



**NOMINATION & REMUNERATION COMMITTEE CHARTER**

**[Adopted by the Board on 01/07/2024]**

**HIGHWAY INFRASTRUCTURE LIMITED**

**NOMINATION & REMUNERATION COMMITTEE CHARTER  
OF  
HIGHWAY INFRASTRUCTURE LIMITED**

**1. Introduction:**

The Nomination and Remuneration Policy (“**Policy**”) of Highway Infrastructure Limited (“**Company**”) has been formulated pursuant to Section 178 of the Companies Act, 2013 read with the applicable rules made thereunder (collectively, the “**Act**”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), as amended from time to time.

As per the provisions of the Act and the Listing Regulation, the Nomination and Remuneration Committee of the Board shall lay appropriate criteria for selection of Directors, Key Managerial Personnel, and Senior Management and formulate appropriate policy for payment of equitable remuneration to them.

**2. Objective and Purpose:**

The objectives and purposes of the Policy are:

- 2.1. To formulate the criteria for determining qualifications, positive attributes, and independence of a director (executive/non-executive/independent) of the Company (“**Director**”); and
- 2.2. To recommend policy relating to the remuneration of the Directors, KMP, and other employees to the Board of Directors of the Company (“**Board**”).
- 2.3. To formulate the criteria for evaluation of the performance of independent directors;
- 2.4. To devise a policy on diversity of the board of directors;
- 2.5. To identify 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.
- 2.6. To determine 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.
- 2.7. To recommend to the Board, all remuneration, in whatever form, payable to senior management and the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate senior management of the quality required to run the company successfully.

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the executive Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve executive Directors’ compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation and recommending incentive-compensation and equity-based plans that are subject to approval of the Board.

**3. Constitution of the Nomination and Remuneration Committee:**

3.1. The Board shall constitute the “**Nomination and Remuneration Committee**” of the Board. This is in line with the requirements under the Companies Act, 2013. This Policy and the Nomination and Remuneration Committee Charter are integral to the functioning of the

Nomination and Remuneration Committee and are to be read together. The Board has the authority to reconstitute this Committee from time to time.

#### **4. Definitions:**

- a. **‘Board’** means Board of Directors of the Company.
- b. **‘Directors’** means Directors of the Company.
- c. **‘Committee’** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
- d. **‘Company’** means Highway Infrastructure Limited.
- e. **‘Independent Director’** means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.
- f. **‘Key Managerial Personnel (KMP)’** means –
  - the Managing Director or Chief Executive Officer or manager;
  - Whole-time Director;
  - Company Secretary;
  - Chief Financial Officer; and
  - Any other person as defined under the Companies Act, 2013 from time to time.
- g. **‘Senior Management’** means officers/personnel of the Company who are members of its core management team. The core management team includes Chief Executive Officer, Chief Financial Officer, Site In-charge, Human Resource Manager, Admin In-charge, Civil Engineer, Mechanical Engineer, Toll manager, Accounts Manager and Compliance Officer and Company Secretary.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

#### **5. General:**

This Policy is divided in three parts: -

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;  
Part – B covers the appointment and removal of Directors, KMP and Senior Management; and  
Part – C covers remuneration for Directors, KMP and Senior Management

##### ***Part- A***

#### **Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

The following matters shall be dealt with by the Committee:

##### **(a) Size and composition of the Board:**

Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company;

**(b) Directors:**

Formulate the criteria determining qualifications, positive attributes, and independence of a director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise, and experience for the position.

**(c) Succession plans:**

Establishing and reviewing Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience, and expertise on the Board and Senior Management.

**(d) Evaluation of performance:**

- (i) Make recommendations to the Board on appropriate performance criteria for the Directors.
- (ii) Formulate the criteria and framework for evaluation of the performance of every Director on the Board of the Company or engage with a third-party facilitator in doing so.
- (iii) Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the business, the industry, and their legal responsibilities and duties.

**(e) Board diversity:**

The Committee is to assist the Board in ensuring the Board nomination process is in line with the diversity policy of the Board relating to gender, thought, experience, knowledge, and perspectives.

**(g) Remuneration framework and policies:**

The Committee is responsible for reviewing and making recommendations to the Board on:

- a. Remuneration of Executive Directors to be presented for shareholders' approval including severance, if any.
- b. Individual and total remuneration of Non-Executive Directors and the chairperson (if non-executive), including any additional fees payable for membership of Board committees;
- c. The remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, equity awards, retirement rights, severance pay if any, and service contracts having regard to the need to:
  - (i) attract and motivate talent to pursue the Company's long-term growth;
  - (ii) demonstrate a clear relationship between executive compensation and performance;
  - (iii) be reasonable and fair, having regard to best governance practices and legal requirements and
  - (iv) balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals
  - (v) the Company's incentive compensation and equity-based plans including a consideration of performance thresholds and regulatory and market requirements;

***Part- B***

**Policy for appointment and removal of Directors, KMP and Senior Management**

**(a) Appointment criteria and qualifications:**

- 1. 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 the discretion to decide whether the qualifications, expertise, and experience possessed by a person are sufficient/satisfactory for the position.

