

NATIONAL HIGHWAYS INFRA INVESTMENT MANAGERS PRIVATE LIMITED

Registered Office: G-5 & 6, Sector-10, Dwarka, New Delhi– 110075,

Tel: 011-25076536, FAX: 011-25076536 Email: nhiimpl@nhai.org

CIN: U65929DL2020GOI366835

Date: 30th June, 2023

The Listing Compliance Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	The Listing Department, National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
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Ref: Scrip Code: 543385; Scrip ID/Symbol: NHIT

Dear Sir/Madam,

Subject: Intimation with respect to the matters approved by Resolution passed by Circulation on 30th June, 2023

This is to intimate that the Board of Directors of National Highways Infra Investment Managers Private Limited, the Investment Manager (“IM”) of National Highways Infra Trust (“NHAI InvIT”) vide its resolution passed by circulation on 30th June, 2023, had approved the following, in compliance with the provisions of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 read with Securities and Exchange Board of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2023 (the “InvIT Regulations”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) (to the extent as applicable with necessary modifications):

1. Re-constitution of Nomination and Remuneration Committee and amendment in the Corporate Governance Framework;
2. To consider and approve the Annual Report of National Highways Infra Trust (“NHIT” or “Trust”) for the Financial year ended 31st March 2023; and
3. To convene the 2nd (Second) Annual Meeting of Unitholders of National Highways Infra Trust (“NHIT” or “Trust”) and approve the notice for calling of Annual Meeting.

A copy of the revised Corporate Governance Framework is enclosed as **Annexure-I**.

We request you to take note of the same.

Sincerely,

For **National Highways Infra Trust**

By Order of the Board

National Highways Infra Investment Managers Private Limited

GUNJAN

Digitally signed by GUNJAN
Date: 2023.06.30 17:35:14
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(Gunjan Singh)

Company Secretary and Compliance Officer

NHIT | Corporate Governance Framework

Please note that the framework set out below is in addition to the requirements under the Companies Act, 2013 (“Companies Act”) and the other laws, as may be applicable to National Highways Infra Investment Managers Private Limited (the “Investment Manager”) and National Highways Infra Projects Private Limited (“Project SPV”).

- A. The corporate governance framework shall be applicable to the Investment Manager and shall include the following elements:
- (a). composition of the board of directors of the Investment Manager;
 - (b). constitution of committees of the board of directors of the Investment Manager;
 - (c). constitution of operating committees of the Investment Manager;
 - (d). frequency of meetings of the board of directors/ committees of the Investment Manager;
 - (e). provisions in the articles of association of the Investment Manager;
 - (f). various policies to be adopted by the Investment Manager; and
 - (g). appointment of majority directors on the board of the Project SPV by the Investment Manager.
- B. Particulars of the Corporate Governance Framework

1. Investment Manager

1.1. Board of Directors

Composition of the Board of Directors of the Investment Manager

In addition to applicable provisions of the Companies Act, 2013, the board of directors should adhere to the following:

- (a) The Board of Directors shall comprise of not less than six directors and have not less than one woman independent director;¹
- (b) Not less than 50% of the board of directors shall comprise of independent directors² and not directors or members of the governing board of the Investment Manager of another infrastructure investment trust registered under the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014, as amended;
- (c) the chairman of the board of directors should be a non-executive independent director; and
- (d) collective experience of directors should cover a broad range of commercial experience, particularly experience in infrastructure sector (including the applicable sub-sector), investment management or advisory and financial matters³.

Quorum

The quorum shall be 1/3rd of total strength or three directors whichever is higher including atleast 1(one) independent director.

Frequency of meetings

The board of directors should meet at least four times every year, with a maximum gap of 120 days between any two successive meetings. Additionally, the board of directors should meet prior to any meeting of the unitholders and approve the agenda for unitholders’ meetings.

¹ Effective April 1, 2023 in terms of Securities and Exchange Board of India (Infrastructure Investment Trusts)(Amendment) Regulations, 2023

² The independence of directors should be determined in accordance with the Companies Act read with the Securities and Exchange Board of India (Infrastructure Investment Trusts)(Amendment) Regulations, 2023, LODR Regulations, as applicable and would be determined vis-a-vis each of the Investment Manager and the Sponsor.

