

NOMINATION AND REMUNERATION POLICY OF THE BHARAT HIGHWAYS INVIT

1. Preface

This Nomination and Remuneration Policy (the “**Policy**”) has been formulated in compliance with Regulation 26G of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended (the “**SEBI InvIT Regulations**”), Section 178 of the Companies Act, 2013 (the “**Companies Act**”), read with applicable rules notified thereunder and in compliance of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**SEBI Listing Regulations**”). This Policy is applicable to the board of directors and the key management personnel of GR Highways Investment Manager Private Limited (the “**Investment Manager**”), the investment manager to the Bharat Highways InvIT (“**InvIT**”).

2. Objective and Purpose

The objective of this Policy is to serve as a guiding charter to appoint qualified persons as directors on the board of directors of the Investment Manager (“**IM Board**” and such directors, “**Directors**”), key managerial personnel (the “**KMP**”), senior management personnel (the “**SMP**”) in senior management positions, to recommend the remuneration to be paid to them and to evaluate their performance. This Policy provides a framework to:

- a) Identify persons who are qualified to become Directors (executive and non-executive) and who may be appointed in senior management positions in accordance with the criteria laid down, and recommend to the IM Board their appointment and removal;
- b) Formulate the criteria for determining qualifications, positive attributes and independence of directors;
- c) Ensure that (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required; (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (iii) remuneration to directors, KMP and SMP involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Investment Manager / InvIT and their goals’
- d) Such other key issues/matters as may be referred by the IM Board or as may be necessary in view of the provisions of the SEBI InvIT Regulations, Companies Act 2013 and the rules thereunder and the SEBI Listing Regulations, whenever applicable.

1. Non-Executive Directors

(a) Criteria for Selection/ Appointment

- i. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse IM Board with Directors having expertise in the fields of infrastructure, marketing, finance, taxation, law, governance and general management.
- ii. In case of appointment of Independent Directors, the Nomination and Remuneration Committee of the IM Board (the “**NRC**”) shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Investment Manager so as to enable the IM Board to discharge its functions and duties effectively.
- iii. The NRC shall ensure that the candidates identified for appointment as Directors are not disqualified for appointment under Section 164 of the Companies Act.
- iv. The NRC shall consider the following attributes/ criteria for recommendation of candidature for appointment as a Director:

- a. diversity of the IM Board;
 - b. integrity, personal, professional or business standing;
 - c. qualification, expertise and experience; and
 - d. other positive attributes of the candidate.
- v. In case of re-appointment of Non-Executive Directors, the IM Board shall take into consideration the performance evaluation of the Directors, engagement level and contribution in the deliberations of the IM Board.

(b) Remuneration

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the meeting of the IM Board and its committees and by way of commission as detailed hereunder:

- i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the IM Board or its committees attended, of such sum as may be approved by the IM Board, within the overall limits prescribed under the Companies Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- ii. A Non-Executive Director will also be entitled to receive commission, on an annual basis, of such sum as may be approved by the IM Board, on the recommendation of the NRC, based on the number of the meetings attended.
- iii. The NRC may recommend to the IM Board, a higher commission for the Chairman of the IM Board taking into consideration the overall responsibility.
- iv. In determining the quantum of commission payable to the Directors, the NRC shall make its recommendation after taking into consideration the overall performance of the InvIT and the responsibilities required to be shouldered by the Directors.
- v. The Commission shall be payable on pro-rata basis to those Non-Executive Directors who occupy the office for a part of the year or the number of meetings attended during the year.
- vi. The Independent Directors shall not be entitled to participate in employee stock options scheme of the Investment Manager, if any.

2. Managing Director/ Chief Executive Officer/ Executive Director

(a) Criteria for Selection/ Appointment

For the purpose of selection of the Managing Director (“MD”)/Chief Executive Officer (“CEO”)/ Executive Director (“ED”), the NRC shall identify a person of integrity who possesses relevant expertise, experience and leadership qualities required for the position.

(b) Remuneration Policy for the MD, CEO and ED

- i. At the time of appointment or re-appointment, the MD/ CEO/ ED shall be paid such remuneration as may be mutually agreed between the Investment Manager (which includes the NRC and the IM Board) and the MD/ CEO/ ED within the overall limits prescribed under the Companies Act, 2013.
- ii. The remuneration shall be subject to the approval of the shareholders in the General Meeting, if applicable.
- iii. The remuneration of the MD /CEO/ ED is broadly divided into fixed and variable components. The fixed component shall comprise salary, allowances, perquisites, amenities and retirement benefits. The variable component shall comprise performance bonus/ commission as per the terms of appointment.

- iv. In determining the remuneration, the NRC shall consider the following:
- industry benchmarks of remuneration;
 - the relationship of remuneration and performance benchmarks is clear;
 - InvIT's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the key performance indicators;
 - balance between fixed and variable components reflecting short and long term performance objectives of the InvIT;
 - responsibilities required to be shouldered by the CEO, MD and ED and the industry benchmarks and the current trends;
 - The Board may revise the remuneration/ vary the terms of remuneration based on a request received from CEO/ MD/ ED or the prevailing human resource policies of the Investment Manager/InvIT, within the overall remuneration approved by the Board and the Shareholders, wherever applicable.

3. Senior Management Personnel

(a) Criteria for Selection/ Appointment

A person should possess adequate skills, qualification, expertise and experience for the position he/ she is considered for appointment, as per the Investment Manager's requirements and applicable laws.

(b) Remuneration Policy for Senior Management Personnel

- i. "Senior Management" means Senior Management defined under Regulation 2(zxa) of the SEBI InvIT Regulations (the "Senior Management").
- ii. In determining the remuneration of the Senior Management, the NRC shall consider the following:
- industry benchmarks of remuneration;
 - the relationship between remuneration and performance benchmarks is clear;
 - balance between fixed and variable components reflecting short and long term performance objectives;
 - the remuneration is divided into two components i.e., fixed components of salary, perquisites and retirement benefits and variable component of performance based incentives;
 - the remuneration including the annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, performance vis-à-vis the annual budget achievement and individual performance of the Senior Management vis-à-vis the key performance indicators; and
 - certain defined quantitative and qualitative parameters as may be decided by the Board, from time to time and the individual's performance vis-à-vis the key performance indicators.
- iii. The MD/ CEO shall carry out the individual's performance review based on the appraisal matrix after taking into consideration the appraisal scorecard and the factors mentioned hereinabove.

- iv. The MD/ CEO will present a summary of the quantitative assessment of Senior Management in terms of their leadership style, individual growth needs and objectives sets for the forthcoming years.
- v. The NRC shall recommend to the Board all remuneration, in whatever form payable to the Senior Management.

4. General

In case of any subsequent changes in the provisions of the Companies Act, or any other applicable regulations which make any of these clauses/ provisions in this Policy inconsistent with the Regulations, the provisions of the Regulations shall prevail.

5. Review

The NRC shall monitor and review the Policy as and when it deems necessary and recommend the necessary changes to the IM Board for its approval.

The IM Board shall have the power to amend any of the provisions of the Policy, substitute any of the provisions with a new provision or replace the Policy entirely with a new Policy.