



**HIGHWAY CONCESSIONS ONE PRIVATE LIMITED**

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

(Approved by the Board of Directors vide its resolution dated October 09, 2023)

**Version History:**

<b>Company</b>	Highway Concessions One Private Limited
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<b>Created By:</b>	Compliance Team
<b>Approved By:</b>	Board of Directors

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## 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’**), the Eligible Unitholders (as defined below) of the Highways Infrastructure Trust (**“Trust”**) have been granted a right to nominate a director on the Board (as defined below).
- 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 process, which includes the process of nomination and eligibility criteria for Eligible Unitholders (as defined below) as well as for the Unitholder Nominee Director (as defined below).
- 1.3. The board of directors of Highway Concessions One Private Limited (**“Company”** or **“IM”** or **“Investment Manager”**) acting in its capacity of investment manager to the Trust is required to formulate and adopt a policy specifying the criteria for appointment, qualifications and evaluation parameters for the individuals proposed to be nominated as a nominee director, amongst others.

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) **“Applicable Law”** shall mean the laws having jurisdiction over the matter in question, including all applicable statutes, enactments, acts of legislature, ordinances, rules, bye-laws, regulations, notifications, decrees, arbitral awards, consents, directions, directives, orders or regulations or other governmental or regulatory restrictions or conditions, or any similar form of decision of, or determination by, any governmental authority, including SEBI, whether in effect as of the date of this policy or thereafter, including but not limited to the Act, InvIT Regulations and Listing Regulations.
- c) **“Board”** means the Board of Directors of the Company.
- d) **“Company”** or **“IM”** or **“Investment Manager”** means Highway Concessions One Private Limited.
- e) **“Eligible Unitholder(s)”** shall mean unitholder(s) holding ten (10) percent or more of the total outstanding units of the InvIT, either individually or collectively, or such other percentage as may be specified under the InvIT Regulations.
- f) **“InvIT Regulations”** means the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 together with relevant amendments, circulars, notifications and guidelines issued from time to time.

- g) "**Listing Regulations**" shall mean the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- h) "**Committee**" or "**NRC**" shall mean the Nomination and Remuneration Committee of the Company.
- i) "**Policy**" shall mean this policy adopted by the Board.
- j) "**Remuneration**" means such amount of money or its equivalent given or passed to any person for services rendered by him, in accordance with Applicable Law, and includes perquisites as defined under the Income-tax Act, 1961.
- k) "**Trust**" or "**InvIT**" means Highways Infrastructure Trust.
- l) "**Unitholder(s)**" shall mean unitholders of the Trust.
- m) "**Unitholder Nominee Director**" shall mean a non-independent director nominated by Eligible Unitholder(s) on the Board in accordance with the InvIT Regulations read with the InvIT circular .

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

This Policy applies to the Eligible Unitholders of the Trust and Unitholder Nominee Directors of the Investment Manager.

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

#### 4.1 Eligible Unitholder Requirements

- a) Eligible Unitholder(s) shall be entitled to nominate only one Unitholder Nominee Director. However, if the right to nominate one or more directors on the Board 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 InvIT (or its holding companies or special purpose vehicles), then such entity in its capacity as unitholder, shall not be entitled to nominate or participate in the nomination of a Unitholder Nominee Director.
- b) 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).
- c) If the unitholding of more than one unitholder is aggregated for the purpose of qualifying as Eligible

Unitholder(s), such unitholders (referred to as “**Collective Nominating Unitholders**”):

- (i) shall provide a declaration to the compliance officer of the Trust signed by all Collective Nominating Unitholders confirming that they are aggregating their unitholding for the purpose of nominating the Unitholder Nominee Director. Such declaration shall be provided at the end of every quarter;
- (ii) identification of up to two unitholders who shall be deemed to be authorized representative of the Collective Nominating Unitholders together with their contact details. Any communication/ instructions received from either of such authorized representatives shall be considered binding with respect to the nomination/ replacement/ retirement of Unitholder Nominee Director representing such Collective Nominating Unitholders.

#### 4.2 Unitholder Nominee Directors Qualification Requirements

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 or restrained from buying, selling, or dealing in securities under any order or direction passed by the SEBI or any other regulatory authority or court/tribunal in India or abroad.
- 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 SEBI or any other authority.
- vi. The ventures promoted by the person or the companies, firms, partnerships or other entities with which the person is or was associated as a promoter, director, person in control or executive officer, has not been prohibited or debarred from accessing the capital market under any order or direction passed by the SEBI or any other regulatory authority or court/tribunal in India or abroad.

