

**BOARD CHARTER AND CORPORATE GOVERNANCE GUIDELINES OF
KONKAN RAILWAY CORPORATION LIMITED
CIN: U35201MH1990GOI223738**

**REGISTERED AND CORPORATE OFFICE
BELAPUR BHAVAN, SECTOR – 11, PLOT NO. 6, CBD BELAPUR,
NAVI MUMBAI – 400 614, MAHARASHTRA**

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1.0 BACKGROUND:

This Board Charter spells out essentially the composition, structure, roles and responsibilities of the Board of Directors (hereinafter referred as BoD) of the Corporation keeping the culture and concept of Corporate Governance objectives and approach perspective. In this regard, Department of Public Enterprises (hereinafter referred as DPE) has issued detailed Guidelines on Corporate Governance for Central Public Sector Enterprises (hereinafter referred as CPSEs), **Clause 3.5 of the guidelines 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:-

i) Clearly defines the roles and responsibilities of the Board and individual Directors.

ii) 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.”

2.0 COMPOSITION OF BOARD:

The composition of Board shall be in conformity with the Guidelines issued by the DPE, provisions of the Companies Act, 2013 and any other applicable laws including Article no. 65(1), 65(1) (c) and 66(1) of the Articles of Association of the Corporation.

3.0 POWERS OF BOD AS MENTIONED UNDER THE COMPANIES ACT, 2013:

In terms of Section 179(1) of the Companies Act, 2013 the BoD shall be entitled to exercise all such powers, and to do all such acts and things, as the Corporation is authorized to exercise. However, Board shall not exercise any power or do any act or thing which is directed or required, whether by the Companies Act, 2013 or any other Act or by the Memorandum or Articles of the Company or otherwise, to be exercised or done by the Corporation in General Meetings.

3.1 POWER TO BE EXERCISED BY BOARD AT ITS MEETING:

Section 179(3) of the Companies Act, 2013 provides that certain powers shall be exercised by the Board only at its Meeting and not by resolution by circulation.

3.2 SPECIFIC POWERS OF THE BOARD:

Article 72 of the Article of Association of the Corporation gives specific powers to the BoD.

3.3 RESTRICTIONS ON THE POWERS OF BOARD:

Section 180 of the Companies Act, 2013, provides certain restriction on the powers of Board and these powers shall not be exercised without the consent of the General Meeting.

3.4 DELEGATION OF POWERS TO THE C&MD AND FULL TIME DIRECTORS:

Article 68 (1) of the Article of Association of the Corporation gives delegation of powers to the C&MD and full time Directors. However, Board has delegated certain powers to C&MD.

3.5 DUTIES OF DIRECTORS:

Section 166 of the Companies Act, 2013 has codified the duties of the Directors as follows:

1. Subject to the provisions of this Act, a Director of Corporation shall act in accordance with the Articles of Association of the Corporation.

2. A Director of Corporation shall act in good faith in order to promote the objects of Corporation, for the benefit of its members as a whole, and in the best interests of Corporation, its employees, the shareholders, the community and for the protection of environment.
3. A Director of Corporation shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
4. A Director of Corporation shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Corporation.
5. A Director of Corporation shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such Director is found guilty of making any undue gain he shall be liable to pay an amount equal to that gain to Corporation.
6. A Director of Corporation shall not assign his office and any assignment so made shall be void.
7. If a Director of Corporation contravenes the provisions of this section such Director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

3.6 RESPONSIBILITIES OF THE BOD:

The basic responsibility of the Directors is to exercise their business judgment and to act in what they reasonably believe to be in the best interests of the Corporation and its shareholders. The Directors are always in a fiduciary role as trustees and agents with the Corporation and other stakeholders. Directors would be entitled to rely on the honesty and integrity of the Corporation's senior executives and its outside advisors and auditors.

In furtherance of its responsibilities, the BoD will:

- (a) Review, evaluate and approve, on a regular basis, long-range plans for the Corporation.
- (b) Review, evaluate and approve the Corporation's budget and forecasts.
- (c) Review, evaluate and approve major resource allocations and capital investments.
- (d) Review the financial and operating results of the Corporation.
- (e) Adopt, implement and monitor compliance with the Corporation's Code of Conduct.
- (f) Review periodically the Corporation's corporate objectives and policies relating to social responsibility.

- (g) Review and assess the effectiveness of the Corporation's policies and practices with respect to risk assessment and risk Management.

4.0 RESPONSIBILITIES OF C&MD AND INDIVIDUAL DIRECTORS:

I. WHOLE TIME FUNCTIONAL DIRECTORS:

A. CHAIRMAN AND MANAGING DIRECTOR (C&MD):

C&MD is the Chief Executive Officer of the Corporation as well as a Key Managerial Personnel under section 203 of the Companies Act, 2013 and he reports to Chairman/ Railway Board. He is entrusted with substantial powers of Management of the affairs of the Corporation. He is accountable to the BoD and the Ministry of Railways, Government of India. He is responsible for the efficient functioning of the Corporation for achieving its corporate objectives and also for achieving performance parameters in terms of Memorandum of Understanding signed between the Corporation and the Ministry of Railways, Government of India, on year to year basis. In order to achieve these objectives he will be assisted by the Functional Director and other senior management of the Corporation, and he can assign them appropriate responsibility, empower them by delegation of powers to efficiently carry out those responsibilities.

