

**POLICY ON APPOINTMENT AND ‘FIT AND PROPER’ CRITERIA FOR
INDEPENDENT DIRECTORS
OF TAMIL NADU URBAN FINANCE AND INFRASTRUCTURE DEVELOPMENT
CORPORATION LIMITED**

1.Preamble

1.1 The Reserve Bank of India (“RBI”) had, vide its Notification No RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 issued “Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”, and any amendment there from time to time, mandated every non-banking financial company being a Government company as defined under clause (45) of Section 2 of the Companies Act, 2013 (Act 18 of 2013) to put in place a Policy, duly approved by the Board of Directors, for ascertaining the ‘Fit and Proper’ criteria of the Directors at the time of appointment and also on a continuous basis (hereinafter referred to as the “Policy”).

1.2 Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited (the “Company”), being a Government company as defined under clause (45) of Section 2 of the Companies Act, 2013 (Act 18 of 2013) and a non-banking financial company registered with the Reserve Bank of India under the provisions of RBI Act, 1934 and is accordingly required to put such a Policy in place.

1.3 This policy is to be approved by the Board of Directors at its next meeting to be held on September 6, 2021.

2. Background

2.1 The importance of due diligence of directors to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity, etc. needs no emphasis for any financial institution. While the RBI does carry out due diligence on directors before issuing Certificate of Registration to an NBFC, it is necessary that NBFCs put in place an internal supervisory process on a continuing basis. Further, in order to streamline and bring in uniformity in the process of due diligence, while appointing directors, NBFCs are advised to ensure that the procedures mentioned in the Policy are followed and minimum criteria fulfilled by the persons before they are appointed on the Boards.

2.2 An Independent Director is a non-executive director of a company acts as a guide, coach, and mentor to the Company. The role includes improving corporate credibility and governance standards by working as a watchdog and help in managing risk. Independent Directors are responsible for ensuring better governance by actively involving in various committees set up by the company.

3. Scope

3.1 The Policy shall apply in respect of appointment of Independent Directors on the Board of Directors of the Company (“Board”) as well as continuation of the appointment of the Directors on the Board. All existing Independent Directors on the Board will be required to submit a Declaration and Undertaking and execute the Deed of Covenant on a yearly basis.

3.2 The provisions relating to the appointment of Independent Directors are contained in Section 149 of the Companies Act, 2013 should be read along with Rule 4 and Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

4. Objective

4.1 The objective of the Policy is to set out the 'Fit and Proper' criteria based on which new Independent Directors proposed to be appointed and existing Independent Directors whose appointment is intended to be continued can be evaluated.

4.2 This Policy intends to establish a system/process in place for undertaking due diligence of persons before appointing them on the Board and on continuing basis by ascertaining their suitability for the post on basis their qualifications, technical expertise, track record, integrity etc. The process of due diligence should be undertaken by the Company at the time of appointment / renewal of appointment.

4.3 The objectives of this Policy are:

4.3.1 To lay down a framework in relation to appointment and removal of Independent Director(s);

4.3.2 To lay down the criteria for determining the qualifications, positive attributes for appointment and removal of Independent Director(s) and criteria for determining independence for Independent Director(s); and

4.3.3 To lay down 'Fit and Proper' person criteria and process of due diligence to determine the suitability / eligibility of a person for appointment / holding the position as an Independent Director on the Board of the Company.

5. Definitions

(a) "Act" means the Companies Act, 2013;

(b) "Bank" means the Reserve Bank of India constituted under section 3 of the Reserve Bank of India Act, 1934

(b) "Board" means Board of Directors of the Company for the time in force;

(c) "Company" or "TUFIDCO" means "Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited";

(d) "Independent Director(s)" means the Director(s) appointed pursuant to the provisions of Section 149 of the Act;

(e) "Nomination Committee" or "Committee" means the Nomination Committee of the Board of Directors of the Company as re-constituted from time to time.

