

Tourism Finance Corporation of India Limited

Nomination and Remuneration Policy

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1. Background

- 1.1 The objective of Nomination and Remuneration Policy is to ensure rationale and objectivity in the remuneration of the Directors, Senior Management & employees of the Company. The Policy also intends to bring in a pragmatic methodology in screening of candidates who may be recommended to the position of Directors, Key Managerial Personnel (KMP), Senior Management and to establish an effective evaluation criteria to evaluate the performance of every Director and the overall Board of the Company.
- 1.2 The Policy also intends to prevent the Board of Directors degenerating into a closed and narrow entity, in which incumbent members appoint their own kind.
- 1.3 The Policy also serves as a guiding principle to ensure good Corporate Governance as well as to provide sustainability to the Board of Directors of the Company.

2. Framework

- 2.1 The requirement of formulating a Nomination and Remuneration Policy stems from the provisions of the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- 2.2 References have also been made to the Guidelines of Reserve Bank of India Corporate Governance Norms for NBFCs as prescribed by SEBI and amended from time to time.
- 2.3 Any other Law, Statute as may be applicable for the time being in force.

3. Objective

- 3.1 To identify suitable persons, interview them if necessary, and recommend them as suitable candidates to fill up vacancies on the Board and Senior Management.
- 3.2 To develop a policy to ensure the optimum composition of the Board of Directors ensuring a mix of knowledge, experience and expertise from diversified fields of knowledge i.e. Policy on Board Diversity. The Policy also intends to add professionalism and objectivity in the process of deciding Board membership.
- 3.3 To lay down criteria for the evaluation of the Board.
- 3.4 To formulate a criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy thereon.
- 3.5 To formulate criteria for evaluation of Directors.

4. Eligibility Criteria for recommending a candidate to be appointed on the Board of Directors or Senior Management.

The Nomination and Remuneration Committee may consider the following parameters while considering the credentials of potential candidates for Directorship or senior management in the Company.

4.1 Educational Qualification:

- Possess any Graduation/ Post Graduation/ M. Phil / Doctorate
- Possess any other Professional Qualification / Degree/ Diploma

4.2 Experience / Expertise

- To possess appropriate skills, experience, requisite training and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

4.3 Disqualifications for appointment as director

- The Candidate should not be of unsound mind.
- The Candidate should not be an undischarged insolvent.
- The Candidate must not have applied to be adjudicated as an insolvent and his application must not be pending.
- The Candidate must not have 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 (6) months.
- There must not be any order passed by Court or Tribunal disqualifying a person to be appointed as a Director.

- There should not be any calls in respect of any shares of the Company held by him, whether alone or jointly with others, and six months must not have elapsed from the last date fixed for the payment of the call.
- The Candidate must not have been convicted of the offence dealing with related party transactions under Section 188 of the Companies Act, 2013 at any time during the last preceding five (5) years.
- The Candidate must be in possession of his Director Identification Number (DIN).
- The Candidate is not or has not been a Director of a Company which has not filed Financial Statements or Annual Returns for any continuous three (3) financial years.
- The Candidate is not or has not been a Director of the Company which 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.
- The Candidate should not have been found guilty of any offence consisting of violation of Rules/ Regulations/ Legislative requirements by Customs/ Excise/ Income Tax Authority/ Foreign Exchange/ Other Revenue Authorities.

4.4 Other Eligibility Criteria

- Each director must be an individual of high personal and professional integrity and ethical character.
- The candidate should have exhibited behavior that indicates he or she is committed to the highest ethical standards.
- The candidate should not deprive the Company of any opportunity that belongs to the Company.
- He should not be in a position of diverting the corporate opportunity for own benefits or to others, to the detriment of the Company.

- The candidate must not at any time compete with the company in respect of any business transaction.
- Each director must possess the ability to exercise sound business judgment on a broad range of issues.
- The candidate has preferably had business, governmental, non-profit or professional experience at the Chairman, Chief Executive Officer, Chief Operating Officer or equivalent policy-making and operational level of a large organization that indicates that the candidate will be able to make a meaningful and immediate contribution to the Board's discussion and decision-making on the array of complex issues facing a large financial services business.
- The candidate has achieved prominence in his or her business, governmental or professional activities, and has built a reputation that demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make.
- The Nomination and Remuneration Committee must be satisfied that the candidate will effectively, consistently and appropriately take into account and balance the legitimate interests and concerns of all of the company's stockholders and other stakeholders in reaching decisions, rather than advancing the interests of a particular constituency.
- The Nomination and Remuneration Committee must satisfy itself that the candidate will be able to devote sufficient time and energy to the performance of his or her duties as a Director.

4.5 Fit and Proper Criteria.

The Nomination and Remuneration Committee shall undertake a process of Due Diligence based on the criteria of qualifications, technical expertise, track record, integrity etc. Nomination and Remuneration Committee may also ensure 'fit and proper' status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management.

The basic objective of ascertaining the fit and proper criteria shall be to put in place an internal supervisory process on a continuing basis and to determine the suitability of the person for appointment / continuing to hold appointment as a Director on the Board of the Company. The Candidate at the time of appointment and at the time of the renewal of Directorship shall fill in such form as approved by the Nomination and Remuneration Committee to enable the Committee undertake such exercise of ensuring the '**Fit and Proper Criteria**'.

