment Committee at any time.

4.7.4 Executive Board Committee Charter

4.7.4.1 Constitution

The Executive Board Committee shall function in accordance with the terms of reference covered under this Charter.

4.7.4.2 Role of the Executive Board Committee

The role of the Executive Board Committee is to make policy for recruitment, absorption and channels of promotion in IRCTC for officers/ staff (below Board level Executives up to E6) and Permanent absorption Rules, in line with existing best practices and DPE guidelines, if any, issued in this regard.

4.7.4.3 Composition

Members:

The Executive Board Committee shall consist of the Managing Director as Chairman of the Committee, Director (Catering Services), Director (Tourism & Marketing) and Director (Finance). The Company Secretary shall act as the Secretary to the Committee.

Chairman:

Managing Director shall be the Chairman of the Executive Board Committee.

Induction and Training:

The Committee members shall keep themselves updated of the new developments in HR matters. The members shall ensure that they are appropriately informed of the implications of such new developments by the Company.

Reconstitution:

The Board may at its discretion reconstitute the Executive Board Committee at any time.

4.7.5 Administrative Committee Charter

4.7.5.1 Constitution

The Administrative Committee shall function in accordance with the terms of reference covered under this Charter.

4.7.5.2 Role of the Administrative Committee.

The role of the Administrative Committee to consider day to day administrative matters pertaining to various departments of the Company, Banks and dealing with statutory and regulatory authorities. The main functions envisaged from such committee are summarised as under : -

- (i) To approve opening and closing of Bank Accounts both current or FDR,
- (ii) To accord approval for approaching the financial institutions / Banks for seeking working capital facilities for the Rail Neer project,
- (iii) To authorise the officials to make application for registration with Excise, Marks Registry and other applicable authorities, and sign and execute the documents on behalf of the corporation.

- (iv) To authorise execution of lease deed for taking the office space on rent for the offices of the Corporation.
- (v) To engage professional agencies for streamlining the existing and proposed business of the Corporation etc.

4.7.5.3 Composition

Members:

The Committee shall consist of Managing Director as Chairman of the Committee, Director (Catering Services), Director (Tourism & Marketing) and Director (Finance). The Company Secretary shall act as the Secretary to the Committee.

Chairman:

Managing Director shall be Chairman of the Administrative Committee.

Induction and Training:

The Committee members shall keep themselves updated of the new developments. The members shall ensure that they are appropriately informed of the implications of such new developments by the Company.

Reconstitution:

The Board may at its discretion reconstitute the Administrative Committee at any time.

As suggested by Board of Directors in their 48th meeting, the terms of reference for the Risk Management Committee is framed as under:

4.7.6 Risk Management Committee Charter

4.7.6.1 Constitution

The Risk Management Committee shall function in accordance with the terms of reference covered under this Charter.

4.7.6.2 Role of the Risk Management Committee.

The Risk Management Committee has responsibilities relating to Risk Management for the company, which includes overseeing the development and operation of its risk and internal control frameworks to allow for operations to be conducted in alignment with its risk profile and appetite. The Committee is responsible for ensuring that the risk framework is adequate in the

identification, measurement, monitoring and controlling of the companies principal risks.

The Committee will review and develop the following :

- (a) **Establishment, Review and Approval** — The Committee shall require management to implement and maintain an appropriate Risk management framework in accordance with applicable laws, regulations and guidance, with their associated procedures. At least annually, the Committee shall consider and review the Risk management framework with management and the auditors relating to:
- (i) The ability of the framework to drive identification and attention to primary business risks.
 - (ii) The effectiveness of the risk framework to allow for risk mitigation strategies to be adopted and provide for an on-going monitoring mechanism to revalidate the risk assumptions / profile of the organization.
 - (iii) the overall control environment for managing business risks
 - (iv) any significant changes in the risk management framework (or risk appetite, profile)
 - (v) any material design or operational issues raised by an incident, fraud or regulatory review
 - (vi) adequacy of the internal control framework to address fraud prevention and detection, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting or management;
 - (vii) the business continuity management and insurance programs, including, reviewing and recommending for Board approval, a resolution establishing certain limits of insurance, to meet the requirements of the established risk appetite
 - (viii) any related significant issues and recommendations of the external auditors and internal auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses

including those relating to risk management or internal controls over financial reporting and disclosure controls.

(ix) the self assessment, internal assessment and external assessment processes that constitute the continuous improvement cycle for the risk management and internal controls frameworks.

(b) **Policies and Procedures** — The Committee shall review and, if advisable, approve key policies and procedures for the effective identification, measurement, monitoring and controlling of the principal business risks (including reputation and legal risks) consistent with the approved risk limits and overall risk appetite.