(f) "Policy" means the Policy on Appointment and 'Fit and Proper' Criteria for Independent Directors

6. Nomination Committee

As per the RBI Circular No RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16 Dated July 01, 2015 titled Master Circular – "Non-Banking Financial Companies – Corporate

Governance (Reserve Bank) Directions, 2015”, all Applicable NBFCs shall form a Nomination Committee to ensure 'Fit and Proper' status of proposed/ existing directors. As per Explanation, the Nomination Committee constituted under this paragraph shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

7. Role of Nomination Committee

7.1 Guiding the Board in relation to appointment and removal of Independent Director(s);

7.2 Obtain and analyze information / documents for determining the qualifications, positive attributes for appointment of Independent Director(s) and independence for Independent Director(s);

7.3 Ensuring ‘Fit and Proper’ Person status of proposed / existing Independent Director(s); and

7.4 Recommending to the Board, the appointment and removal of Independent Director(s)

8. Process / Manner of Selection for appointment

Selection of Independent Director(s) can inter-alia be made from data bank of Independent Directors maintained in accordance with the provisions of the Act.

9. Criteria for appointment as Independent Director

9.1 Qualifications / Eligibility

9.1.1 Eligibility in accordance with the applicable provisions of the Act, rules made thereunder and provisions of the RBI including compliance with age limit criteria; and other applicable law(s) for the time being in force;

9.1.2 Adequate qualifications, financial or business literacy/skills, in context with the business of the Company;

9.1.3 The Nomination Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

9.2 Positive Attributes

9.2.1 Experience in fields relevant to the business of the Company and / or other fields including but not limited to finance, law, management, accounting, taxation, corporate governance etc. which can help to effectively contribute towards the goals of the Company;

9.2.2 Expertise and track record in their respective fields with significant achievements;

9.2.3 Morality, Integrity, credibility, ability to handle conflicts constructively;

9.2.4 Knowledge and skills updating routine in the field of Finance;

9.2.5 Ability to bring in independent judgment to bear on the Board’s deliberations;

9.2.6 Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company;

9.2.7 Ability to devote sufficient time and attention to the Company’s business to discharge not only business / commercial goals but also ethical / social goals of the Company;

9.3 Independence

9.3.1 Compliance with the criteria of Independence as prescribed under Section 149 of the Act and other applicable laws, if any;

9.3.2 Commitment to abide by the Code for Independent Director(s) as prescribed under the Act and adopted by the Company;

9.3.3 Person(s) proposed to be appointed as Independent Director(s) shall provide a declaration affirming compliance with the criteria of independence as set forth in the Act, Rules made thereunder and other application laws, if any.

9.3.4 Existing Independent Directors on the Board of the Company shall provide signed declaration with respect to compliance with the criteria of Independence as set forth in the Act, Rules made thereunder and other application laws, if any, on annual basis, confirming no impairment to the status of independence;

9.3.5 The Committee shall scrutinize the declarations affirming compliance with the criteria of independence, as mentioned herein above, received from proposed / existing Independent Director(s).

9.4 'Fit and Proper' criteria

9.4.1 'Fit and Proper' person status shall be accessed in light of the criteria mentioned in point 9.1, 9.2 and 9.3 above, for appointment as Independent Director.

9.4.2 As a part of due diligence for determining the suitability of a person for appointment / to continue to hold office of Independent Director, the Nomination Committee shall:

9.4.2.1 Obtain a declaration and undertaking from the Independent Directors giving additional information on the Directors in the format given at Annexure I of this Policy.

9.4.2.2 Obtain a Deed of Covenant signed by the Independent Directors in the format given at Annexure II of this Policy.

9.4.2.3 Scrutinize the declarations on the following basis: (a) Suitability of the individual to be appointed as Independent Director of the Company (b) Qualification of the director (c) Age of the Director (d) Expertise of the Director vis-a-vis business of the Company (e) Track record of the Director (f) Integrity of the Director (g) Directorship in other entities (h) Relationship with or substantial interest in other entities

9.4.2.4 After scrutinizing the signed declarations received, as mentioned in point (i) above, the Committee shall decide on the acceptance or otherwise of the candidature of such person(s) for the post of Independent Director.

9.4.2.5 Obtain from the existing Independent Director(s), declaration and undertaking in the format given at Annexure I of this Policy, in case of any change in the information provided earlier and in case of no change obtain a declaration from the existing Independent Director(s) on annual basis in that regard.

