



## Indian Clearing Corporation Limited

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### NOMINATION AND REMUNERATION POLICY

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#### Document Information

<b>Name of the document</b>	<b>Nomination and Remuneration Policy</b>
<b>Document Number</b>	CSP/NRP/2024-25
<b>Document Approval Date</b>	July 10, 2024
<b>Document Classification</b>	Public

#### Document Ownership

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## NOMINATION AND REMUNERATION POLICY

### Version History

S. No.	Date	Version No.	Short description of changes made
1	July 10, 2024	1.0	Initial version

### Review Periodicity

This document shall be reviewed as and when required or at least once in a year. Accordingly, next review shall be undertaken on or before April 2025.

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## NOMINATION AND REMUNERATION POLICY

### 1. BACKGROUND

The Board of Directors (“Board”) of Indian Clearing Corporation Limited (“Company”) constituted the Nomination and Remuneration Committee (“Committee”).

In compliance with the requirements set out under Section 178 of the Companies Act, 2013 (“Companies Act”) and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Committee has formulated this Nomination and Remuneration Policy (“Policy”) in order to pay equitable remuneration to the Directors, Key Managerial Personnel and employees of the Company and to harmonize the aspirations of human resources with the goals of the Company.

While formulating this Policy, the Committee has considered the factors laid down under Section 178(4) of the Companies Act, which are as under:

- (i) 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;
- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) remuneration to Directors, Key Managerial Personnel 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.

### 2. DEFINITIONS

“**Company**” means Indian Clearing Corporation Limited.

“**Committee**” means the Nomination and Remuneration Committee as defined under the Companies Act, 2013, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations) and Listing Regulations.

“**Director**” means a Director appointed on the Board.

“**Independent Director**” means a Director referred to in Section 149(6) of the Companies Act, 2013.

“**Key Managerial Personnel**” means:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer
- (v) such other officer, not more than one level below the directors who is in Whole Time Employment, designated as Key Managerial Personnel by the Board;
- (vi) such other officer as may be prescribed.

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**“Key Management Personnel”** as defined in SECC Regulations.

**“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 SEBI, is in conflict with his role.

**“SEBI”** means Securities and Exchange Board of India.

**“Non-Independent Director”** means a Director who represents the interests of shareholders and elected or nominated by such shareholders who are not trading members, or their associates and agents.

**“Senior Management”** means officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the executive directors, including all functional heads.

Unless the context otherwise requires, words and expressions used in this Policy and not defined, shall have the meanings ascribed to them under the Companies Act, SECC Regulations and the Listing Regulations as may be amended from time to time.

### 3. ROLE

The Committee constituted by the Board leads the process for appointment and remuneration of Directors and Key Managerial Personnel in accordance with the requirements of the Companies Act, SECC Regulations and Listing Regulations. All the Board appointments are based on merits. The role/terms of reference of the Committee identified by the Board are as follows:

- Identifying a Key management personnel (KMP), other than personnel as specifically provided in its definition under SECC Regulations.
- Lay down the policy for compensation of key management personnel in terms of the compensation norms prescribed by SEBI.
- Determining the compensation of KMPs in terms of the compensation policy
- Determining the tenure of a key management personnel, other than a director, to be posted in a regulatory department.
- Selecting the Managing Director
- Framing & reviewing the performance review policy to carry out evaluation of every director’s performance, including that of Public Interest Director (PID).
- Recommending whether to extend the term of appointment of the PID.
- Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 and SEBI (LODR) regulations, 2015 as amended from time to time.

### 4. CONSTITUTION AND QUORUM OF THE COMMITTEE

The Constitution and Quorum of the Committee shall be as per applicable provisions of the Companies Act, Listing Regulations and as per SECC Regulations, as may be amended from time to time.

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### 5. APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

#### Appointment Criteria and Qualifications

- (i) The Committee, shall apply a due diligence process to determine the suitability of every person who is being considered for being appointed or re-appointed as a Director and a Key Managerial Personnel and Senior Management Personnel on the basis of his educational qualification, experience and track record. Such person shall possess adequate qualification, expertise and experience for the position the person is considered for appointment and shall fulfill the fit and proper person criteria as specified under the SECC Regulations. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person are satisfactory for the concerned position.
- (ii) Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner. While all appointments to the Board are made on merit, the diversity of Board in aggregate will be of immense strength to the Board in guiding the Company successfully through various geographies. In reviewing and determining the Board composition, the Committee will consider the merit, skill, experience, gender and other diversity of the Board. In determining whether to recommend a Director for re-election, the Committee also considers the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board, and the results of the most recent Board self-evaluation, besides considering internal performance evaluation reports. The Committee shall also consider performance evaluation report done on external basis, for re-appointment of Public Interest Directors.
- (iii) A Director is considered independent if the Board makes an affirmative determination after a review of all relevant information. The Committee and Board shall adhere to the categorical standards set forth under the Companies Act to assist in making such determinations of independence.
- (iv) Every Key Managerial Personnel and member of the Senior Management shall always endeavour to add capability in-house and mentor officials with potential working under him to handle his responsibility in his absence by exposing him to all aspects of work being handled by him.
- (v) No trading member or clearing member, or their associates and agents, shall be appointed as a nominee on the Board.
- (vi) Any appointment and re-appointment of a Director, Senior Management and Key Managerial/Management Personnel of the Company shall be subject to the approval of the Committee and in compliance with Companies Act and SECC Regulations and as may be mandated by SEBI from time to time.

