

NOMINATION AND REMUNERATION POLICY

I. INTRODUCTION

This Nomination and Remuneration Policy (“**Policy**”) is being formulated in compliance with Section 178 of the Companies Act, 2013 (herein after called as “**the Act**”) read along with the applicable rules thereto, as may be amended from time to time. The Policy provides a framework for the remuneration of the Directors, Key Managerial Personnel (KMPs), Senior Management Personnel (SMP), Investment Committee Members and other employees of Tamil Nadu Infrastructure Fund Management Corporation Limited (“**TNIFMC**” or “**the Company**”).

II. APPLICABILITY

This Policy is applicable to:

- a) Directors (Executive and Non-Executive)
- b) Key Managerial Personnel
- c) Senior Management Personnel
- d) Investment Committee Members and
- e) Other employees

III. DEFINITIONS

1. “**Board**” means Board of Directors of the Company.
2. “**Key Managerial Personnel/KMP**”, in relation to a Company, means—
 - a) the Chief Executive Officer or the managing director or the manager;
 - b) the Company secretary;
 - c) the Chief Financial Officer;
 - d) the Whole-time director;
 - e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - f) such other officer as may be prescribed; by the Board
3. “**Independent Director**” means a director referred to in Section 149 (6) of the Act, as amended from time to time.
4. “**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
5. “**Director(s)**” includes Whole Time Director or Executive Directors and Non-Executive or Nominee Directors or Independent Directors
6. “**Investment Committee Members**” are Members of the Investment Committee of the respective Fund

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act as may be amended from time to time shall have the meaning respectively assigned to them therein.

IV. COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee (“**NRC/Committee**”) is/shall be in compliance with the Act, Rules made there under, as may be amended from time to time.

V. ROLE OF NOMINATION AND REMUNERATION COMMITTEE

1. Evaluate the Board’s composition and its committees in line with applicable regulations and to make recommendations with respect to the appointment, re-appointment and resignation of independent, executive and non-executive directors of the Company;

2. To ensure that the Board is comprised of members reflecting the proper expertise, skills, attributes and personal and professional backgrounds for service as a director of the Company, as determined by the Committee;
3. Review and recommend to the Board actions regarding resignation of current Board members, or any planned expansion of the Board, and review the qualifications, experience and suitability of potential new members;
4. Review all shareholder proposals submitted to the Company, including those related to the Board, assess their timeliness and recommend appropriate actions to the Board;
5. Recommend and ensure that remuneration and other benefits is adequate to attract, retain and motivate qualified directors of including sitting fees for Directors and Investment Committee Members;
6. Formulate, administer and supervise the Company's stock option schemes, if any, in accordance with relevant laws;
7. Ensure that Directors, Investment Committee Members and KMP's compensation is market-competitive, aligns with performance benchmarks, and balances fixed and incentive pay to reflect role demands and the Company's short- and long-term goals;
8. Formulate the criteria for evaluation of independent directors and the Board;
9. Devise a policy on Board diversity;
10. Identify the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
11. Formulate the criteria for evaluation of Directors, Independent Directors and the Board;
12. Identify the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria for determining qualifications, positive attributes and recommend to the Board their appointment and removal;
13. To recommend to the Board the appointment, removal and remuneration payable to the Directors, Key Managerial Personnel and Senior Management and other employees;
14. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

VI. APPOINTMENT AND REMOVAL OF DIRECTORS

1. Appointment of Directors

- a) Subject to compliance of provisions of Section 149 of the Companies Act, 2013 read with the Schedule IV and rules as applicable, the NRC shall identify and ascertain integrity, qualification, expertise and experience of the person to be appointed as Director except in the case of Nominee Directors who are nominated by the shareholders.
- b) The Company will conduct integrity and due diligence checks prior to appointing a director, as per applicable laws or policies of the company.
- c) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

2. Qualifications of Independent Director:

- a) An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.
- b) As per the applicable provisions of the Companies Act, 2013 and the rules made there under, the NRC shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s. The Committee shall identify and ascertain the integrity inhouse/through external consultant and consider the qualification, expertise and experience of the person to be appointed as Independent Director.