- vii. The person is not a member of more than ten (10) committees or act as a chairperson of more than five (5) committees across all the investment manager entities of listed entities, where he or she acts as a director. It is clarified that such limit shall be determined in accordance with the InvIT Regulations.
- viii. The person has not submitted any application for grant of certificate on behalf of the Trust to the SEBI which has been rejected by the SEBI.
- ix. The person should not be disqualified to be appointed as a director under section 164 or any other applicable provision of the Companies Act, 2013.
- x. The person should possess a valid director identification number.
- xi. The person should have an experience of at least ten (10) years of experience in (a) investing in or providing investment advisory services in infrastructure assets; or (b) the roads sectors.
- xii. The person should not have been removed by another InvIT on account of breach of stewardship code or breach of such other InvIT's policies.
- xiii. Such person should not have resigned/ removed as a directors on the board of the Company during the last 1 year preceding the nomination.

Such person's employment with the Company should not have terminated for cause.

- xiv. The appointment of such person should not be in conflict with the interest of the Trust as determined in the reasonable opinion of NRC.

Further, the Unitholder Nominee Director so nominated shall recuse from voting on any transaction where:

- (a) such Unitholder Nominee Director is a party; or
- (b) associate of such Unitholder Nominee Director is a party; or
- (c) the Eligible Unitholder(s) who nominated such Unitholder Nominee Director is a party; or
- (d) the associate the such Eligible Unitholder(s) who nominated such Unitholder Nominee director is a party.

## **5. NOMINATION PROCESS**

### **A. Process for first time nomination post introduction of this policy**

- i. The IM shall send a written intimation to all the unitholders within ten (10) days from the end of September 30, 2023, requesting them to inform the IM if they wish to exercise the right to nominate the Unitholder Nominee Director.
- ii. Thereafter, the Eligible Unitholder(s) who wish to exercise this right shall inform the IM through a written notice of their proposed candidate for the Unitholder Nominee Director along with following details within ten (10) days of receipt of the intimation from the Investment Manager:

- name of the candidate

- director identification number of the candidate along with valid KYC documents
  - A certified brief profile of the candidate, including age, educational qualifications, professional qualifications, nationality, occupation, address, experience in the sector and sub-sector in which the InvIT operates and directorship in other entities, together with back-up documents;
  - details of any outstanding criminal action, regulatory action or material civil litigation against the candidate;
  - details required under the Companies Act, 2013 to facilitate the Investment Manager for filing of Form DIR-12;
  - confirmations in relation to eligibility of the candidate as set out in paragraph 4 of this Policy together with necessary certifications/ declaration;
  - a declaration from the Eligible Unitholders and Unitholder Nominee Director that they shall abide by all policies (including this policy) of the Trust, the InvIT Regulations and the stewardship code;
  - list of identified associates of the proposed candidate along with the associates of the nominating Eligible Unitholder(s).
  - demat account details and unitholding of the Eligible Unitholder(s).
  - an acknowledgement from the Eligible Unitholder(s) that their unitholding shall be maintained at least ten (10) percent of the total outstanding Units of the Trust, failing which they shall lose the right to have their Unitholder Nominee Director on the Board and will take such steps as may be necessary to remove their nominee forthwith.
  - Disclosure if the person has been removed from board of any InvIT or of any other listed company.
  - Disclosure of all Directorship and interest held in InvITs/entities in the same area of operations.
- iii. The eligibility of a Unitholder Nominee Director shall be confirmed by the IM, based on the evaluation in line with this policy done by the NRC and/or the Board of the IM within ten (10) days of receipt of notice from the Eligible Unitholder(s).
- iv. Once the eligibility of a Unitholder Nominee Director is confirmed, the IM shall take necessary steps to complete the appointment of such director on the Board within thirty (30) days from the date of such confirmation. The IM shall ensure that the appointment of the Unitholder Nominee Director is in compliance with the requirements with respect to the composition of the board of directors under the InvIT Regulations and other applicable laws.
- v. Further, if the candidate proposed is not eligible or not found suitable based on the evaluation done by the NRC and/or the Board of the IM in line with this policy, the reasons shall be recorded in writing and shall be communicated by the IM to the Eligible Unitholder(s) within ten (10) days of receipt of notice from Eligible Unitholder(s). In such case, the Eligible Unitholder(s) may submit another candidate within a period of ten (10) days from the receipt of such communication from the IM.

**B. Process for subsequent nomination by the unitholders on annual basis**

- i. The IM shall send a written intimation to all the Unitholders on their email address(es) registered either with the IM or with any depository, within ten (10) days from the end of each financial year, requesting them to inform the IM if any Eligible Unitholder(s) wishes to exercise the right to nominate a Unitholder Nominee Director.

- ii. Eligible Unitholder(s) who wish to exercise this right shall inform the IM through a written notice within ten (10) days of receipt of the intimation from the IM. The Eligible Unitholder(s) shall be determined based on the unitholding pattern of the InvIT as on March 31<sup>st</sup> of the financial year.
- iii. The process mentioned in paragraph 5A of this Policy (for first time nomination) shall apply in regard to the notice by Eligible Unitholder(s) to the IM and for appointment of the Unitholder Nominee Director.
- iv. If any Unitholder(s) acquires or holds units of the prescribed threshold of ten (10) percent unitholding or more during a particular financial year, then such Unitholder(s) shall be entitled to exercise the nomination right only in the following financial year as per the process mentioned in this Policy.

