



## **POLICY ON QUALIFICATIONS AND CRITERIA FOR APPOINTMENT OF UNITHOLDERS NOMINEE DIRECTORS**

Adopted by the Board of Investment Manager on:	08.11.2023
Amended by the Board of Investment Manager on:	NA

**POLICY ON QUALIFICATIONS AND CRITERIA FOR APPOINTMENT OF UNITHOLDERS  
NOMINEE DIRECTORS ON THE BOARD OF NATIONAL HIGHWAYS INFRA INVESTMENT  
MANAGERS PRIVATE LIMITED**

**1. PREAMBLE**

- 1.1. In accordance with Regulation 4(2)(h) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time (**'InvIT Regulations'**), Unitholders of the Trust have been granted a right to appoint a Unitholder Nominee Director on the Board of Investment Manager.
- 1.2. In furtherance to the above, Securities and Exchange Board of India (**SEBI**) vide its circular dated September 11, 2023 (**'InvIT circular'**) has prescribed for the manner of the nomination which *inter-alia* includes the process of nomination and eligibility criteria for the nominating unitholders as well as for the proposed appointee.
- 1.3. 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") is required to formulate and adopt a policy providing for qualifications, criteria for appointment, and evaluation parameters of individuals nominated for nominee director.

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) "**Eligible Unitholder(s)**" shall mean unitholder(s) holding ten (10) percent or more of the total outstanding units of the Trust, either individually or collectively.
- e) "**InvIT Regulations**" means Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended.
- f) "**Listing Regulations**" shall mean SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.
- g) "**Committee**" or "**NRC**" shall mean the Nomination and Remuneration Committee of Board

of Directors of the Company.

- h) **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him in the capacity as director and includes perquisites as defined under the Income-tax Act, 1961.
- i) **“Trust”** means National Highways Infra Trust.
- j) **“Trustee”** means **IDBI Trusteeship Services Limited**, acting as trustee to the Trust.
- k) **“Unitholder Nominee Director”** shall mean a non-independent director nominated by Eligible unitholder(s) on the Board of Directors of the Investment Manager.

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

### 3. SCOPE

The policy outlines the guiding principles as prescribed by InvIT Regulations and circulars issued thereunder for the appointment of Nominee Directors on the Board of Investment Manager by the eligible unitholders of the Trust.

### 4. QUALIFICATION AND ELIGIBILITY CRITERIA FOR THE UNITHOLDER NOMINEE DIRECTOR

Eligible Unitholder(s) shall be entitled to nominate only one Unitholder Nominee Director. If the right to nominate one or more directors on the Board of Directors of the Investment Manager is available to any entity (or to an associate of such entity) in the capacity of shareholder of the Investment Manager or lender to the Investment Manager or the Trust (or its Hold Co(s) or SPVs), then such entity in its capacity as unitholder, shall not be entitled to nominate or participate in the nomination of a Unitholder Nominee Director.

If the unitholding of more than one unitholder is aggregated for the purpose of qualifying as Eligible Unitholder(s) to exercise the right to nominate a Unitholder Nominee Director, then such unitholders shall not be eligible to participate in any other group of Eligible Unitholder(s).

The following eligibility requirements should be fulfilled by the candidates proposed to be considered for appointment as Unitholder Nominee Directors:

- i. The person should be “fit and proper” based on the criteria specified under Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008, as amended.

- ii. The person is not a willful defaulter or fraudulent borrower, or a promoter or director or person in control of a company or entity categorized as such by any bank or financial institution in accordance with the guidelines prescribed by the Reserve Bank of India.
- iii. The person's name does not appear under any list of disqualified directors issued by the Ministry of Corporate Affairs and is not debarred from acting as a director or member of management by any court, regulatory or supervisory authority.
- iv. The person is not debarred from accessing the capital markets by the Board or any other authority.
- v. The person is not or has not been a promoter or director or person in control of any company or entity which has been debarred from accessing the capital markets by the Board or any other authority.
- vi. The person should not be disqualified under the Companies Act, 2013 and shall have valid DIN and has provided his/ her consent to act as Director along with other requirements as required under the Act
- vii. The person should have an experience of at least ten (10) years or is a person of repute in the relevant sub-sector(s) in which the Trust has invested.
- viii. Any other criteria as may be identified by the IM.

Further, the director so nominated shall recuse from voting on any transaction where such nominee director or associate of such nominee director or the unitholder who nominated such nominee director or associate of such unitholder is a party to such transaction.

Provided that if the director so nominated is a director or member of the governing board of an Investment Manager of another InvIT, then such director shall adequately disclose and shall recuse from receiving information, voting and participation in the matters where there is conflict of interest.

Provided further that the director shall not share the information which he/she has obtained in the capacity of director and shall maintain all standards of confidentiality/ privilege as required by the IM.

## **5. ROLE OF NOMINATION AND REMUNERATION COMMITTEE AND BOARD**

- i. Upon receipt of the nomination of the Eligible Unitholder(s), the nomination & remuneration committee ("NRC") and/or the Board shall confirm the eligibility of a Unitholder Nominee Director based on the evaluation of the eligibility parameters.
- ii. Once the eligibility of the Unitholder Nominee Director is confirmed, the NRC and/or Board shall take necessary steps to complete the appointment of such director on the board of IM within the time as prescribed by the law.

- iii. The Unitholder Nominee Director shall be offered positions on the various committees of the Board.
- iv. The NRC and/or Board shall be required to carry out the performance evaluation of the Unitholder Nominee Director from time to time.
- v. **Reporting and monitoring:** The NRC and/or Board, or the person so authorised by NRC and/or Board in this regard, shall be required to monitor the unitholding of the Eligible Unitholder(s) who have exercised their right to nominate the director on the Board of IM within 10 days from the end of each calendar month, and shall report the same to the Trustee.