9.4.2.6 Ensure 'Fit and Proper' status on a continuous basis, in case there is any change in the declaration and undertaking submitted by the Independent Director(s), as mentioned in point 9.4.2.1 or point 9.4.2.5 above.

0.4.2.7 Scrutinize the quarterly statement filed with the RBI on the change of Directors and compliance with 'Fit and Proper' criteria in selection of Independent Directors.

10. Quarterly Reporting

10.1 The Company shall provide a quarterly statement to the RBI on change of directors (no later than 15 days from the end of every financial quarter), and a certificate from the Managing Director of the Company that the 'Fit and Proper' criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Department of Non-Banking Supervision of the RBI where the company is registered, within 15 days of the close of the respective quarter. The statement submitted by the Company for the quarter ending March 31, shall be certified by the auditors as well.

10.2 The Company shall require every Independent Director to annually provide not later than April 30, a simple declaration (reflecting the position as on 31st March) which either confirms that the information already provided has not undergone any change or where there is any change, specifies the requisite details of such change.

11. Performance Evaluation

11.1 The corner stone of best governance practices is the board composition. The Company believes that the synergy of versatile individuals with diversified skill sets at the board level has contributed a lot in bringing this company into its present heights.

11.2 In line with the statutory requirement under sections 149 and 178 of the Companies Act, 2013 and the regulatory frame work for Non-Banking Financial Companies (NBFC's) issued by RBI, the Company has adopted for the following guiding principles in the evaluation of Independent Directors and the matters connected therewith:

11.2.1 The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

11.2.2 The evaluation should be carried out as per Schedule IV (Code for Independent Directors) of the Companies Act 2013, (given at Annexure III of this Policy), as amended from time to time.

11.2.3 While evaluating the Independent Director, the contribution made by the Director in the decision taken at the board level and its impact on the performance of the Company shall be considered.

11.2.4 The time devoted including the attendance of the Independent Director at various Committee/Board Meetings shall also be considered while evaluating an Independent Director.

11.3 On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of an Independent Director.

12. Review

12.1 This Policy may be amended, modified, supplemented or substituted from time to time to ensure compliance with the Applicable Laws as per the recommendation of Nomination Committee. In case of no change in the Applicable Laws necessitating the review /

amendment of this Policy, it shall be taken up for review by Nomination Committee as may be deemed fit and thereafter recommended to the Board for approval. The Nomination Committee may issue / implement such guidelines, procedures, formats and/or reporting mechanisms to implement this Policy as it may deem fit.

12.2 This Policy shall be reviewed by the Board of Directors at such intervals as and when deemed necessary, in order to align the same with the prevalent regulatory and business requirements.

Annexure I

Name of NBFC: Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited

Declaration and Undertaking by Independent Director (with enclosures as appropriate as on)

I.	Personal details of Independent Director	
	a. Full name	
	b. Date of Birth	
	c. Educational Qualifications	
	d. Relevant Background and Experience	
	e. Permanent Address	
	f. Present Address	
	g. E-mail Address / Telephone Number	
	h. Permanent Account Number under the Income Tax Act and name and address of Income Tax Circle	
	i. Relevant knowledge and experience	
	j. Any other information relevant to Directorship of the NBFC	
II	Relevant Relationships of Independent Director	
	a. List of Relatives if any who are connected with the NBFC (Refer section 6 and Schedule 1A of the Companies Act, 1956 and corresponding provisions of New Companies Act, 2013)	Annexed as per Schedule A
	b. List of entities if any in which he/she is considered as being interested (Refer section 299(3)(a) and section 300 of the Companies Act, 1956 and corresponding	Annexed as per Schedule B

	provisions of New Companies Act, 2013)	
	c. List of entities in which he/she is considered as holding substantial interest within the meaning of prudential norms as prescribed in these Directions.	Annexed as per Schedule B
	d. Name of NBFC in which he/she is or has been a member of the board (giving details of period during which such office was held)	Annexed as per Schedule C
	e. Fund and non-fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above from the NBFC	Annexed as per Schedule D
	f. Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the NBFC or any other NBFC / bank.	
III	Records of professional achievements	
	a. Relevant professional achievements	
IV.	Proceedings, if any, against the Independent Director	
	a. If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/ occupation at any time.	
	b. Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations	
	c. Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the Director	
	d. Whether the director attracts any of the disqualifications envisaged under section 274 of the Companies Act 1956 and corresponding provisions of New Companies Act, 2013?	
	e. Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?	