³ The combined relevant experience of the directors and employees of the Investment Manager should be not less than 30 years as on the date of filing the InvIT registration application with SEBI.

1.2. Remuneration of directors

Remuneration including sitting fees of the directors will be decided by the board of directors, from time to time.

1.3. Independent Directors

Independent Directors shall mean the independent directors who complies with requirements of SEBI InvIT Regulations, as amended from time to time.

1.4. Committees of the board of directors

(a). Audit Committee

Composition of the Audit Committee

The audit committee should comprise at least 2/3rd of independent directors and will comprise of at least three members. The chairperson of the audit committee should be an independent director. All members of the audit committee should be financially literate and at least one member should have accounting or related financial management expertise.⁴. The company secretary shall act as the secretary to the audit committee.

Quorum

The quorum shall either be 2 (two) members or 1/3rd of the members of the audit committee, whichever is greater, with at least two independent directors.

Frequency of meetings

The audit committee should meet at least four times every year, with a maximum gap of 120 days between any two successive meetings. Additionally, the audit committee should meet prior to any declaration of distributions and provide recommendations to the board of directors regarding any proposed distributions.

Scope of the Audit Committee

The terms of reference of the audit committee should include the following:

- (i). recommending to the board of directors the appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor of the Trust and the audit fee, subject to the approval of the unitholders;
- (ii). Approving the payment to statutory auditors for any other services rendered by the statutory auditors;
- (iii). Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (iv). Evaluation of internal financial controls and risk management systems;
- (v). reviewing and monitoring with the management, the independence and performance of statutory and internal auditors of the Trust, and adequacy and effectiveness of the audit process and internal control systems, as necessary;

⁴ Financial literacy and expertise in accounting or related financial management matters shall be determined in accordance with the LODR Regulations.

- (vi). Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (vii). Reviewing management letters/letters of internal control weaknesses issued by the statutory auditors and the findings of any internal investigations in relation to the Trust, into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, discussing such findings with internal and statutory auditors and follow ups thereon and reporting the matter to the board of directors;
- (viii). Oversight of the Trust's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ix). Reviewing the annual financial statements and auditor's report thereon of the Trust and the Investment Manager, before submission to the board of directors for approval, with particular reference to:
- matters required to be included in the director's responsibility statement to be included in the board's report of the Investment Manager in terms of clause (c_) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - changes, if any, in accounting policies and practices and reasons for such change;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements arising out of audit findings;
 - compliance with listing and other legal requirements relating to financial statements;
 - disclosure of any related party transactions; and
 - modified opinions or qualifications in the draft audit report;
- (x). reviewing, with the management, the Trust's financial disclosure and reporting process and all periodic financial statements, including but not limited to quarterly, half-yearly and annual financial statements of the Trust, whether standalone or consolidated or in any other form as may be required under applicable law, before submission to the board of directors for approval;
- (xi). Reviewing the management's discussion and analysis of financial condition and results of operations;
- (xii). Reviewing and evaluating the adequacy of financial controls, risk management systems and internal audit function if any of the Trust, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiii). Reviewing, with the management, the statement of uses/application of funds raised through an issue of units by the Trust (including but not limited to public issue, rights issue, preferential issue, private placements, etc.) and any issue of debt securities, and the statement of funds utilised for purposes other than those stated in the offer documents/ notice, and making appropriate recommendations to the board of directors for follow-up action;
- (xiv). (a) reviewing the procedures put in place by the Investment Manager for reviewing related party transactions, the indemnification of expenses or liabilities incurred by the Investment

Manager, and the setting of fees or charges payable out of the Trust's assets, (b) reviewing the statement of significant related party transactions, submitted by the management; and (c) approving or any subsequently modifying transactions of the Trust with related parties, and recommending such transactions to the board of directors or the unitholders, as may be required, in terms of the InvIT Regulations;