## 6. EVALUATION PARAMETERS

The Nomination and Remuneration Committee (“NRC”) or the entire Board of Directors shall carry out the evaluation of performance of every Unitholder Nominee Director (except the Director getting evaluated). Performance evaluation should be carried out at least once in a year. While evaluating the performance of the Unitholder Nominee Directors, the following parameters shall be considered:

- i. Attendance and pro-active participation at the Board / Committee meetings;
- ii. Time commitment;
- iii. Ability to contribute to and monitor corporate governance practice;
- iv. Effective deployment of knowledge and expertise;
- v. Integrity and maintaining of confidentiality;
- vi. Independence of behaviour and judgment;
- vii. Teamwork;
- viii. Continuous abidance with the Stewardship Code of the nominating unitholder;
- ix. Fulfilment of the eligibility criteria as set out in Clause 4 of this policy at all times, or
- x. Such other parameters as may be deemed appropriate.

Based on the above parameters, the Committee shall undertake the process of evaluation of Unitholder Nominee Directors and the final evaluation shall be placed before the Committee/Board for its noting.

In addition to the above, the Unitholder Nominee Directors shall also be subjected to the formal annual evaluation to be done by the NRC and/or Board and/or independent directors of the IM under InvIT Regulations, Listing Regulations and Act.

## 7. GROUNDS AND MANNER FOR DISCONTINUATION OF UNITHOLDER NOMINEE DIRECTOR

A Unitholder Nominee Director shall continue to remain on the Board of Directors of the Investment Manager unless:

- i. the nomination is withdrawn by Eligible Unitholder(s),

- ii. change in the Unitholder Nominee Director is requested by Eligible Unitholder(s),
- iii. the unitholding of Eligible Unitholder(s) falls below the required threshold consequent to which the Unitholder Nominee Director resign/ step down from the Board of Directors of the Investment Manager,
- iv. the Unitholder Nominee Director is unable to serve or resign or is removed from the Board of Directors of the Investment Manager for any reason to be recorded in writing,
- v. In case of death of Unitholder Nominee Director,
- vi. if the director incurs any disqualification or is required to vacate the office under the provisions of the Act, or
- vii. the director ceases to comply with the eligibility conditions as prescribed in Clause 4 of this policy.

**Withdrawal of nomination:**

If an Eligible Unitholder or a group of Eligible Unitholders propose to withdraw their nomination for the Unitholder Nominee Director that has been appointed on the Board of Directors of the IM, then such Eligible Unitholder(s) or their authorized representatives, shall inform the IM and the Unitholder Nominee Director of the same, and the Unitholder Nominee Director shall resign/step down from the Board of Directors of the IM forthwith.

**Change in Unitholder Nominee Director:**

If an Eligible Unitholder or a group of Eligible Unitholders propose to change a Unitholder Nominee Director who has been appointed on the Board of Directors of the Investment Manager, then such Eligible Unitholder(s), or their authorized representatives, shall inform the Investment Manager of the proposed candidate in the manner set out in the 5<sup>th</sup> Clause of this Policy and then the IM shall evaluate the proposed candidate as mentioned above.

**Vacation of office of a Unitholder Nominee Director:**

- a. Change in existing unitholding: If at any time, the individual or collective unitholding of the Eligible Unitholder(s), who have nominated a Unitholder Nominee Director, falls below ten percent of the total outstanding units of the Trust, then the Eligible Unitholder(s) shall immediately inform the IM within two (2) working days from such change and the Unitholder Nominee Director shall resign/step down from the Board of Directors of the IM within two (2) working days from such change
- b. Fresh issue of units by Trust: If at any time, the individual or collective unitholding of the Eligible Unitholder(s), who have nominated a Unitholder Nominee Director, falls below ten percent of the total outstanding units of the Trust on account of fresh issuance of units by the Trust, then the Eligible Unitholder(s) shall immediately inform the IM within two (2) working days from the date of allotment of fresh units and the Unitholder Nominee Director shall resign/step down from the Board of Directors of the IM within two (2) working days from such date of allotment.
- c. Death or permanent disability of Nominee Director: In case of death or permanent disability of a Unitholder Nominee Director, the Eligible Unitholder(s) that nominated such Unitholder Nominee Director may propose another individual as a replacement.

- d. Cessation: In the event, if the Unitholder Nominee Director ceases to meet any of the eligibility criteria as set out in Clause 4 of this policy at any time, then he/she shall be ceased to be a director on the Board of IM. The Unitholder Nominee Director shall be required to inform about such to the Board within two (2) working days of incurring ineligibility. The Board of IM shall take requisite steps including removal within two (2) working days of receipt of such intimation from the Unitholder Nominee Director.
- e. Removal by the IM: The Board of Directors (including the NRC) shall have the power to remove a Unitholder Nominee Director from office, for reasons to be recorded in writing, including, but not limited to, if the Unitholder Nominee Director ceases to meet the eligibility criteria as set out in Clause 4 of this policy or in the opinion of the Board and/or NRC, the performance evaluation as set out in Clause 6 of this policy of the said director by the Board/ NRC is not found satisfactory.

## **8. REMUNERATION OF UNITHOLDER NOMINEE DIRECTOR**

The Unitholder Nominee Director shall not be entitled to any kind of remuneration, sitting fees, compensation, commission in any form by the IM.

Further, the Unitholder Nominee Director shall not be entitled for any benefit in any form under any scheme of Trust and/ or IM.

## **9. WEBSITE**

The policy shall be hosted on the website of the Trust at <https://nhit.co.in/>

## **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, provided that such amendments shall be subject to the Unitholders Approval. The IM 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 SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") to the extent made applicable, and rules/ 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 InvIT Regulations and Listing Regulations 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.