	f. Has the director at any time been found guilty of violation of rules/regulations/ legislative requirements by customs/ excise /income tax/foreign exchange /other revenue authorities, if so, give particulars	
	g. Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA	
	(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in to, it would be necessary to make a mention of the same, in case the reversal/setting aside is on technical reasons like limitation or lack of jurisdiction, etc and not on merit, If the order of the regulator is temporarily stayed and the appellate/ court proceedings are pending, the same also should be mentioned.)	
V.	Any other explanation / information in regard to items I to III and other information considered relevant for judging 'Fit and Proper'	
	Undertaking	
	I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the NBFC fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.	
	I also undertake to execute the deed of covenant required to be executed by all Directors of the NBFC.	
	Place :	Signature
	Date :	
VI.	Remarks of Chairman of Nomination Committee / Board of Directors of NBFC	
	Place :	Signature
	Date:	

Schedule A

LIST OF RELATIVES

For the purposes of sub-section (77) of section 2 of the Companies Act 2013, the following are my relatives:

1. Member of HUF :
2. Husband / Wife :
3. Father (including step-father) :
4. Mother (including step-mother) :
5. Son (including step-son) :
6. Son's wife :
7. Daughter (including step-daughter) :
8. Daughter's husband :
9. Brother (including step-brother) :
10. Sister (including step-sister) :

Place:

Signature

Date :

Schedule B

**LIST OF ENTITIES IF ANY IN WHICH HE/SHE IS CONSIDERED AS BEING
INTERESTED AND HOLDING SUBSTANTIAL INTEREST WITHIN THE
MEANING OF PRUDENTIAL NORMS AS PRESCRIBED IN MASTER DIRECTION
- NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-
DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE
BANK) DIRECTIONS, 2016**

S. No.	Names of the Entities	Nature of concern or substantial Interest / change in concern or substantial Interest	Shareholding if applicable	Date on which concern or substantial Interest / change in concern or substantial Interest arose / changed

Place:

Signature

Date :

Schedule C

LIST OF NBFC IN WHICH HE/SHE IS OR HAS BEEN A MEMBER OF THE BOARD:

S. No.	Names of the NBFC	Designation	Date of Appointment	Date of Resignation

Place:

Signature

Date :

Schedule D

LIST OF FUND AND NON-FUND FACILITIES AVAILED OF BY HIM/HER AND/OR BY ENTITIES IN WHICH HE/SHE IS CONSIDERED AS BEING INTERESTED

S. No.	Particular of Facility	Type of Facility	Terms of Facility

Place:

Signature

Date :

Annexure II

Form of Deed of Covenants with an Independent Director of an NBFC

THIS DEED OF COVENANTS is made this _____ day of _____ Two thousand _____ BETWEEN _____, having its registered office at _____ (hereinafter a deposit taking NBFC and a non-deposit taking NBFC with asset size of ₹ 500 crore and above being called the "NBFC") of the one part and Mr / Ms _____ of _____ (hereinafter called the "Independent Director") of the other part.

WHEREAS

A. The director has been appointed as an Independent Director on the Board of Directors of the NBFC (hereinafter called "the Board") and is required as a term of his / her appointment to enter into a Deed of Covenants with the NBFC.

B. The Independent Director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS :

1. The director acknowledges that his / her appointment as Independent Director on the Board of the NBFC is subject to applicable laws and regulations including the Memorandum and Articles of Association of the NBFC and the provisions of this Deed of Covenants.

2. The director covenants with the NBFC that :

(i) The director shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the NBFC and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.

(ii) The director shall disclose by general notice to the Board his / her other directorships, his / her memberships of bodies corporate, his / her interest in other entities and his / her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.

(iii) The director shall provide to the NBFC a list of his / her relatives as defined in the Companies Act, 1956 or 2013 and to the extent the director is aware of directorships and interests of such relatives in other bodies corporate, firms and other entities.

