Classification: EXTERNAL

NOMINATION AND REMUNERATION POLICY

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Document Details:

Name of the document	Nomination and Remuneration Policy
Document number	NSDL/HR/POL/04
Maintained by	Human Resources Team
Release date	14 February 2024

Revision History:

Sr. No.	Date of Revision	Version	Section Number	Description of Change	Change Request By	Change Approved by
1.	February 14, 2019	1.0	-	Depositories are required to frame a Compensation Policy for KMPs in accordance with SEBI (Depositories and Participants) Regulations, 2018	CHRO	Governing Board
2.	October 30, 2020	2.0	Clause 4	To exempt the KMPs from the requirement of deferred payment of remuneration in case of termination of their employment on account of death.	CHRO	Governing Board
3.	August 08, 2022	3.0	-	To include additional factors to be considered for determining remuneration. To replace the nomenclature "Key Management Personnel" with "Key Management Personnel" in line with SEBI (D&P) Regulations, 2018.	CHRO	Governing Board
4.	August 04, 2023	4.0	Multiple clauses	The Policy was revised in the light of Regulation 19 (4) read with Part D of the Schedule II of the SEBI (LODR) Regulations, 2015 and amendments to SEBI (D&P) Regulations, 2018.	CHRO	Governing Board
5.	November 11, 2024	5.0	Multiple Clauses	The policy was revised in Pursuant to the SEBI Circular dated June 25, 2024, regarding terms of references of NRC.	CHRO	Governing Board

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6.	March 31, 2025	6.0	Multiple Clauses	The policy was revised in pursuant to the SEBI Circular dated June 25, 2024, regarding terms of references of NRC.	CHRO	Governing Board
7	June 01 2025	7.0	Multiple Clauses	The policy was revised in pursuant to the SEBI Circulars - 1. Parameters for Performance Evaluation of Market Infrastructure Institutions dated Sep 2024 and January 30, 2025. 2. November 22, 2024- Guidelines to Stock Exchanges, Clearing Corporations and Depositories. 3. Process for appointment, re-appointment, termination or acceptance of resignation of specific KMPs of an MII and Cooling-off period for KMPs of an MII joining a competing MII and provisions relating to re-appointment of PIDs- May 26, 2025.	CHRO	Governing Board
8	September 18, 2025	8.0	Multiple Clauses	Incorporated suggestions from the external expert	CHRO	Governing Board
9	January 16, 2026	9.0	15.1.iv	Process for appointment, re-appointment, termination or acceptance of resignation of specific KMPs of an MII and Cooling-off period for KMPs of an MII joining a competing MII - May 26, 2025.	CHRO	Governing Board

Sr. No.	Date of Revision	Version	Section Number	Description of Change	Change Request By	Change approved by
10	April 30, 2026	10.0	15.6	Nomenclature changes for Compensation Structure in alignment with the New Wage Code Variable PLI payout to all KMPs Variable PLI percentage for top 3 ratings	CHRO	Governing Board
11	October 31, 2026	11.0	15.4	Inclusion of whole-time directors in place of Managing Director, wherever applicable Incorporating the clause on reporting the resignations of KMPs including MD and ED, to SEBI in line with the circular dated December 16, 2025. Inclusion of whole-time directors, wherever applicable. Inclusion of SEBI Listing Regulations.	CHRO	Governing Board

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1. INTRODUCTION AND PURPOSE OF POLICY

Section 178 of the Companies Act, 2013 ("the Act") read with rule 6 of the Companies (Meetings of the Board and its Powers) Rules 2014, National Securities Depository Limited ('NSDL or the Company') requires to constitute a "Nomination & Remuneration Committee" consisting of three or more non-executive directors out of which not less than one-half shall be independent directors.

Similarly, Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), requires the Company to constitute a "Nomination & Remuneration Committee" consisting of three or more non-executive directors out of which not less than two-third shall be independent directors.

Regulation 28 (1) of SEBI (Depositories and Participants) Regulations, 2018, ("Depository Regulations") requires the Company to constitute a Nomination and Remuneration Committee comprising a majority of public interest directors and chaired by a public interest director.

Further, Regulation 30 (1) of, "Depository Regulations" requires to constitute Statutory Committees at Market Infrastructure Institutions which includes 'Nomination and Remuneration Committee'.

In compliance with the aforesaid provisions, the Company has put in place the Nomination and Remuneration Committee ("**NRC**") which includes Public Interest Directors and Non-independent Directors (other than Executive Director and Managing Director). Further, Independent External Professional (IEPs) may be included as a member of the Committee for the limited purpose of making recommendations relating to the selection of the MD/ ED .Also as required, NRC has formulated this Nomination and Remuneration Policy ("**Policy**") in order to set out the principles, parameters and governance framework for the appointment and remuneration for

Directors, Managing Director & CEO, Key Management Personnel and other employees of the Company.

While formulating this Policy, the NRC 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 and other employees of the quality required to run the Company.

(ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(iii) remuneration to Directors, Key Management Personnel and senior management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Further, in terms of the Depository Regulations, the NRC will also lay down the compensation policy for key management personnels.

This Policy will assist the Governing Board of the Company to fulfil its responsibility by way of recommendation from the NRC to attract, retain and promote the aforesaid personnel with respect to their remuneration in line with the corporate and their individual performances.