Article 79 of the Article of Association of the Corporation provides that C&MD appointed by the President shall ordinarily preside over the Board Meetings. Further, as per Article 48 of the Articles of Association of the Corporation, the

Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting of the Corporation.

B. DIRECTOR (FINANCE):

Director (Finance) is a member on the Board of Directors as well as a Key Managerial Personnel and Chief Financial Officer under section 203 of the Companies Act, 2013 and reports to the C&MD. He is a Permanent Invitee to Audit Committee. He is a part of core team associated with the formulation of policy guidelines of the Corporation. He is associated with framing of policies relating to HR, Resource Mobilization by way of issuance of Bonds and Commercial Papers for Capital Expansion Projects and Management of Debt Servicing, Co-ordination and interface with other Zonal Railway of Indian Railway to ensure correct realization and accountal of Traffic Earnings as a part of Indian Railways Apportionment System and Formulation of Corporate Governance norms in the organization. He is also looking after Information Technology (IT), Company Secretary, Medical and Health Services, HR and Establishment (Personnel) and Legal departments and can be assigned any specific functions/verticals by the C&MD. Generally, the basic functions assigned to him/her would not be changed.

C. DIRECTOR (WAY AND WORKS):

Director (Way and Works) is a member on the BoD and reports to the C&MD. He is responsible for smooth conduct of train operations through maintenance of p-way, station buildings, bridges etc. He is responsible to carry out infrastructural development of the railway line and execution of Projects (in India and Abroad), providing specialized technical expertise and guidance in appraisal, monitoring and control over implementation of Projects. He is responsible for marketing for new projects and their successful execution, etc. He generally looks after Engineering, Stores and Projects (in India and Abroad) and can be assigned any specific functions/ verticals by the C&MD. Generally, the basic functions assigned to him/her would not be changed.

D. DIRECTOR (OPERATION AND COMMERCIAL):

Director (Operation and Commercial) is a member on the BoD and reports to the C&MD. He is responsible for train operations and Management of Commercial aspects of the train operations. He is further, responsible for full exploration of commercial business for the Corporation within the operating system of the Indian Railway & otherwise. Identification of new opportunities of business, System improvement, Safety, etc. He is also responsible for upkeep of all technical infrastructure except P-way. He generally looks after

Commercial, Operating, Mechanical, Signal and Telecommunication, Electrical, Safety and Strategic Planning and Business Development and can be assigned any specific functions/ verticals by the C&MD. Generally, the basic functions assigned to him/her would not be changed.

II. PART-TIME OFFICIAL/ GOVERNMENT DIRECTORS:

The Directors representing the Government (Central/ participating States) shall attend the Meetings of the Board and give their valuable contribution in framing the policies of the Corporation. They shall play pivotal role in facilitating the process of administrative approval/ sanctions from their respective Government (Central/ participating States) Departments.

III. PART-TIME NON-OFFICIAL DIRECTORS (INDEPENDENT DIRECTORS):

Independence of the Board is essential for sound corporate governance as envisaged in the regulation 27 under chapter IV (Obligation of Listed Entity which has listed its specified securities) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Listing Agreement with the Stock Exchanges. This goal is expected to be achieved by associating sufficient number of Independent Directors.

In terms of above regulation, the Government of India appoints four Independent Directors on the Board of the Corporation. 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, they also attend other Board Committees where they are nominated as Chairman/ Committee Members of the Board.

The role and presence of Independent Directors on the Board/ Board Committee 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. The Independent Directors are collectively responsible for the deliberations and decisions taken by the Board/ Board Committee.

(A) ATTENDANCE OF INDEPENDENT DIRECTORS IN GENERAL MEETINGS AND BOARD MEETINGS:

(a) GENERAL MEETING:

The Chairman of the Audit Committee, Nomination and Remuneration Committee and the Stakeholders' Relationship Committee should be present at the General Meeting to answer Shareholders' queries.

(b) BOARD MEETING:

Independent Directors shall strive to attend all the Meetings of the Board of Directors/ Committees of Board.

(B) DUTIES OF NON-OFFICIAL DIRECTORS (INDEPENDENT DIRECTORS):

Duties are in consonance with the duties cast under the Companies Act, 2013.