(iv) The director shall in carrying on his / her duties as Independent Director of the NBFC:

a. use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;

b. in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of the NBFC;

c. shall keep himself / herself informed about the business, activities and financial status of the NBFC to the extent disclosed to him / her;

d. attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his / her obligations as director of the NBFC;

e. shall not seek to influence any decision of the Board for any consideration other than in the interests of the NBFC;

f. shall bring independent judgment to bear on all matters affecting the NBFC brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;

g. shall in exercise of his / her judgement in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgement; and

h. shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgement;

(v) The director shall have :

- a. fiduciary duty to act in good faith and in the interests of the NBFC and not for any collateral purpose;
- b. duty to act only within the powers as laid down by the NBFC's Memorandum and Articles of Association and by applicable laws and regulations; and
- c. duty to acquire proper understanding of the business of the NBFC.

(vi) The director shall :

- a. not evade responsibility in regard to matters entrusted to him / her by the Board;
- b. not interfere in the performance of their duties by the whole-time directors and other officers of the NBFC and wherever the director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and
- c. not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the NBFC in his / her capacity as director of the NBFC only for the purposes of performance of his / her duties as a director and not for any other purpose.

3. The NBFC covenants with the director that:

(i) the NBFC shall apprise the director about:

- a. Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
- b. control systems and procedures;
- c. voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;
- d. qualification requirements and provide copies of Memorandum and Articles of Association;
- e. corporate policies and procedures;
- f. insider dealing restrictions;
- g. constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
- h. appointments of Senior Executives and their authority;
- i. remuneration policy,
- j. deliberations of committees of the Board, and
- k. communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the NBFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.

(ii) the NBFC shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a director of

the NBFC and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;

(iii) the disclosures to be made by the NBFC to the directors shall include but not be limited to the following:

a. all relevant information for taking informed decisions in respect of matters brought before the Board;

b. NBFC's strategic and business plans and forecasts; c. organisational structure of the NBFC and delegation of authority;

d. corporate and management controls and systems including procedures;

e. economic features and marketing environment;

f. information and updates as appropriate on NBFC's products;

g. information and updates on major expenditure;

h. periodic reviews of performance of the NBFC; and

i. report periodically about implementation of strategic initiatives and plans;

(iv) the NBFC shall communicate outcome of Board deliberations to directors and concerned personnel and prepare and circulate minutes of the meeting of Board to directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and

(v) advise the director about the levels of authority delegated in matters placed before the Board.

4. The NBFC shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.

5. The NBFC shall appoint a compliance officer who shall be a Senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.

6. The director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as director of the NBFC to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the NBFC.

7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.

8. Any and all amendments and / or supplements and / or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the director and the duly authorised representative of the NBFC.

9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For the NBFC	Independent Director	
By		
Name:	Name:	
Title:		
In the presence of:		
1.		2.

Annexure III

CODE FOR INDEPENDENT DIRECTOR

(prescribed under Schedule IV of the Companies Act, 2013)

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of regulators and companies in the institution of independent directors.

I. Guidelines for Professional conduct:

1. To uphold ethical standards of integrity and probity;
2. To act objectively and constructively while exercising your duties;
3. To exercise your responsibilities in a bona fide manner in the interest of the Company;
4. To devote sufficient time and attention to your professional obligations for informed and balanced decision making;
5. To not allow any extraneous considerations that will vitiate your exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. To not abuse your position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. To refrain from any action that would lead to loss of your independence;
8. where circumstances arise which make an independent Director lose his independence, the independent director must immediately inform the Board accordingly;

9. To assist the Company in implementing the best corporate governance practices.

II. Role and functions:

1. Assist in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
2. Bring an objective view in the evaluation of the performance of Board and management.
3. Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
4. Satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
5. Safeguard the interests of all stakeholders, particularly the minority shareholders.
6. Balance the conflicting interest of the stakeholders.
7. Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.
8. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

1. Undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company.
2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company.
3. Strive to attend all meetings of the Board of Directors including separate meeting(s) of the independent directors of the Company and of the Board committees of which you are a member.
4. Participate constructively and actively in the committees of the Board in which you are chairperson or member.
5. Strive to attend the general meetings of the Company.
6. Where you have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that your concerns are recorded in the minutes of the Board Meeting.
7. Keep yourself well informed about the Company and the external environment in which it operates.
8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.

9. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the Company.

10. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.