2. A person to be appointed as Director, KMP or Senior Management should possess adequate qualifications, expertise, and experience for the position he/she is considered for.

3. A person, to be appointed as Director, should possess an impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to the Company, the ability to contribute to the Company's growth, and complementary skills in relation to the other Board members.

4. The Company shall not appoint or continue the employment of any person as Managing Director/Executive Director who has attained the age of sixty years and shall not appoint an Independent Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of sixty years/ 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 an extension of appointment beyond sixty years/seventy years as the case may be.

5. A Whole-Time KMP of the Company shall not hold office in more than one Company except in its Subsidiary Company at the same time. However, a Whole-Time KMP can be appointed as a Director in any Company, with the permission of the Board of Directors of the Company.

**(b) Term/Tenure:**

1. Managing Director / Whole-time Director/Executive Director

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time Director or any Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

2. Independent Director

- An Independent Director shall hold office for a term of up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of an Independent Director, it should be ensured that the number of Boards on which such Independent Director serves, is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

**(c) Removal:**

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.

**(d) Retirement:**

The Directors, KMP, and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMP, and Senior Management in the same position/remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

***Part- C***

**Policy relating to the remuneration of Directors, KMP, and Senior Management**

**(a) General:**

1. The remuneration/compensation/commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/ Whole-time Director.
4. Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**(b) Remuneration to KMP and Senior Management:**

The pay program for KMP and Senior Management has been designed around three primary pay components: Base/Fixed Pay, Performance Bonus, and Stock Incentives. These three components together constitute the “Total Rewards” of the KMP and Senior Management.

1. Base/ Fixed pay: It is guaranteed pay and paid periodically, usually monthly or bi-monthly or as per payroll policy by country, and shall include monthly remuneration, employer’s contribution to Provident Fund, contribution to the pension fund, pension schemes, etc. as decided from time to time.
2. Performance Bonus: Cash bonus, payable on the achievement of objective and quantifiable key performance indicators (KPI) as established by the Committee.
3. Stock Incentives: Stock or Equity-based incentives can be either time-based or performance-based equity grants. Time-based stock incentives, in the form of Restricted Stock Units (RSUs) or/and stock options, are vested based on continuation of service. Performance-based stock incentives, in the form of Stock Options and/or RSUs, vest upon the achievement of certain performance parameters. The stock incentives may be governed by any ESOP Scheme as may be approved by the shareholders or any other plans as may be amended.

The total rewards for KMP and Senior Management are designed to ensure their continued alignment with organizational goals. The Committee aims to ensure that KMP and Senior Management pay is reflective of market pay, consisting of a mix of base/ fixed pay, performance bonus, and stock incentives.

The emphasis on stock incentives ensures alignment with shareholders’ interests, through a continued focus on the Company’s sustainable, long-term performance.

**(c) Remuneration to other employees:**

The compensation for other employees would be as per the compensation policy of the Company, as revised through the annual compensation review process from time to time and approved by the Managing Director and Chairman, in consultation with the Head- HR.

**(d) Minimum remuneration to Whole-time Directors:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013.

**(e) Remuneration to Non-Executive/ Independent Directors:**

Remuneration: The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Non-Executive / Independent Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

- i. Stock incentive: The Independent Directors shall not be entitled to any stock incentive of the Company.
- ii. The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

<b>Criteria for payment of remuneration as determined by the Board</b>	
<b>Particulars</b>	<b>Amount in INR</b>
Fixed Pay	As may be decided by Board
Board/Committee Attendance Fees	As may be decided by Board
Non-Executive Chairman	As may be decided by Board
Chairperson of Audit Committee	As may be decided by Board
Chairperson of other Committees	As may be decided by Board
Members of Audit Committee	As may be decided by Board
Members of other Committees	As may be decided by Board
Travel fee (per meeting)	As may be decided by Board
Incidental fee (per meeting)	As may be decided by Board
Lead Independent Director	As may be decided by Board

Notes: (1) The Company normally has four regular Board meetings in a year. Independent directors are expected to attend at least four quarterly Board meetings and the AGM.

(2) For directors based overseas, the travel fee shown is per Board meeting. This is based on the fact that an additional travel time of two days will have to be accommodated for independent directors to attend Board meetings in India.

(3) For directors based overseas, incidental fees shown is per Board meeting. This fee is paid to non-executive directors for expenses incurred during their travel to attend Board meetings in India.

**6. Policy Review:**

(a) This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of Listing Regulations with the Stock Exchanges.

(b) In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations that make any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

(c) This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to changes in regulations or as may be felt appropriate by the Committee. Any changes or modifications to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.