4.7.6.3 Composition

Members:

The Committee shall consist of not less than three or more than Five members of the Board of which two third shall be independent non-official directors. The committee may choose to invite such management personnel or external invitees, as it considers necessary or desirable in pursuing its mandate.

Chairman:

The Chairman of the Risk Management Committee shall be appointed by the Board at the time of constitution or reconstitution of the Committee. The Committee should be headed by an Independent Director.

Induction and Training:

The Committee members shall keep themselves updated of the new developments. The members shall ensure that they are appropriately informed of the implications of such new developments by the Company.

Reconstitution:

Each member of the Committee shall be appointed by the Board and shall serve at the pleasure of the Board or till ceasing to be a member of the Board whichever is earlier. The Board may fill a vacancy in the membership of the Committee at its discretion.

4.8 Board Performance Evaluation

While there is no formal requirement on Board performance evaluation in India, based on the guiding principles enunciated in the Higgs Report and other international best practices, the Company has planned to initiate an evaluation

policy with respect to the Board performance evaluation.

The performance of the Board as a whole, of its committees, and of its members shall be evaluated at least once a year keeping in view the objectives of the Company.

It is the responsibility of the Chairman who shall be supported by the Company Secretary to organize the evaluation process and act on its outcome. The results of board evaluation shall remain confidential between the Chairman, Directors concerned & the Company Secretary.

The evaluation process will be used constructively as a mechanism to improve board effectiveness, maximize strengths and tackle weaknesses.

**MODEL CODE OF BUSINESS CONDUCT AND ETHICS FOR
BOARD MEMBERS AND SENIOR MANAGEMENT**



Indian Railway Catering and Tourism Corporation Limited

**Registered and Corporate office: 9th Floor, Bank of Baroda Building, 16,
Parliament Street, New Delhi-110001**

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED

MODEL CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

1.0 Introduction

- 1.1 This Code shall be called "The Code of Business Conduct & Ethics for Board Members and Senior Management" of Indian Railway Catering and Tourism Corporation Limited. (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.
- 1.3 This Code for Board Members and Senior Management has been framed specially in compliance of the provisions of Clause 49 of the Listing Agreement with. Stock Exchanges and as per the Guidelines of Department of Public Enterprise (DPE).
- 1.4 It shall come into force with effect from, the 11th day of December 2007.

2.0 Definitions and Interpretations:

- 2.1 The term "Board Members" shall mean Directors on the Board of Directors of the Company
- 2.2 The term "Whole-time Directors" or "Functional Directors" shall be the Directors on the Board of Directors of the Company who are in whole-time employment of the company.
- 2.3 The term "Part-time Directors" shall mean Directors on the Board of Directors of the Company who are not in whole time employment of the Company.
- 2.4 The term "Relative" shall have the same meaning as defined in Section 6 of the Companies Act, 1956.
- 2.5 The term "Senior Management" shall mean personnel of the Company who are members of its core management team excluding Board of Directors and would comprise all members of management one level below the Whole time Directors, including all functional heads.

2.6 The term "the Company" shall mean "Indian Railway Catering and Tourism Corporation Limited"

Note: In this Code words importing the masculine gender shall include' feminine gender and words importing singular shall include the plural or vice-versa.

3.0 Applicability

3.1 This code shall be applicable to the following personnel:

- a) All Whole-time Directors including the part-time Chairman and the Managing Director of the Company.
- b) All Part-time Directors including Independent Directors under the provisions of law.
- c) Senior Management

3.2 The Whole-time Directors and Senior Management should continue to comply with other applicable/to be applicable policies, rules and procedures of the Company.

4.0 Contents of Code

Part I General Moral Imperatives

Part II Specific Professional Responsibilities

Part III Specific Additional Provisions for Board Members and Senior Management

This code is intended to serve as a basis for ethical decision making in the conduct of professional work. It may also serve as a basis for judging the merit of a formal complaint pertaining to violation of professional ethical standards.

It is understood that some words and phrases in the code of ethics and conduct document are subject to varying interpretations. In case of any conflict, the decision of the 'Board shall be final.

PART - I

5.0 General Moral Imperatives

5.1 Contribute to society and human well-being

5.1.1 This principle concerning the quality of life of all people, affirms an obligation to protect fundamental human rights and to respect the diversity of all cultures. We must attempt to ensure that the products of our efforts will be used in socially responsible ways, will meet social needs and will avoid harmful effects to health and welfare of others. In addition to a safe social environment, human well being includes a safe natural environment.

5.1.2 Therefore, all Board Members and Senior Management who are accountable for the design, development, manufacture and promotions of company's products, must be alert to, and make others aware of, both a legal and a moral responsibility for the safety and the protection of human life and environment.

5.2 Be honest and trustworthy & practice integrity

5.2.1 Integrity and honesty are essential components of trust. Without trust, an organization cannot function effectively.