The Committee shall undertake such Due Diligence exercise at the time of appointment of the Directorships of the incumbent. The indicative criteria for determining the '**fit and proper**' criteria forms part of the Policy and is placed at **Annexure – I.**

4.6 Criteria For Independence – For Directors to be appointed as Independent Director on Board of the Company.

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

(b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;

(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

(c) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

(d) none of whose relatives—

(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

(ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

(iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

(e) who, neither himself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

- (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
- (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent. or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any non profit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- (f) who possesses such other qualifications as may be prescribed.

Explanation.—For the purposes of this section, "nominee director" means a director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any Government, or any other person to represent its interests.

5. Remuneration Policy

I. Board Level Remuneration Structure

For Managing Director/Whole-Time Director - The remuneration will be paid as approved from time to time subject to the approval of the Board and Shareholders as the case may be and as per the applicable provisions of Companies Act, 2013 and under any other Act/ Rules/ Regulations for the time being in force. The remuneration may comprise of fixed and variable pay components including performance linked incentive as approved by Nomination and Remuneration Committee/Board of Directors and Employees Stock Option Scheme as and when approved by the shareholders of the Company.

In case of Non-Executive / Independent Directors

(i) Sitting Fees – The Non-Executive Directors (except Government Servants) shall be paid sitting fees for attending per Meeting of the Board and the Committees of Directors as approved by the Board of Directors from time to time, within the overall limits as prescribed under the Companies Act, 2013.

II. **In case of Key Managerial Personnel and other Employees** –

1. The salary grade of all the regular employees (including Key Managerial Personnel) shall be on CTC-basis as may be decided by the Board of Directors or Nomination & Remuneration Committee from time to time. The CTC based salary includes fixed salary, perquisites and contributions towards superannuation/retiral benefits. The leave encashment would be payable as per the rules. The approved CTC based salary grade w.e.f. 1.4.2021 is as under:

Sl. No.	Designations	Salary Grade (Rs. In lakhs)
1	Whole Time Director	115-150
2	Executive Director	90-125
3	President	80-100
4	Senior Vice President	60-80
5	Vice President	35-60
6	AVP/DVP	25-45
7	AM/Manager	8-30
8	Office Executives	6-18
9	Support Staff	5-11

In addition Variable pay may include the performance linked incentive as approved by Nomination and Remuneration Committee/Board of Directors and Employees Stock Option Scheme as and when approved by the shareholders of the Company.

2. The pay structure of employees on contracts shall be as per the Company's rules. The Performance Linked Incentives both for the Board and Senior Management / Other employees shall be as per the Board Approved scheme on recommendation of the Nomination and Remuneration Committee.

6. Monitoring and Evaluation

The Nomination and remuneration Committee shall evaluate the performance of the Directors and the overall Board broadly on the basis of below mentioned criteria:

- Whether the Directors / Board have acted in accordance with the provisions of the Articles of Association of the Company.
- The Committee shall assemble all information regarding a candidate's background and qualifications to determine if the candidate possesses or satisfies the minimum skills and qualifications that a director must possess.
- The Committee shall evaluate a candidate's mix of skills and qualifications and determine the contribution the candidate could be expected to make to the overall functioning of the Board.
- The Committee shall give due consideration to the overall Board balance of diversity of perspectives, backgrounds and experiences.
- With respect to current directors, the Committee shall consider past attendance at meetings and assess the participation in and contributions to the activities of the Board.
Whether the Directors / Board have acted 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.
- Whether the Director / Board has exercised their duties with due and reasonable care, skill and diligence and whether the Director / Board have exercised independent judgment.
- Whether the Director / Board have involved in a situation in which he / they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- The Committee shall recommend director to the Board based on its assessment of overall suitability to serve on the Board in accordance with this Policy.

7. Board Diversity

- The Nomination and remuneration Committee shall ensure that the Board comprises of Directors from diversified fields of Knowledge.
- The Board should have Directors who can add professionalism and objectivity in the decision making process.
- The overall Board should reflect representatives from areas like finance, law, accountancy, administration and other disciplines concerning the operational interests of the Company at large.
- The Company shall have atleast one woman director.

Annexure – I – Criteria for determination of 'Fit and Proper Criteria'.

Name of Company: TOURISM FINANCE CORPORATION OF INDIA LTD

Declaration and Undertaking

I. Personal details of the Candidate / 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	
i	Relevant knowledge and experience	
j	Any other information relevant to Directorship of the Company.	

II. Relevant Relationships of Candidate / Director

a	List of Relatives if any who are connected with the Company (w.r.t. the Companies Act, 2013)	
b	List of entities, if any, in which he/she is considered as being interested [w.r.t. Section 184 of the Companies Act, 2013]	

c	List of entities in which he/she is considered as holding substantial interest within the meaning of NBFC Prudential Norms Directions, 2007.	
d	Names of other Companies in which he/she is or has been a member of the board during the last 3 years (giving details of period during which such office was held)	
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 Company.	
f	Cases, if any, where the Candidate / Director or entities listed in II (b) and (c) above are in default or have been in default at any time in the last five (5) years in respect of credit facilities obtained from NBFC or any other NBFC / Bank	

III. Records of professional achievements

a	Relevant Professional achievements	
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IV. Proceedings, if any, against the Candidate / Director

a	If the person 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 of at any profession /occupation at any time.	
b	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the person 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 (5) years against the person	
d	Whether the person attracts any of the disqualifications envisaged under Section 164 of the Companies Act 2013?	
e	Has the person 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 person 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 person at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA	

V. Any other explanation / information in regard to items I to III and other information considered relevant for judging fit and proper.

Undertaking

1. I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the Company fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.
2. I also undertake to execute the deed of covenant required to be executed by all directors of the Company.

Place :
Signature

Date :