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### Tenure

#### **Public Interest Director/Managing Director/Whole Time Director/ Non-Independent Director**

The appointment and tenure would be governed by the applicable provisions of the Companies Act and SECC Regulations and as may be mandated by SEBI from time to time.

### Removal

The Committee may recommend to the Board, with reasons recorded in writing, removal of Director, Senior Management personnel or Key Managerial/Management Personnel due to reasons which shall also include disqualification in the Companies Act or any other applicable act, rules and regulations. Such removal shall be subject to the provisions and compliance of applicable laws, rules and regulations.

### Retirement

The Board of Directors, Key Managerial/Management Personnel and Senior Management shall retire as per the applicable provisions of the Companies Act, other applicable laws, regulations.

### Succession

- (i) The Committee shall periodically review and consider the list of Whole-time Directors, Key Managerial/Management Personnel and Senior Management personnel due for retirement / attrition within the year and formulate a list of individuals eligible to succeed such individuals due for retirement.
- (ii) The Committee shall also consider the new vacancies that may arise because of business needs / up-gradation of Regional Office(s). Considering the above, the Committee shall assess the availability of suitable candidates for the Company's future growth and development.
- (iii) Where it is decided to appoint an external candidate, timely and planned steps shall be taken for selection of a suitable candidate so that the appointment is made well before the retirement / relieving of the concerned officer to ensure the smooth transition.
- (iv) The recommendation of the Committee shall be placed to the Board for approval. While making its recommendation, the Committee shall consult with the Chairman, the Managing director/Chief Executive Officer, as may be relevant and all factors including the available talent within the organization and the need to ensure continuous working and growth of the Company shall be carefully considered.
- (v) The Managing Director/Chief Executive Officer and the Head Human Resource Department of the Company shall, from time to time identify high-potential employees who merit faster career progression to position of higher responsibility and formulate, administer, monitor and review the process of skill development and identify the training requirements.

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- (vi) In the event of any unexpected occurrence in respect of any member in the core management team, the next person as per the organization chart (as far as practicable) shall take interim charge of the position, pending a regular appointment.

### **6. PRINCIPLES OF REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

Overall remuneration should be reflective of the size of the Company, complexity of the sector / industry / company's operations and the company's capacity to pay the remuneration.

The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and/or Central Government, wherever required, under applicable law. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the shareholders and other regulatory authorities, if applicable.

#### **Remuneration for Independent Directors & Non-Independent & Non-Executive Directors:**

- (i) Independent Directors and non-independent non-executive directors may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required.
- (ii) In addition to the sitting fees, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organized by the Company for Directors) and in obtaining professional advice from independent advisors in furtherance of his/her duties as a director.

#### **Remuneration for Executive Directors, Key Managerial Personnel and Senior Management:**

- (i) The remuneration to be paid to the Managing Director & CEO shall be recommended by the Committee to the Board and governed by the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act and SECC Regulations, subject to approval of SEBI.
- (ii) The remuneration / compensation to Key Managerial Personnel and Senior Management personnel will be determined by the Committee and recommended to the Board for approval, while keeping in mind the following guidelines:

Some of the key guiding principles that may be followed by the Committee at the time of determining any remuneration for Executive Directors, Key Managerial Personnel and Senior Management personnel shall include:

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- (a) remuneration should be reasonable and sufficient to attract, retain and motivate the employees to be aligned with the requirements of the Company (taking in consideration the challenges faced by the Company and its future growth imperatives);
- (b) financial condition of the Company;
- (c) average levels of compensation payable to employees in similar ranks,
- (d) overall remuneration practices should be consistent with the recognized best practices;
- (e) market competitive;
- (f) based on the role played by the individual in managing the Company, including responding to challenges faced by the Company;
- (g) reflective of size of the Company, complexity of the sector / industry / Company's operations and the Company's capacity to pay;
- (h) aligned to regulatory requirements; and
- (i) periodic review;

### Remuneration payable for Services rendered by Directors

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless: (i) the services rendered are of a professional nature; and (ii) the Committee is of the opinion that the Director possesses requisite qualification for the practice of the profession.

### Remuneration payable to Key Management Personnel appointed under SECC Regulations

The Committee shall determine the compensation of key management personnel in terms of a compensation policy.

## 7. POLICY IMPLEMENTATION

The Committee is responsible for recommending the policy to the Board in the matters mentioned above. The Board is responsible for approving and overseeing implementation of the aforesaid policies.

## 8. MODIFICATIONS & REVIEW OF THE POLICY

In case of any subsequent changes in the Companies Act or any other regulations which makes any of the provisions in the Policy inconsistent with the Companies Act or regulations, then the provision of the Companies Act or regulations would prevail over the Policy and the provisions of the Policy would be modified in due course to make it consistent with law.

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