5.2.2 All Board Members and Senior Management are expected to act in accordance with highest standards of personal and professional integrity, honesty and ethical conduct, while conducting business of the Public Enterprise.

5.3 Be fair and take action not to discriminate

5.3.1 The value of equality, tolerance, respect for others, and the principles of equal justice govern this imperative. Discrimination, on the basis of race, sex, religion, caste, age, disability, national origins or other such factors, is an explicit violation of this Code.^{5.4}

5.4 Honour confidentiality

5.4.1 The principle of honesty extends to issues of confidentiality of information. The ethical concern. is to respect all obligations of confidentiality to all stakeholders unless discharged from such obligations by requirements of the law or other principles of this Code.

5.4.2 All Board Members and Senior Management, therefore, shall maintain the confidentiality of all confidential unpublished information about business and affairs of the Center Public Sector Enterprises (CPSE).

5.5 Pledge & Practice

- 5.5.1 To strive continuously to bring about integrity and transparency in all spheres of the activities.
- 5.5.2 Work unstintingly for eradication of corruption in all spheres of life.
- 5.5.3 Remain vigilant and work towards growth and reputation of the Company.
- 5.5.4 Bring pride to the organization and provide value-based services to Company's stakeholders.
- 5.5.5 Do duty conscientiously and without fear or favour.

PART II

6.0 Specific Professional Responsibilities

6.1 Live the Vision, Mission and Values of CPSE - each day

Live the Vision, Mission and Values of Indian Railway Catering and Tourism Corporation Limited each day. For quick reference, they are as under:

Vision & Mission statement:

“To become a leading provider of high quality travel, tourism and hospitality related services in the country.”

Values

- ∴ Zeal to excel and zest for change'
- ∴ Integrity and fairness in all matters
- ∴ Respect for dignity and potential of individuals
- ∴ Strict adherence to commitments
- ∴ Ensure speed of response
- ∴ Foster learning, creativity and teamwork
- ∴ Loyalty and pride in the CPSE

6.1 Strive to achieve the highest quality, effectiveness and dignity in both the processes and products of professional work: -

Excellence is perhaps the most important obligation of a professional.

Everyone, therefore, should strive to achieve the highest quality, effectiveness and dignity in their professional work.

- 6.2 Acquire and maintain professional competence:** Excellence depends on individuals who take responsibility for acquiring and maintaining professional competence. All are, therefore, expected to participate in setting standards for appropriate levels of competence, and strive to achieve those standards.
- 6.4 Compliance with Laws:** - The Board Members and Senior Management of the CPSE shall comply with all the applicable provisions of existing local, state, national, and international laws. They should also follow and obey the policies, procedures, rules and regulations relating to business of the Company.
- 6.5 Accept and provide appropriate professional review:**
Quality professional work depends on professional review and comments. Whenever appropriate, individual members should seek and utilize peer review as well as provide critical review of the work of theirs.
- 6.6 Manage personnel and resources to enhance the quality of working life:** - Organizational leaders are responsible for ensuring that a conducive working and business environment is created for fellow employees to enable them delivering their best. The Board Members and Senior Management would be responsible for ensuring human dignity of all employees, would encourage and support the professional development of the employees of the Company by providing them all necessary assistance and cooperation, thus enhancing the quality of working.
- 6.7 Be upright and avoid any inducements:-** The Board Members and Senior Management shall not, directly or indirectly through their family and other connections, solicit any personal fee, commission or other form of remuneration arising out of transactions involving Company. This includes gifts or other benefits of significant value, which might be extended at times, to influence business for the organization or awarding a contract to an agency, etc.
- 6.8 Observe Corporate Discipline:** - The flow. of communication within the Company is not rigid and people are free to express themselves at all levels. However, there is a free exchange of opinions in the process of arriving at a decision, but after the debate is over and a policy consensus has been established, all are expected to adhere and abide by it, even when in certain instances one may not agree with it individually. In some cases, policies act as a guide to action, in others they are designed to put a constraint on action. All

must learn to recognize the difference and appreciate why they need to observe them.

- 6.9 Conduct in a manner that reflects credit to the Company:** - All are expected to conduct themselves, both on and off duty, in a manner that reflects credit to the Company. The sum total of their personal attitude and behaviour has a bearing on the standing of Company and the way in which it is perceived within the organization and by the public at large.
- 6.10 Be accountable to Company's stakeholders:** - All of those whom we serve, be it our Customers, without whom the Company will not be in business, the Shareholders, who have an important stake in its business, the Employees, who have a vested interest in making it all happen, the Vendors, who support the Company to deliver in time and Society to which Company is responsible for its actions - are stakeholders of the Company. All, therefore, must keep in mind at all times that they are accountable to Company's stakeholders.
- 6.11 Prevention of Insider Trading:** - The Board Members and Senior Management shall comply with the code of Internal Procedures and conduct for prevention of Insider Trading in dealing with Securities of the Company.
- 6.12 Identify, mitigate and manage business risks:** - It is everybody's responsibility to follow the Risk Management Framework of the Company to identify the business risks that surround function or area of operation of the Company and to assist in the company-wide process of managing such risks, so that Company may achieve its wider business objectives.
- 6.13 Protect properties of the Company:** - The Board Members and Senior Management shall protect the assets including physical assets, information and intellectual rights of the Company and shall not use the same for personal gains.

