



NOMINATION AND REMUNERATION POLICY

Adopted by the Board of Investment Manager on:	22.05.2023
Amended by the Board of Investment Manager on:	NA

NOMINATION AND REMUNERATION POLICY

NATIONAL HIGHWAYS INFRA INVESTMENT MANAGERS PRIVATE LIMITED

1. PREAMBLE

- 1.1 The Board of Directors of National Highways Infra Investment Managers Private Limited ("Company" or "IM") acting in its capacity of Investment Manager to National Highways Infra Trust ("Trust") has constituted the Nomination and Remuneration Committee (NRC) in accordance with the Corporate Governance Framework of the Trust.
- 1.2 As per the said framework, the Nomination and Remuneration Committee should comprise at least three members. All the members of the Committee shall be non- executive directors. At least two-thirds of the member of the committee shall be independent directors. The chairperson of this committee shall be an independent director. Provided that the chairperson of the Board, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.
- 1.3 The terms of reference of the NRC are as follows¹:
- (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;

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- 1 *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.*

- (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.

This policy shall act as guide or reference on some of the above-mentioned objectives.

2. DEFINITIONS

- a) **“Act”** means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b) **“Board”** means the Board of Directors of the Company.
- c) **“Company” or “IM”** means **National Highways Infra Investment Managers Private Limited**.
- d) **“Director”** means a Director appointed to the Board of the Company. The term Director shall mean and include Whole-time Director & Non-Executive Directors (including Independent Directors) of the Company.
- e) **“Independent Director”** means a director referred to in Section 149 (6) of the Act and Regulation 2 (1) (saa) of InvIT Regulations.
- f) **“InvIT Regulations”** means Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended.

- g) **“Key Managerial Personnel” (KMP)** defined under the Act, as amended from time to time.

Note: As per Section 2(51) Key Managerial Personnel means:

- i. Managing Director or Chief Executive Officer or Manager;
 - ii. Company Secretary;
 - iii. Whole-time Director;
 - iv. Chief Financial Officer;
 - v. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - vi. Such other officer as may be specified under the Act from time to time.
- h) **“Listing Regulations”** shall mean SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.
- i) **“NRC” or “Committee”** shall mean the Nomination and Remuneration Committee of Board of Directors of the Company.
- j) **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- k) **“Senior Management”** means the officers and personnel of the IM who are members of its core management team, excluding the Board of Directors, and also comprise all members of the management, one level below the Chief Executive Officer or Managing Director or Whole Time Director or manager (including Chief Executive Officer and manager, in case they are not part of the Board of Directors) and shall specifically include the Compliance Officer and Chief Financial Officer.
- l) **“Trust”** means National Highways Infra Trust.

Interpretation

Terms that have not been defined in this policy shall have the same meaning assigned to them in the Act, InvIT Regulations, Listing Regulations and/or any other Act/Regulation as may be in force and as and when it is amended from time to time.

3. SCOPE

This Nomination and Remuneration Policy applies to the Company's Board of Directors and the Senior Management including its Key Managerial Personnel.

4. CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR, KEY MANAGERIAL PERSONS AND OTHER EMPLOYEES

- 4.1 As per the Articles of Association of Company, the identification of Independent Directors shall be done through a Search cum Selection Committee and the sponsor i.e. National Highways Authority of India (NHAI) 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.

4.2 Every Independent Director shall at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an Independent Director, submit a declaration that he meets the criteria of independence as provided in the Act read with InvIT Regulations.

4.3 In terms of Section 149 of the Act read with InvIT Regulations and Listing Regulations, an independent director shall hold office for a term upto 5 (five) consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of special resolution by the Company and no independent director shall hold office for more than two consecutive terms, but shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director.

4.4 The criteria for selection of Key Managerial Persons and other employees shall be in line with the HR Policy of the Company as approved by the NRC and Board.

5. CRITERIA FOR EVALUATION OF PERFORMANCE OF INDEPENDENT DIRECTORS AND THE BOARD OF DIRECTORS

The Committee shall formulate and review the parameters and process of evaluation of Independent Directors and the final evaluation shall be placed before the Committee for its noting.

6. APPOINTMENT AND REMOVAL DIRECTORS, KMP AND SENIOR MANAGEMENT

6.1 Appointment criteria and qualifications

The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.

The Committee shall ensure compliance with provisions of NSE Circular on enforcement of SEBI Orders regarding appointment of Directors by the Listed Companies dated June 20, 2018, while recommending any director for appointment.

The Committee shall identify persons who may be appointed in senior management team in accordance with the criteria laid down above and recommend to the Board about their appointment and removal.

6.2 Term/Tenure

The term/tenure of appointment of Directors including Managing Director/Whole-time Director, Non-Executive and Independent Directors shall be governed by the Company's Articles of Association and the Company shall appoint the Directors as per the relevant laws.

6.3 Removal

Due to reasons for any disqualification mentioned in the Act, Listing Regulations, SEBI InvIT Regulations or under any other applicable Act, rules and regulations, the NRC Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

7. Remuneration of Directors, KMP and Senior Management

- 7.1 The remuneration/ compensation/ commission etc. to be paid to Directors shall be in accordance with the provisions of the Act and the rules made thereunder read with Listing Regulations and SEBI InvIT Regulations and will be determined by the Committee and recommended to the Board for approval.
- 7.2 An Independent Director shall not be entitled to any stock option of the Company. They shall not be eligible to participate in any share based payment schemes of the Company.
- 7.3 The remuneration to KMP and Senior Management shall be in line with the HR Policy of the Company as approved by the NRC and Board.

8. NOMINATION OF DIRECTORS ON THE BOARD OF DIRECTORS OF THE PROJECT SPV

As prescribed under SEBI InvIT Regulations, the Company in consultation with the Trustee shall appoint the majority of the Board of Directors of the Project SPV

9. IMPLEMENTATION

The NRC may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.

Requirements with respect to quorum, notice of meeting, documentation, etc. shall be in conformity with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government, unless expressly stated otherwise.

The NRC may Delegate any of its powers to one or more of its members.

10. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of the NRC Committee can amend this Policy, as and when deemed fit. The Company shall reserve the rights to make alterations/ amendments to the Policy from time to time to ensure compliance with any modification, amendment or supplementation to the Act and rules made there under, the Listing Agreements, the Securities and Exchange Board of India Act, 1992 and rules/ regulations/ guidelines made there under, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.

11. AMENDMENTS IN THE LAW

Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this Policy. In case of any amendments in the provisions of the Act, which makes any of the provisions/ clauses in the Policy inconsistent with the Act, then the provisions of the Act would prevail over the Policy and the Policy shall stand amended effective from date of such amendments, as notified from time to time.