

NSE Clearing Limited

Remuneration Policy

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| Name of Policy | Remuneration Policy |
| Description of Policy | Policy for setting criteria for remuneration of the Directors, Key Managerial Personnel and other employees of the Company |
| Policy applies to | NSE Clearing Limited |
| Policy status | Revision of existing policy |

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| Approval authority | Board of Directors |
| Policy Owner | Mr. Ravin Tank, Company Secretary |

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| Last Approval date | July 18, 2025 |
| Frequency of review and approval | Once a year |

Revision History:

| Version | Revision Date | Nature and Reasons of Change | Approved by |
|---------|------------------|--|--------------------|
| 1 | January 22, 2015 | Policy was approved by the Board. | Board of Directors |
| 2 | May 05, 2021 | Policy was reviewed and amended in order to align the policy with NSE group level policy, to carry out the changes suggested by the Internal Auditors, relating to Version Control and in order to align the policy with the recent changes in | Board of Directors |

| Version | Revision Date | Nature and Reasons of Change | Approved by |
|---------|-------------------|---|--------------------|
| | | the regulatory and statutory provisions applicable to the Company | |
| 3 | February 02, 2022 | Policy was reviewed in order to streamline and aligned with the requirements of the Companies Act, 2013 and SEBI Regulations read with circulars issued thereunder. | Board of directors |
| 4 | January 30, 2023 | Policy was reviewed and amended in order to align the policy with NSE group level policy | Board of directors |
| 5 | July 21, 2023 | Policy was reviewed in line with the SECC Amendments of March, 2023. | Board of Directors |
| 6 | August 02, 2024 | Minor cosmetic changes | Board of Directors |
| 7 | July 18, 2025 | Policy was reviewed in order to streamline and aligned with the requirements of the Companies Act, 2013 and SEBI Regulations read with circulars issued thereunder. | Board of directors |

NSE Clearing Limited

Remuneration Policy

1. Introduction

NSE Clearing Limited (hereinafter referred to as “NCL” or “the company”) is governed by the Companies Act, 2013 and Rules notified thereunder; the Securities Contracts (Regulation) Act, 1956 read with rules notified thereunder and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as “SCR (SECC) Regulations, 2018”) including disclosure requirements and corporate governance norms as specified for listed companies to the extent applicable to clearing corporations.

Section 178 of the Companies Act, 2013 and SCR (SECC) Regulations, 2018 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Listing Regulations”) prescribe that the Nomination and Remuneration Committee shall recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees.

Regulation 27 of the SCR (SECC) Regulations, 2018 mandates that the Remuneration Policy for the Key Management Personnel of the Clearing Corporation shall be in accordance with the norms specified by SEBI.

2. Definitions

- (i) **“Board of Directors” or “Board”** shall mean the collective Body of Directors of NCL;
- (ii) **“Director”** means a Director appointed to the Board of NCL;
- (iii) **“Independent Director”** shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and the Listing Regulations.
- (iv) **“Key Managerial Personnel (KMP)”** means as defined under Section 2(51) of the Companies Act, 2013 and/or as per Regulation 2 of SCR (SECC), Regulation, 2018
- (v) **“Senior Management”** means the officers and personnel of the Company who are members of its core management team excluding Board of Directors and shall also comprise of 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 the functional heads, by whatever name called and the persons identified and designated as Key Managerial Personnel, other than the Board of Directors.

Basis the above definition, the Head of Human Resources Officer in consultation with the Managing Director & CEO of the Company shall identify the personnels who qualifies to be categorized as the Senior Management.

- (vi) **“Managing Director”** shall have the meaning as defined under the Companies Act or such other laws as may be applicable to the Company from time to time;
- (vii) **“Nomination and Remuneration Committee” or “Committee”** shall mean a Committee of Board of NCL, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013, Regulation 19 of the Listing Regulations and Regulation 27 of SCR (SECC) Regulations, 2018.
- (viii) **“Other Employees”** means any person (other than KMPs under the Companies Act and SECC Regulations and Senior Management Personnel) employed to work full time on the payrolls of the Company.
- (ix) **“Policy”** means this Remuneration Policy.
- (x) **“Public Interest Director”** means an Independent Director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Securities and Exchange Board of India (“SEBI”), is in conflict with his role;
- (xi) **“Whole-time director”** as defined under Section 2(94) of the Companies Act, 2013 includes a director in the whole-time employment of the company;

Words and definitions not defined herein, shall have the same meaning as provided in the Companies Act, 2013 read with relevant rules, Listing Regulations and SCR (SECC) Regulations 2018 or other relevant provisions, as may be applicable.

3. Interpretation

In any circumstance where the terms of this Policy differ from any existing or enacted law, rule, regulation governing the Company, the law, rule or regulation will take precedence over the provision of this Policy.

4. Objectives

The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management Personnel.