PART-III

- 7.0 Specific Additional Provisions for Board Members and Senior Management**
- 7.1 As Board Members and Senior Management:** They shall undertake to actively participate in the meetings of the Board and Committees on which they serve.
- 7.2 As Board Members**

7.2.1 Undertake to inform the Chairman and the Managing Director/ Company Secretary of the Company of any changes in their other Board positions, relationship with other business and other events/ circumstances / conditions that may interfere with their ability to perform Board/ Board Committee duties or may impact the judgment of the Board as to whether they meet the independence requirements of Listing Agreement with Stock Exchanges and the Guidelines of DPE.

7.2.2 Undertake that without prior approval of the disinterested members of the Board, they will avoid apparent conflict of interest. Conflict of interest may exist when they have personal interest that may have a potential conflict with the interest of the Company. Illustrative cases can be:

- **Related Party Transactions:** Entering into any transactions or relationship with Company or its subsidiaries in which they have a financial or other personal interest (either directly or indirectly such as through a family member or relation or other person or other organization with which they are associated).
- **Outside Directorship:** Accepting Directorship on the Board of any other Company that competes with the business of the Company.
- **Consultancy/Business/Employment:** Engaging in any activity (be it in the nature of providing consultancy service, carrying on business, accepting employment) which is likely to interfere or conflict with their duties/ responsibilities towards Company. They should not invest or associate themselves in any other manner with any supplier, service provider or customer of the company.
- **Use of Official position for personal gains:** Should not use their official position for personal gains.

7.3 **Compliance with the Code of Business Conduct and Ethics.**

7.3.1 **All Members of the Board and Senior Management of Company shall uphold and promote the principles of this code.**

The future of the organization depends on both technical and ethical excellence. Not only it is important for Board Members and Senior Management to adhere to the principles expressed in this Code, each of them

should also encourage and support adherence by others.

7.3.2 Treat violations of this code as inconsistent association with the organisation

Adherence of professionals to a code of ethics is largely and generally, a voluntary matter. However, if any of Board Members and Senior Management does not follow this Code, the matter would be reviewed by the Board and its decision shall be final. The Company reserves the right to take appropriate action against the defaulter. "

7.4 Miscellaneous Points

7.4.1 Continual updation of Code

This Code is subject to continuous review and updation in line with any changes in law, changes in Company's philosophy, vision, business plans or otherwise as may be deemed necessary by the Board and all such amendments / modifications shall take effect prospectively from the date stated therein.

7.4.2 Where to seek clarifications

Any member of Board or Senior Management requiring any clarification regarding this code of conduct may contact the Company Secretary/ any officer specifically designated by the Board of Directors.

ACKNOWLEDGEMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

I have received and read the code of Business Conduct and Ethics for Board Members, Senior Management of Indian Railway Catering and Tourism Corporation Limited. I understand the standards and policies contained in the said Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job. I further agree to comply with the said Code of Business Conduct and Ethics.

If I have questions concerning the meaning or application of the said Code of Business Conduct and Ethics, any policies of the CPSE or the legal and regulatory requirements applicable to my job, I know I can consult Director or Company Secretary concerned of the Company knowing that my questions or reports will be maintained in confidence.

Further, I undertake to provide following Affirmation on an Annual basis to the Company within 30 days from the end of 31st March every year.

AFFIRMATION

(By Board Members/ Senior Management of the Company on Annual basis by 30th April of every year)

I,, (name), (designation), having read and understood the Code of Business Conduct and Ethics for Board Members and Senior Management, hereby solemnly affirm that I have complied with and has not violated any of the provisions of the Code during the year ended 31st March

Signature_____

Name_____

Designation_____

Place:

Date:

Employment Number_____

Telephone No ._____

ANNEXURE-II.

Format of undertaking to be given by Independent Director

The Compliance Officer
Indian Railway Catering and Tourism Corporation Limited
[]

Sub: Declaration by Independent Director

I, _____, do certify that I am holding the position on the Board of Indian Railway Catering and Tourism Corporation Limited as an Independent Director. I further certify that I continue to meet all the requirements specified under the Corporate Governance Guidelines of DPE for holding the position of Independent Director.

Date: _____
[Name of Director]