(C) TRAINING OF NON-OFFICIAL DIRECTORS (INDEPENDENT DIRECTORS):

One of duties laid down under Code for Independent Directors of schedule IV of the Companies Act, 2013 is that Independent Directors shall undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Corporation. The Corporation should provide suitable training to Independent Directors to familiarize them with the working of the Organization. Their roles, rights, responsibilities and, nature of the industry in which the Corporation operates, business model of Corporation, etc. The details of such training imparted shall be disclosed in the Annual Report.

(D) SEPARATE MEETINGS OF INDEPENDENT DIRECTORS:

Para VII of the Code for Independent Directors of schedule IV of the Companies Act, 2013 provides for separate Meeting of Independent Directors. It requires for conducting of at least one separate Meeting of Independent Directors in a year without the presence of Non-Independent Directors and Members of the Management. The purpose of such Meeting Meetings is to assess the quality, quantity and timelines of flow of information between Corporation Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

5.0 NUMBER OF BOARD MEETINGS:

In compliance to Section 173(1) of Companies Act, 2013 at least four Board Meetings shall be held every year, and the time gap between two consecutive Meetings shall not be more than one hundred and twenty days.

6.0 AGENDA ITEMS FOR BOARD AND COMMITTEE MEETINGS:

The Chairman of Board/ Board Committees will establish the agenda for each Board/ Board Committee Meetings resp. Each Director/Committee members is free to suggest the inclusion of items on the agenda. Each Director/ Committee members is free to raise at any Board/ Committees Meeting subjects that are not on the agenda for that Meeting . A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the Directors/ Board Committees approximately seven days in advance to each Board/ Board Committee Meeting.

7.0 ATTENDANCE AT THE BOARD/ COMMITTEE MEETINGS, WHICH THEY SERVE / ANNUAL SHAREHOLDERS MEETINGS:

Directors are expected to attend Board Meetings of the Committees on which they serve and Annual/ Extra-ordinary General Meeting.

8.0 CODE OF BUSINESS CONDUCT AND ETHICS:

The Board shall lay down a Code of Business Conduct and Ethics for all Board Members and Senior Management of the Corporation. The Board approved Code is placed at http://konkanrailway.com/uploads/pdfs/80_CODE_OF_CONDUCT). All Board Members and Senior Management personnel shall affirm compliance with the Code on an annual basis.

9.0 DISCLOSURE/DECLARATIONS TO BE MADE BY THE BOARD MEMBERS:

SR. NO.	REFERENCE	PARTICULARS	PERIODICITY
1.	Sec. 184 of the Companies Act, 2013	Disclosure of interests	<ul style="list-style-type: none">• At the time of joining the Board;(Immediate)• As and when there is a change in interests;• At the first Meeting of the Board in every Financial year
2.		Disclosure of Particulars of other Directorships/ Committee Membership	<ul style="list-style-type: none">• At the time of joining the Board;• As and when there is a change in particulars;
3.	DPE Corporate Governance	-Annual affirmation of compliance	Within 30 days of the close of every financial year.

	Guidelines, 2010	with Code of Business Conduct and Ethics.	
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The following disclosures/ declarations are to be given by Board Members:

10.0 DIRECTORS' ORIENTATION AND EDUCATION:

Management will provide its new Directors with an initial orientation in order to familiarize them with their responsibilities as Directors as per prevailing laws along with the Corporation strategic plans, its financial plans, accounting method and risk Management issues, its compliance programs, its Code of Conduct, information of its senior Management, Internal, Statutory and Secretarial Auditors.

In order to facilitate the Director's fulfillment of their responsibilities regarding continuing education and to enhance each Director's knowledge of the Corporation, the Corporation's business operations and the latest developments in corporate governance, it is appropriate for Management to provide Directors with the following:

- (a) Making presentation to explain the Corporation's business operations, including its technology and market position.
- (b) Access to, or notice of, continuing educational programs that are designed to keep Directors abreast of the latest developments in

corporate governance matters and critical issues relating to the operation of the Corporation.

(c) Periodic visits to regions and project sites.

(d) The status of major litigation.

11.0 VACATION OF OFFICE OF DIRECTOR:

In terms of 167 (b) of the Companies Act, 2013, the office of a Director shall become vacant in case he/she absents himself/herself from all the Meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board.

12.0 IMMUNITY UNDER THE COMPANIES ACT, 2013

Sub-section (12) of Section 149 of Companies Act, 2013 provides that an Independent Director and Non-Executive Director (not being Promoter or KMP), shall be held liable, only in respect of such acts of omission or commission by the Corporation which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance; or where he had not acted diligently.

13.0 COMPLIANCE OF LAWS:

The Board shall periodically review compliance reports of all laws applicable to the Corporation as well as steps taken to rectify instances of non-compliance.

14.0 RISK MANAGEMENT:

The Board shall ensure the risk Management system are aligned with corporate and operational objectives and also that risk Management is undertaken as a part of normal business practice and not as a separate task at set times. The Board approved Risk Policy is available at http://konkanrailway.com/uploads/pdfs/431_RISK_MANAGEMENT_POLICY.PDF.