11. Report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

12. Acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.

13. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment

1. Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

2. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.

3. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

4. The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:

a. the term of appointment;

b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

c. the fiduciary duties that come with such an appointment along with accompanying liabilities;

d. provision for Directors and Officers (D and O) insurance, if any;

e. the Code of Business Ethics that the company expects its directors and employees to follow;

f. the list of actions that a director should not do while functioning as such in the company; and

g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

5. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.

6. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

1. The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

2. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.

3. Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

1. The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;

2. All the independent directors of the company shall strive to be present at such meeting;

3. The meeting shall:

a) review the performance of non-independent directors and the Board as a whole;

b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

1. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

2. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director

ANNEXURE – IV

Duties of Directors
(under Section 166 of Companies Act 2013)

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

ANNEXURE V

Terms of Appointment of Independent Directors

We are pleased to inform you that pursuant to the approval by the Shareholders of the Company in their AGM / EGM held on DD/MM/YYYY, this letter of appointment sets out the terms of your appointment as an Independent Director of Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited (the “Company”), a Government of Tamil Nadu Undertaking. Such appointment is also subject to the applicable provisions of the Companies Act, 2013 (“2013 Act”), any other applicable laws/rules, and the Articles of Association of the Company. We are pleased to inform you that pursuant to the approval by the Shareholders of the Company in their AGM / EGM held on DD/MM/YYYY, this letter of appointment sets out the terms of your appointment as an Independent Director of Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited (the “Company”), a Government of Tamil Nadu Undertaking. Such appointment is also subject to the applicable provisions of the Companies Act, 2013 (“2013 Act”), any other applicable laws/rules, and the Articles of Association of the Company.

1. The term of appointment

Your appointment is for a term of ____ years from DD/MM/YYYY. You will not be liable to retire by rotation during this period.

2. Duties and responsibilities

(i) As a member of the Board, you will be responsible for meeting the objectives of the Board.

(ii) You will provide oversight and governance over the performance of the Company and help maintain an environment of compliance and high ethical standards. You will advise and counsel the management. You may be required to serve on one or more Committees of the Board and if so, you will abide by their respective terms of reference/scope.

(iii) You will help in the Company to comply with:

- the provisions of the 2013 Act.
- any other requirements of the law.

By providing guidance and counsel not only when requested, but in a pro-active manner, having reference to your field of expertise and your experience.

(iv) You are required to abide by the ‘Code for independent Directors’ as outlined in Schedule IV to Section 149(8) of the 2013 Act*, and duties of directors as provided in the 2013 Act**.

(v) You will devote time to the company in performance of your role.

(vi) In addition to any other acts prohibited by applicable laws, or custom, during your term, you will not:

- be involved in any situation in which you may have, or in which you may create a perception of having, a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.

- achieve or attempt to achieve any undue gain or advantage for yourself or to your relatives.

- assign your office to any other person.

3. Remuneration

Sitting fees as determined by the Board from time to time will be paid by the company for attending the meetings of the Board or any Committee thereof. The company will reimburse to you such fair and reasonable expenditure incurred by you, where such expenditure was necessary to enable you to perform your role as a Director of the company.

4. Director evaluation process

As a member of the Board, you shall participate in the director evaluation process as set out by the Board and/or Nomination Committee from time to time.

5. Disclosures

During the term you shall provide disclosures to the company as per the provisions of the Companies Act, 2013 and other applicable statutes.

6. Termination

Your directorship on the Board of the company may be terminated in accordance with the provisions of the 2013 Act. You may resign from the directorship of the company by giving a notice in writing. The resignation shall take effect from the date mentioned in the notice or at a later date as may be specified by you in that behalf or under the 2013 Act. Your appointment is based on the declarations provided by you to the company pursuant to the 2013 Act.

We believe that your association will be of immense benefit to the company. Kindly confirm your acceptance by signing and returning the enclosed copy of this letter.

Thanking you,

Yours sincerely,

For Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited

Chairman and Managing Director

AGREE AND ACCEPT

I have read and understood the terms of my appointment as an Independent Director of Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited and I hereby affirm my acceptance of the same.

Name of the Independent Director:

Date :

Place :

*(given at Annexure III of this Policy)

**(given at Annexure IV of this Policy)