The objectives of this policy are:

- (a) To lay down a policy for payment of remuneration to the Directors, Key Managerial Personnel, Senior Management and other employees of NCL;
- (b) To assist the Board on determination of remuneration payable to the Directors, Key Managerial Personnel, Senior Management and other employees of NCL;
- (c) To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (d) To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (e) To ensure that the 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.
- (f) To decide on the Annual Performance Linked Pay (variable pay) payable to Managing Director & Chief Executive Officer (CEO) and to approve annual increase in the Total Pay payable to Managing Director & CEO;
- (g) To assist the Board's overall responsibility relating to executive compensation and recommend to the Board appropriate compensation packages for Whole-time Directors and Senior Management personnel in such a manner so as to attract and retain best available personnel for position of substantial;
- (h) To approve release of variable pay of KMPs under SEBI Regulations withheld earlier; and
- (i) To approve Variable Pay and Fixed Pay of KMPs under SEBI Regulations.

5. Remuneration of Directors, KMP and Senior Management

- (a) The remuneration / compensation, etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company, Central Government and SEBI, wherever required. It shall be as per the statutory provisions of the Companies Act, 2013 read with the rules made thereunder for the time being in force. The requirements, if any, prescribed by SEBI from time to time in this regard shall be followed while determining the compensation payable to Directors, KMP and Senior Management.
- (b) The remuneration / compensation to be paid to the KMP shall be approved by the Committee. For KMP's under Companies Act, 2013, it shall be as per the statutory provisions of the Companies Act, 2013 read with the rules made thereunder for the time being in force. For KMP's under SCR (SECC) Regulations, 2018, the requirements prescribed by SEBI from time to time in this regard shall be followed while determining the compensation payable to them, which shall be determined by the Committee. For those Senior Management, compensation payable shall be recommended by the Committee to the Board for its approval.

- (c) The Committee shall lay down remuneration policy of the Company from time to time in accordance with market practice and the Company philosophy subject to SEBI norms, as may be applicable.
- (d) The annual compensation shall consist of a fixed component and a variable component. The variable component shall be within a range of 25% to 50% of the total pay in respect of KMPs under SCR (SECC) Regulations, 2018. This shall however not be applicable to the other employees.
- (e) The Head Human Resources will obtain compensation approval from the Managing Director & CEO and the NRC before extending the final offer to the selected candidate.
- (f) 50% of the variable pay in respect of the KMPs in respect of each financial year shall be paid to the KMP concerned on completion of 3 years from the last date of the respective financial year which will be kept invested in fixed deposits till final payment, if any and paid to the employee concerned with accrued interest if and when the final payment is made. However, as a malus arrangement, the said amount or any part thereof along with accrued interest as per fixed deposit rate for the applicable period in respect of a financial year may be prevented from being paid by the compensation committee, after providing an opportunity of being heard to the concerned KMP, in case of fraud, misfeasance, misappropriation or excessive risk taking by the concerned employee intentionally causing financial loss to the company.
- (g) The KMPs are also covered under a claw back arrangement under which the compensation committee may require an employee to return previously paid in full or vested remuneration partially or fully including the interest earned (if any), after providing an opportunity of being heard to the concerned KMP, under the following circumstances namely fraud, misfeasance, misappropriation and intentionally causing financial loss to the company. The claw back is exercisable within a period of three years from the end of financial year in which the remuneration was paid or vested. The claw back is not exercisable in respect of retiral benefits accrued to KMPs in terms of SCR (SECC) Regulations, 2018.
- (h) ESOPs and other equity linked instruments shall not be offered or provided as part of the compensation for the Key Management Personnel.
- (i) The following factors shall be considered while fixing compensation package for the KMPs:
 - A. performance, potential, qualification, experience, expertise,
 - B. role and responsibilities
 - C. level of employees, inflation, attraction and retention of talent,
 - D. market benchmark / comparable to the industry standards,
 - E. size and complexities of operation,
 - F. financial condition and health of the Company, revenues, net profit,

G. average levels of compensation payable to employees in similar ranks, periodic review, etc.

(j) Incentive to take excessive risks over the short term shall be discouraged.

(k) The Managing Director & CEO and Head Human Resources will be responsible for execution of the compensation strategy, practices and plan (covering both fixed pay and variable pay) for the other Employees in line with the compensation policy

6. Remuneration criteria for Managing Director & CEO

The remuneration / compensation, if any, etc. of the Managing Director & CEO shall be subject to the approval of the NRC, Board and Shareholders of the Company, wherever required, under applicable laws.

7. Remuneration criteria for Independent Directors / Public Interest Directors / Non- Executive Directors

The Independent Directors / Public Interest Directors / Non- Executive Directors of the Company are entitled to sitting fees for attending the meetings of the Board or Committees thereof. The reimbursement of expenses for attending the Board and other Committee meetings including travelling, boarding and lodging expenses, shall be paid by the Company.

8. Amendment

Any amendment or modification in the Companies Act, 2013, SCR (SECC) Regulations, 2018, Rules, Regulations and directives issued under the respective statutes (which includes Listing Regulations) and any other applicable provision relating to the remuneration / compensation / commission, etc. shall automatically be applicable to this Policy.

9. Disclosure

This Policy shall be placed on the Company's website in accordance with provisions of the Companies Act, 2013 and Listing Regulations and the salient features of the policy, if any, shall be disclosed in the Board's report.

10. Review of the policy

This Policy shall be reviewed once a year by the Nomination and Remuneration committee and Board to ensure that it meets the regulatory requirements or latest industry practice or both. The changes made to the Policy shall be placed before the NRC and the Board for approval.

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