



HIGHWAY CONCESSIONS ONE PRIVATE LIMITED

NOMINATION AND REMUNERATION POLICY

HIGHWAYS INFRASTRUCTURE TRUST

(Approved by the Board of Directors vide its resolution dated on February 08, 2023)

(HC1_Version 01_2023)

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1. Purpose

The purpose of this policy is to enhance integrity, ethics & transparency in governance of the Highway Concessions One Private Limited (“**Company**” or “**IM**”) acting in the capacity as the Investment Manager to Highways Infrastructure Trust (“**Trust**”) and thereby reinforcing the trust and confidence reposed in the management of the Trust and the Company by their Unit holders and shareholders respectively along with other stakeholders.

2. Legal Requirement

The Nomination & Remuneration Policy is prepared in accordance with the requirements of the Companies Act, 2013 (“**Act**”), and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”). The Policy aims to ensure that:

- a. the level of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Accordingly, this Nomination and Remuneration Policy is designed to attract, motivate and retain manpower in a competitive and international market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for its shareholders and unitholders.

3. Definitions

- a) “**Act**” means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b) “**Board**” means Board of Directors of the Company.
- c) “**Company**” or “**IM**” means **Highway Concessions One 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 Companies Act, 2013 and Regulation 16 (1) (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- f) “**Key Managerial Personnel**” (**KMP**) defined under Companies Act, 2013 and/ or the Listing Regulations, in each case as amended from time to time.



Note: Currently, under Section 2(51) Key Managerial Personnel has been defined as :-

- 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. Any other person as defined under the Companies Act, 2013 from time to time.
- g) **“Listing Regulations”** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- h) **“Nomination and Remuneration Committee” or “NRC”** shall mean a Committee of Board of Directors of the Company.
- i) **“Remuneration Policy” or “Policy”** means, “Nomination and Remuneration Policy.”
- 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”** shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.
- l) **“Trust”** means Highways Infrastructure Trust.

4. **Scope**

This Policy applies to the IM’s Board of Directors and Senior Management, including its Key Managerial Personnel.

5. **Key Principles Governing Relating To Remuneration:-**

5.1 **Remuneration for independent directors and non-independent non- executive directors:**

- Independent directors and non-independent non-executive directors may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members), and professional fee for providing advice within regulatory limits.
- The payment of sitting fees and professional fee/ commission will be recommended by the NRC and approved by the Board, and shall at times be within the limits prescribed under applicable law.
- While determining the overall remuneration (sitting fees and professional fee), the NRC shall ensure that it is reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Trust and/or IM (taking into consideration the challenges faced by it and its future growth imperatives).
- Overall remuneration should be reflective of size of the Trust (including IM), complexity of the sector/industry/Trust’s operations and its capacity to pay the remuneration.



- Overall remuneration practices should be consistent with recognized best practices and shall be reviewed on a periodic basis.
- The NRC may develop a distinct policy for: (a) payment of any commission to the Independent Directors and non-independent non-executive directors; and (b) overall limit of all compensation in the form of commission, sitting fee and professional fee payable to Independent Directors and non-independent non-executive directors. Such policy, if approved shall supplement the current policy and shall be presented to the board for adoption.
- In addition to the sitting fees and commission, the IM may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/her role as a director of the IM. This could include reasonable expenditure incurred by the director for attending Board / Board committee meetings, general meetings, court convened meetings, meetings with shareholders / creditors / management, site visits, induction and training (organized by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

5.2 Remuneration for managing director (“MD”)/executive directors (“ED”)/KMP/ Senior Management and rest of the employees:

Directors who are employees and Senior Management shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration is determined within the appropriate grade and is based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs as per the compensation policy of the Company. Any amounts payable to any employee shall at all times be within the limitations set out under law to the extent applicable to the Company (including limitation on compensation payable to managing directors/ chief executive officer.)

5.3 Remuneration payable to Director for services rendered in other capacity:

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity, unless:

- The services rendered are of a professional nature;
- The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession; and
- Such services are rendered in compliance with conflict of interest policy of the Company.

6. Key principles governing relating to appointment/ removal/ retirement of directors, KMPs and Senior Management:

6.1 Appointment and removal of Directors, KMP and Senior Management.

- NRC shall (in consultation with management and advisors) identify persons who are qualified to be appointed as directors or Senior Management, and recommend to the Board their appointment and removal.
- NRC shall ensure that the person(s) identified as aforesaid possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The NRC shall have the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.
- The NRC shall formulate the criteria and framework for evaluation of performance of every



Director on the Board of the Company.

- The NRC shall identify ongoing training and education programs for the Directors to ensure that all non-executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.
- The NRC shall ensure compliance with provisions of NSE and BSE circular dated June 20, 2018 as amended, and such other circulars as may be applicable from time to time, while recommending any director for appointment.
- The Committee shall not recommend appointment of and recommend retirement of any person as a non-executive director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- The Committee shall ensure that approval of shareholders for appointment of a person on the Board of Directors or as a manager is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier:

Provided that the appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders:

Provided further that for considering the appointment or re-appointment of such a person earlier rejected by the shareholders, a detailed explanation and justification for recommending such a person for appointment or re-appointment shall be given by the Nomination and Remuneration Committee to the Board and Shareholders in the explanatory statement annexed to the notice for such motion.

Provided, if required under applicable law, approval from unit holders of the Trust for such appointment shall also be obtained.

- The Committee shall ensure that the appointment, re-appointment or removal of an independent director of the Company, shall be subject to the approval of shareholders by way of a special resolution.

Provided further that an independent director appointed under the aforementioned proviso shall be removed only if requisite majority shareholders / unitholders as required under applicable law is obtained.

- Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the 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.
- The Committee shall ensure that no director is holding office in capacity of director or as member/ Chairperson of the committee in other companies exceeding the limit as prescribed by Companies Act, 2013 or Listing Regulations or any other law for the time being in force.



6.2 Retirement:

The Whole-time Directors, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013, subject to applicable laws, regulations, rules, circulars, etc. The Board will have the discretion to retain the Whole-time Directors, KMP and Senior Management in the same position/ remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

7. Amendments to the policy

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit subject to obtaining such approvals as is mandated by applicable law. 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 Companies Act, 2013 and rules made there under, the Listing Regulations, 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.

8. Amendments In Law

Any amendment/modification in the Listing Regulations and/or other applicable laws in this regard shall automatically apply to this Policy. Further, 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.