- c) Subject to the provisions of the applicable Regulations, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure(s) of such appointment in the Board's report.
- d) An Independent Director can serve for a maximum of two consecutive terms but is eligible for reappointment after three years of ceasing to be an Independent Director. During this period, they cannot be associated with the company in any capacity.
- e) At the time of appointment, an Independent Director should not serve on more than seven listed company boards, or on three if also serving as a Whole-time Director for a listed company, or as prescribed by statutory/regulatory authorities.

3. Disqualifications for Appointment of Directors

- a) Pursuant to section 164 of the Act, a person shall not be eligible for appointment as a director of a company if:
 - He is of unsound mind and stands so declared by a competent court;
 - He is an undischarged insolvent;
 - He has applied to be adjudicated as an insolvent and his application is pending;
 - He has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence, provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company.
- b) An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force with respect to:
 - He has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
 - He has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
 - He has not complied with sub-section (3) of section 152 (appointment of directors).
- c) No person who is or has been a director of a company which:
 - Has not filed financial statements or annual returns for any continuous period of three financial years;
or
 - Has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.
- d) If a Director is disqualified as per any provision mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

VII. REMUNERATION TO EXECUTIVE DIRECTORS, CHIEF EXECUTIVE DIRECTORS AND NOMINEE DIRECTORS

1. Executive Directors (Managing Director, Manager, Whole Time Director) and Chief Executive Officer (CEO):

- a) At the time of appointment or re-appointment, the Executive Directors/CEO shall be paid such remuneration as may be mutually agreed between the Company (which includes the NRC and the Board of Directors) within the overall limits prescribed under the Act.
- b) The remuneration of the Chief Executive Officer will be approved by the Board.

2. Nominee Directors:

- a) The Nominee Directors shall not be entitled to any remuneration in their capacity as Directors of the company.
- b) No remuneration will be paid to Directors nominated by Tamil Nadu Government or its parastatals.

VIII. SITTING FEES TO NON-EXECUTIVE DIRECTORS, INDEPENDENT DIRECTOR AND IC MEMBERS

1. Sitting Fee:

- a) The Non-Executive/Independent Director shall receive sitting fees as approved by the Board at the time of constitution or as per subsequent modification.
- b) The Directors/members of the Committee will be paid a sitting fee for attending meetings of the Board/committees. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act or such amount as may be prescribed from time to time.

2. Remuneration/Commission:

- a) The remuneration/commission, if any, shall be in accordance with the statutory provisions of the Act and the rules made there under for the time being in force.
- b) Prior approval of the Board/shareholders will be obtained for payment of remuneration/commission.

3. Remuneration to Investment Committee Members

- a) The Investment Committee (IC) is independent of the Board, is unique to a Fund Management Company like TNIFMC. The Investment Committee is expected to evaluate proposals, guide and strengthen the process of entering into investments successfully.
- b) The IC members will be paid a sitting fee as approved by the Board at the time of constitution or as per subsequent modification.

4. Travel and Accommodation for Members of the Board and Investment Committee

- a) In addition to the sitting fees Directors, Independent directors, Nominee Directors, members of Investment Committee will be paid travelling expenses including airfare (Business class) and 3-day hotel stay which includes the meeting date and the day prior and post meeting and car on rental basis for attending the meetings and such other incidental expenses incurred by them will reimbursed or paid by the Company.
- b) Any major deviation will be approved by the Chief Executive Officer and reported in the ensuing audit committee meeting.

IX. APPOINTMENT AND REMUNERATION TO KMPs, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

1. The appointment of KMPs, Senior Management Personnel and other employees will be as per the Company HR Policy and as approved by the Committee/Board.
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3. The KMPs, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company HR Policy and as approved by the Committee/Board.
4. In case any of the relevant regulations require that remuneration of KMPs or any other officer is to be specifically approved by the Committee and / or the Board of Directors then such approval will be accordingly procured.

X. POLICY REVIEW

1. The policy may be amended modified or supplemented, from time to time, to ensure compliance with any amendment, modification or supplementation to the Act and rules made their under and laws applicable to the company and or its business relating to employee /directors' compensation, issued from time to time.
2. Any such amendment shall be recommended by the Nomination and Remuneration Committee (NRC) and approved by the Board of Directors.

XI. DISCLOSURES IN THE BOARD'S REPORT

1. The details of the Policy and the evaluation criteria as applicable shall be published on Company's website and accordingly disclosed in the Annual Report as part of Board's report therein.
2. In case of any inconsistency with any of the policies approved by the Board, the other specific policies that may be applicable will prevail.