## **6. EVALUATION PARAMETERS**

The NRC or the entire Board shall carry out the evaluation of performance of every Unitholder Nominee Director. The performance evaluation shall 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. Contribution to strategic decision making;
- iv. Fulfilment of functions and responsibilities;
- v. Effective deployment of knowledge and expertise;
- vi. Review of risk assessment and risk mitigation
- vii. Review of financial statements, business performance
- viii. Integrity and maintaining confidentiality;
- ix. Compliance with stewardship code
- x. Independence of behaviour and judgment;
- xi. Focus on compliance with applicable regulations and policies of the Trust
- xii. Teamwork; and
- xiii. Such other parameters as may be deemed appropriate.

Based on the above parameters, the NRC shall undertake the process of evaluation of Unitholder Nominee Directors and the final evaluation shall be placed before the NRC/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 the InvIT Regulations, Listing Regulations and Act.

## **7. REPORTING AND MONITORING**

The IM shall within ten (10) days from the end of each calendar month, review whether the eligible unitholder(s) who have exercised the board nomination right, continue to have/hold the required number of units of the InvIT

and make a report of the same, and such report shall be submitted to the Trustee of the InvIT.

## **8. GROUNDS FOR DISCONTINUATION OF UNITHOLDER NOMINEE DIRECTOR**

A Unitholder Nominee Director shall continue to remain on the Board 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 is required to resign or steps down from the Board,
- iv. the Unitholder Nominee Director is unable to serve or resign or is removed from the Board for any reason, including the reasons set out in the InvIT circular, to be recorded in writing, or if the Unitholder Nominee Director is disqualified and is required to vacate the office under Applicable Law.

In case of such withdrawal/ removal or resignation, the Eligible Unitholder(s) or their authorized representatives in case of Collective Nominating Unitholders, shall within a period of 10 days nominate another person in accordance with the process set out under Paragraph 5A and 5B.

### **Withdrawal of nomination:**

If an Eligible Unitholder or a Collective Nominating Unitholders propose to withdraw their nomination for the Unitholder Nominee Director that has been appointed on the Board, 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 forthwith.

### **Change in Unitholder Nominee Director:**

If an Eligible Unitholder or Collective Nominating Unitholders propose to change a Unitholder Nominee Director who has been appointed on the Board, 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 paragraph 5 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) or the Collective Nominating Unitholders, who have nominated a Unitholder Nominee Director, falls below ten (10) percent of the total outstanding units of the InvIT, then the Eligible Unitholder(s) or the Collective Nominating Unitholders 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. The same process shall be followed in the event such reduction is identified by the IM and the timeline for resigning/ stepping down shall apply from the date the communication is issued by the IM.
- b. Fresh issue of units by InvIT: If at any time, the individual Eligible Unitholder(s), or the Collective Nominating Unitholders who have nominated a Unitholder Nominee Director, falls below ten (10) percent



of the total outstanding units of the InvIT on account of fresh issuance of units by the InvIT, then the Eligible Unitholder(s) or the Collective Nominating Unitholders, 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 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) or the Collective Nominating Unitholders that nominated such Unitholder Nominee Director may propose another individual as a replacement in the manner described in paragraph 5 of this Policy.
- d. Removal by the IM: The Board (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 paragraph 4 of this Policy or in the opinion of the Board and/or NRC, the performance evaluation as set out in paragraph 6 of this Policy in relation to the said director by the Board/ NRC is not found satisfactory.

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

Build on the representation of the Eligible Unitholders or the Collective Nominating Unitholders and to avoid conflict of interest in any form, the Unitholder Nominee Director shall not be entitled to any kind of remuneration, sitting fees, compensation, commission in any form by the IM. [Provided, the IM may in line with its policies cover the expenses of such Unitholder Nominee Director to attend the duly constituted meetings of the board of directors or of committee (to the extent such Unitholder Nominee Director is a member of such committee.)

Further, the Unitholder Nominee Director shall not be entitled to any stock option of the Company. They shall not be eligible to participate in any bonus or profit share-based payment schemes of the Company.

## **10.AMENDMENTS TO THE POLICY**

The Board on its own and / or as per the recommendations of the NRC can amend this Policy, as and when deemed fit, subject to compliance with Applicable Law and the Memorandum and Articles of Association of the Company. The IM shall reserve the rights to make alterations/ amendments to the Policy from time to time.

## **11.AMENDMENTS IN THE LAW**

Any subsequent amendment or modification in the InvIT 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 or InvIT Regulations or other applicable law, then the provisions of the Act or InvIT Regulations or other applicable law, as the case may be would prevail over the Policy and the Policy shall stand amended effective from date of such amendments, as notified from time to time.