- (xv). Scrutiny of inter-corporate loans and investments of the Trust, including (a) reviewing the investment decisions with respect to the underlying assets or projects of the Trust from the Sponsor including any further investments or divestments and (b) approving any proposal in relation to acquisition of assets, further issue of units including in relation to acquisition or assets; and undertaking other functions to ensure protection of the interest of unitholders;
- (xvi). Reviewing the utilization of loans and/ or advances from/investment by the Trust in the SPVs exceeding rupees 100 crore or 10% of the asset size of the SPVs, whichever is lower including existing loans / advances / investments;
- (xvii). Valuation of undertakings or assets of the Trust, wherever it is necessary
- (xviii). Giving recommendations to the board of directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the valuer of the Trust; as well as reviewing and monitoring the independence and performance of the valuer of the Trust;
- (xix). Providing recommendations to the board of directors regarding any proposed distributions, and evaluating any defaults or delay in payment of distributions to the unitholders or dividends by the Project SPV to the Trust and payments to any creditors or debenture holders of the Trust or the Project SPV, and recommending remedial measures; and
- (xx). To review the functioning of the whistle blower mechanism;
- (xxi). Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xxii). Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Trust and its unitholders or Investment Manager and its shareholders.
- (xxiii). Formulating any policy for the Investment Manager as necessary, in relation to its functions, as specified above.

(b). Stakeholders' Relationship Committee

Composition of the Stakeholders' Relationship Committee

The stakeholders' relationship committee should comprise at least three members. At least one member of the committee shall be an independent director. The chairperson of this committee shall be a non-executive director.

Quorum

The quorum shall be at least 50% of the members of the committee.

Frequency of meetings

The stakeholders' relationship committee should meet at least four times every year, or as frequently as determined by the board of directors or as directed by the trustee of the Trust, with a maximum gap of 120 days between any two successive meetings.

Scope of the Stakeholders' Relationship Committee

The terms of reference of the stakeholders' relationship committee should include the following:

- (i) Consider and resolve grievances of the unitholders or debenture holders, including complaints related to the transfer/transmission of units, non-receipt of annual report, non-receipt of declared distributions and non-receipt of interest or principal repayment on debentures, general meetings;
- (ii) Review of measures taken for effective exercise of voting rights by shareholders;
- (iii) Review of any litigation related to unitholders' grievances;
- (iv) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
- (v) Review of the various measures and initiatives taken by the Trust or Investment Manager for reducing the quantum of unclaimed distributions and ensuring timely receipt of distribution warrants/annual reports/statutory notices by the unitholders of the Trust;
- (vi) update unitholders on acquisition / sale of assets by the Trust and any change in the capital structure of the Project SPV;
- (vii) Reporting specific material litigation related to unitholders' grievances to the board of directors;
- (viii) Approve report on investor grievances to be submitted to the Trustee;
- (ix) Undertaking all functions in relation to resolution of any conflicts of interest;
- (x) Coordination with the unitholders on matters in connection with voting (including in respect of actions which require approval of the unitholders in accordance with applicable law); and
- (xi) provide the unitholders with regular updates and information on the operation or performance of the Trust.

(c). *Nomination and Remuneration Committee*

Composition of the Nomination and Remuneration Committee⁵

The nomination and remuneration committee should comprise at least three members. All the members of the Committee shall be Independent directors. The chairperson of this committee shall be an independent director. Provided that the chairperson of the Board, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.

Quorum

The quorum shall be either 2(two) members or 1/3rd of the members of the Nomination and Remuneration Committee whichever is greater.

⁵ The expression "non executive director, wherever occurs, shall be read as "Independent Directors", as per the Securities and Exchange Board of India (Infrastructure Investment Trusts)(Amendment) Regulations,2023 dated 14th February 2023

Frequency of meetings

The nomination and remuneration committee should meet at least once or at a frequency as determined by the board of directors or as directed by the trustee of the Trust, with a maximum gap of 120 days between any two successive meetings.

