

NSE Clearing Limited
Policy on Determining “Material” Subsidiaries

Name of Policy	Policy on Determining Material Subsidiaries
Description of Policy	Policy is to determine "material" subsidiaries of the Company and to provide the governance framework for such subsidiaries
Policy applies to	NSE Clearing Limited
Policy status	Revision of existing policy

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

Last Approval date	November 27, 2025
Frequency of review and approval	Once in 2 Years

Revision History:

Version	Revision Date	Nature and Reasons of Change	Approved by
1	April 27, 2017	Policy was approved by the Board.	Board of Directors
2	August 10, 2021	Policy was reviewed in order to align the same with the modifications arising from the changes in regulatory guidelines.	Board of Directors
3	January 30, 2023	Policy was reviewed in order to align the policy with updates in SEBI Listing regulations and to streamline the policy with the NSE group policy.	Board of Directors
4	January 22, 2025	Policy was reviewed to incorporate minor editorial refinements for improved clarity.	Board of Directors
5	November 27, 2025	Policy was reviewed in order to align the policy with updates in SEBI Listing regulations and to incorporate minor editorial refinements for improved clarity.	Board of Directors

NSE CLEARING LIMITED

Policy on Determining “Material” Subsidiaries

1. Introduction

The Board of directors ('the Board') of NSE Clearing Limited (hereinafter referred as the "Company" or "NCL" as the case may be) has adopted the following policy and procedures with regard to determination of "material" subsidiaries as defined below. The Board may review and amend this policy from time-to-time. This policy shall be applicable to the Company with effect from April 1, 2021.

This policy is in terms of Regulation 16 read with Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI LODR"].

2. Policy Objective

The objective of the policy is to determine the "material" subsidiaries of the Company and to provide the governance framework for such subsidiaries.

3. Definitions

“Audit committee” or “committee” means “audit committee” constituted by the Board of Directors of the Company, from time-to-time, under provisions of SEBI LODR and the Companies Act, 2013 and rules framed thereunder.

“Board of directors” or “Board” means the Board of directors of NCL, as constituted from time-to-time.

“Chief Financial Officer” (‘CFO’) means a person appointed as the Chief Financial Officer of the Company.

“Company” means NSE Clearing Limited(NCL) incorporated under the Companies Act, 1956

“Independent Director / Public Interest Director” shall have the meaning given to it in the Companies Act, 2013,SEBI LODR and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

“Material Subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds ten percent (or as stipulated by SEBI (LODR) Regulations, 2015 or any other enactment(s) applicable to the Company from time to time) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Policy” means this policy for determining material subsidiary.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10 per cent (or as stipulated under the Listing Regulations or any other enactment(s) applicable to the Company, from time to time) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” has the meaning as assigned to it under the Companies Act, 2013 and the rules framed thereunder.

“Secretarial Auditor” means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit.

“Peer Reviewed Company Secretary” means a Company Secretary in practice, who is either practicing individually or as a sole proprietor or as a partner of a Peer Reviewed Practice Unit, holding a valid certificate of peer review issued by the Institute of Company Secretaries of India.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI LODR or any other applicable law or regulation, as amended from time to time

4. Provisions relating to Unlisted Subsidiary / Material Unlisted Subsidiary

1. No public interest director on the board of a recognized clearing corporation, shall become a director on the board of subsidiary of that recognized clearing corporation, as the case may be, unless there is a cooling-off period of three years after ceasing to be a public interest director.
2. The Audit Committee of NCL shall also review the financial statements, in particular, the investments made by its unlisted subsidiary company.
3. The minutes of the Board meetings of the unlisted subsidiary companies of NCL shall be placed at the Board meeting of NCL.
4. The CFO should periodically bring to the attention of the Board of directors of NCL, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
5. The Audit Committee of the Company shall review the utilization of loans and/or advances from/investment in the Subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/ investments.
6. Every material unlisted subsidiary of the Company incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the Company.

5. Disposal of Material Subsidiary

- i. The Company without the approval of the members by special resolution in its general meeting, shall not:
 - (a) dispose of shares in material subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty per cent); or
 - (b) ceases the exercise of control over the subsidiary.
- ii. The Company, without the prior approval of the members by special resolution, shall not sell, dispose or lease the assets amounting to more than 20% (twenty per cent) of the assets of the material subsidiary on an aggregate basis during a financial year.

However, where a divestment / sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal, or under a resolution plan duly approved under section 31 of the insolvency Code and such an event is disseminated on the website of the Company within one day of the resolution plan being approved, the aforesaid restrictions shall not apply.

6. Furthermore, where NCL has a listed subsidiary which is itself a holding company, the above clauses of 'provisions relating to unlisted subsidiary / material unlisted subsidiary' shall apply to such listed subsidiary in so far as its subsidiaries are concerned.

7. Disclosures

The Company shall disclose the policy on the Company's website and a web link thereto shall be provided in the annual report.

8. Limitation and Amendment

In the event of any conflict between the provisions of this Policy and SEBI LODR / Companies Act, 2013 or any other statutory enactments, rules and regulations, the provisions of SEBI LODR / Companies Act, 2013 or statutory enactments, rules and regulations shall prevail over this Policy. Any subsequent amendment / modification in the Companies Act / SEBI LODR / applicable laws in this regard shall automatically apply to this Policy.

Date: November 27, 2025