Scope of the Nomination and Remuneration Committee⁶

The terms of reference of the nomination and remuneration committee should include the following:

- (i) ensuring compliance with the requirements of the Companies Act, 2013, Invit Regulations;
- (ii) formulation of the criteria for determining qualifications, positive attributes and independence of a director, key managerial persons and other employees;
- (iii) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (iv) recommending to the board, all remuneration, in whatever form, payable to senior management;
- (v) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- (vi) making all recommendation in relation to appointment or re-appointment or replacement or removal of (a) independent directors; (b) any key managerial personnel; and (c) directors on the board of directors of the Project SPV;
- (vii) formulating the following policies:
 - (a) the policy for appointment of independent directors (including the skills, knowledge, qualification and experience requirements, compensation model, performance parameters, process for appointment, evaluation and removal);
 - (b) the policy for nomination of directors on the board of directors of the Project SPV (including qualification and experience requirements, compensation model, performance parameters, process for appointment and removal);
 - (c) the human resources policy (in relation to employment terms including remuneration) for the key managerial personnel; and
 - (d) devising a policy on diversity of board of directors.
- (viii) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

⁶ The scope of the Nomination and Remuneration Committee (NRC) shall be read in consonance with:

- a. The Articles of Association (AoA) of the Investment Manager (as per Clause 83 of the AoA, the identification of Independent Directors shall be done through a Search cum Selection Committee and as per Clause 83A of the AoA, the sponsor and the Ministry of Road, Transport and Highways (MoRTH) will be entitled to representation on the Board of Directors through the appointment of 4 (four) Directors, one of whom will be MD & CEO on the Board of Directors ("Sponsor Directors") and the term of such Directors (including the Independent Director(s)) shall be as decided by the Sponsor and MoRTH subject to the provisions of the Act. The Eligible Person i.e. non-Sponsor unitholder of the Trust Persons will be entitled to representation on the Board of Directors through the appointment of up to 2 (two) Directors ("Non-Sponsor Directors"); provided however that no Eligible Person shall have the right to nominate more than one Director at a time for appointment on the Board of Directors. ;and
- b. Letters dated 12th July, 2022 and 23rd February, 2023 from Ministry of Road Transport and Highways (MoRTH) allowing Investment Manager to manage the terms of appointment of staff as per its Corporate Governance Framework and to recruit, compensate and remove human resources as per policies approved by the NRC and Board..

(d). Risk Management Committee

The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit such function shall specifically cover cyber security.

The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

Composition of the Risk Management Committee

The Risk Management committee should comprise at least three members with majority of them being members of the board of directors, including at least one independent director. The chairperson of this committee shall be a member of the Board of Directors and senior executives may be member of committee

Quorum

The quorum shall be either 2 members or 1/3rd of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

Frequency of meetings

The Risk Management committee should meet at least twice in a year or as frequently as determined by the board of directors or as directed by the trustee of the Trust, with a maximum gap of 180 days between any two successive meetings.

Scope of the Risk Management Committee

The terms of reference of the Risk Management committee should include the following:

- (i) To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (c) Business continuity plan.
- (ii) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business;
- (iii) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (iv) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (v) to keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (vi) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) will be done as per the extant HR Policies of the Company by MD &CEO in consultation with the Risk Management Committee.

1.5. Operating Committee(s) of the Investment Manager

(a) Investment and Finance Committee

Composition of the Investment and Finance Committee

The investment committee will comprise at least three members, out of which one member shall be the chief executive officer of the Investment Manager, and at least one member shall be an independent director.

Quorum

The quorum shall be at least 50% of the members of the Investment and Finance Committee.

Frequency of meetings

The Investment and Finance Committee shall meet as and when expedient.

Scope of the Investment and Finance Committee

The terms of reference of the Investment and Finance Committee should include the following:

- (i). Completing all legal, statutory and procedural formalities, including opening bank accounts, escrow accounts, approving and filing, where applicable, draft offer documents, offer documents and final offer documents with SEBI, the stock exchanges and such other authorities, as may be applicable, and making necessary amendments or alterations, therein in relation to a proposed issue of securities or units by the Company or the Trust, or any other forms or applications required to be filed with any other statutory agencies or relevant authorities in accordance with applicable law and do all acts in relation thereto;
- (ii). to negotiate, finalise and settle and to execute where applicable and deliver or arrange the delivery of the draft placement memorandum, placement memorandum, final placement memorandum, the preliminary and final international wraps, the agreements and all other documents, deeds, agreements and instruments and any notices, supplements and corrigenda thereto, as may be required or desirable in relation to an issue of securities or units by the Company or the Trust;
- (iii). to appoint and enter into arrangements with the trustee, sponsors, lead managers and any other agencies or persons or intermediaries in relation to a proposed issue of securities or units by the Company or the Trust and to negotiate and finalise the terms of their appointment;
- (iv). to appoint the registrar and other intermediaries in relation to a proposed issue of securities or units by the Company or the Trust, in accordance with the InvIT Regulations and other statutory and/or regulatory requirements;
- (v). to submit undertakings/certificates, make applications, seek or provide clarifications, obtain approvals and seek exemption, where necessary, to or from the Securities and Exchange Board of India, stock exchanges, Registrar of Companies and such other statutory and governmental authorities in connection with a proposed issue of securities or units by the Company or the Trust, where necessary and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions and sanctions as may be required in relation to a proposed issue of securities or units by the Company or the Trust;
- (vi). to give or authorise the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to times;
- (vii). to seek, if required, the consent of the lenders, parties with whom the Project SPV has entered into various commercial and other agreements, all concerned government and regulatory

authorities in India or outside India, and any other consents that may be required in connection with a proposed issue of securities or units by the Company or the Trust;

- (viii). to issue all documents and authorise one or more officers of the Company to sign all or any of the aforesaid documents;
- (ix). to seek the listing of the units or other securities on any Indian stock exchange, submitting the listing application to such stock exchanges and taking all actions as may be necessary in connection with obtaining such listing and trading approval;
- (x). to authorise the maintenance of a register of unitholders/shareholders;
- (xi). authorizing and empowering [●], [●] and [●] (each, an “**Authorized Officer**”), for and on behalf of the Investment Manager, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer considers necessary, desirable or advisable, in connection with a proposed issue of securities or units by the Company or the Trust, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreements, the registrar’s agreement, the depositories agreements, the placement agreement with the lead managers (and other entities as appropriate), the escrow agreement, confirmation of allocation notes and any agreement or document in connection thereto, and to make payments to or remunerate by way of fees, commission, brokerage or the like, the lead managers, registrar, escrow agents, accountants, auditors, legal counsel, depositories, trustees, custodians, credit rating agencies and all such persons or agencies as may be involved in or concerned with a proposed issue of securities or units by the Company or the Trust, if any; and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing; and
- (xii). to do all such acts and deeds as may be required to issue units of the Trust in dematerialised form and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited the Central Depository Services (India) Limited and such other agencies, as may be required in this connection.

1.6. Articles of Association of the Investment Manager

The articles of association should not include any affirmative rights for the Sponsor.

1.7. Policies to be adopted by the Board of Directors of the Investment Manager

The Investment Manager, through its Board or Committees, should adopt, among others, the following policies in relation to management of the Trust:

- (i). Code of Conduct
- (ii). Borrowing Policy
- (iii). Policy in relation to related party transactions and conflict of interests - In relation to periodic reporting of associates of (i) Trustee and (ii) Sponsor, to Investment Manager, (i) the investment management agreement will include an obligation on the Trustee to report its list of associates to the Investment Manager; and (ii) the agreement in relation to transfer for assets to the Trust will include an obligation on the Sponsor to report its list of associates to the Investment Manager, respectively.
- (iv). Distribution Policy
- (v). Policy on appointment and removal of other Intermediaries
- (vi). Policy on appointment of Auditor and Valuer of the Trust
- (vii). Policy on Unpublished Price-Sensitive Information and Dealing in Units by the Parties to the

Trust and Insider Trading

- (viii). Policy on Materiality for periodic disclosures to the Stock Exchanges
- (ix). Anti-bribery and Anti-corruption Policy
- (x). Anti-money laundering policy
- (xi). Environment, Health and Safety Policy
- (xii). Hedging Policy
- (xiii). Policy for Preservation of Documents

- (xiv). Vigil Mechanism Policy including Whistle Blower policy
- (xv). Familiarisation Programme for Independent Directors

2. Project SPV

2.1. Board of Directors of Project SPV

The Investment Manager, in consultation with the Trustee, shall appoint majority of the board of directors of the Project SPV.