This Policy also considers the staff rules, resolutions approved by the Governing Board or its Committee/s, internal controls and guidelines framed by the Company.

2. OBJECTIVE, APPLICABILITY AND INTERPRETATION

2.1 Objective

To 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 their names to the Board for appointment or removal.

To evaluate skills, knowledge, expertise and experience for the position on the Board or for Key Management Positions and on the basis of such evaluation, prepare a description of the role and capabilities required of a director or Managing Director & CEO and other Key Management positions.

On an ongoing basis, NRC shall evaluate the remuneration that is payable to the Directors, Managing Director & CEO and key management personnel and recommend the same to the Governing Board. While doing this, the NRC shall consider the market trends and compensation levels in similar organisations so as to attract and retain talent.

2.2 Interpretation:

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and rules made thereunder, SEBI Listing Regulations, 2015, Depository Regulations as amended from time to time and applicable circulars and notifications issued by SEBI.

Unless the context otherwise requires, the terms used in this policy shall bear the meanings assigned to them below, and their cognate expressions shall be construed accordingly.

2.3 Applicability:

The Policy shall be applicable to the following:

i. Directors (Executive and Non-Executive including Public Interest Directors and Non-independent Directors).

ii. Key Management Personnel under Depositories Regulations.

iii. Key Managerial Personnel under Companies Act, 2013, Listing regulations and Senior Management under Listing regulations.

3. DEFINITIONS

3.1 **"Associate" shall mean as defined under regulation 2 (c) of the Depository Regulations**:

3.2 **"Companies Act"** means the Companies Act, 2013, as amended from time-to-time, circulars and notifications as may be issued thereunder.

3.3 **"Director"** means a director appointed on the Board of NSDL.

3.4 **"Depository Regulations or D&P Regulations"** means the SEBI (Depositories and Participants) Regulations, 2018, as amended from time to time, read along with rules, circulars and notifications as may be issued by SEBI thereunder,

3.5 **"Fit and proper person"** includes a person if –

i. such person has a general reputation and record of fairness and integrity, including but not limited to—
   a. financial integrity.
   b. good reputation and character; and
   c. honesty.

ii. such person has not suffered any of the following disqualifications—

a. The person or any of its whole-time directors or managing partners has been convicted by a court for any offence involving moral turpitude or any economic offence or any offence against the securities laws.
b. an order for winding up has been passed against the person.
c. The person, or any of its whole-time directors or managing partners, has been declared insolvent and has not been discharged.
d. An order restraining, prohibiting or debarring the person or any of its whole-time directors or managing partners, from dealing in securities or from accessing the securities market, has been passed by the SEBI or any other regulatory authority and a period of three years from the date of the expiry of the period specified in the order has not elapsed.
e. Any other order against the person, or any of its whole-time directors or managing partners, which has a bearing on the securities market, has been passed by the SEBI or any other regulatory authority, and a period of three years from the date of the order has not elapsed.
f. SEBI has initiated recovery proceedings under the SEBI Act, 1992 and are pending.
g. The person has been found to be of unsound mind by a court of competent jurisdiction, and the finding is in force.
h. The person is financially not sound or has been categorized as a willful defaulter; and
i. any other disqualification as specified by SEBI.

3.6 "Governing Board" or "Board" means the board of directors of the Company.

3.7 "Independent Director" means a Director referred to in Section 149(6) of the Companies Act.

3.8 **"Key Management Personnel or KMP" shall** mean (i) Key Management Personnel as defined under regulation 2(k) of the Depository Regulations and (ii) Key Management Personnel as defined under regulation 2(o) of the Listing Regulations; and (iii) Key Managerial Personnel defined under Section 2(51) of the Companies Act.

3.9 "Market Infrastructure Institution or MII" shall mean every recognized stock exchange, recognized clearing corporation and depository.

3.10 **"NRC"** means the Nomination and Remuneration Committee constituted by the Governing Board from time to time.

3.11 **"Non-Independent directors"** shall mean a non-independent director as defined under regulation 2(ka) of the Depository Regulations.

3.12 **"Public Interest Director"** shall mean a public interest director as defined under regulation 2 (m) of the Depository Regulations.

3.13 "Regulatory Department" shall have the same meaning as assigned to it under regulation 2 (n) of the Depository Regulations.

3.14 **"Senior Management"** mean senior management as defined under the Listing Regulations.

3.15 **"SEBI"** means the Securities and Exchange Board of India.

4. CONSTITUTION OF THE NRC

4.1 The NRC shall be constituted as specified by SEBI from time to time.

4.2 The Board may reconstitute the NRC to comply with the provisions of the Companies Act and applicable statutory requirements, including the Depository Regulations and the Listing Regulations.

4.3 A member of the NRC shall not be present when his or her own appointment or reappointment or remuneration is discussed at a meeting or when his or her performance is being evaluated. The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

4.4 The terms of reference of the NRC, its composition, quorum and frequency of the meeting shall be in accordance with the Companies Act, 2013, SEBI Listing Regulations, Depository Regulations read with SEBI Circular dated June 25, 2024 and directives issued by SEBI from time to time. The current terms of reference of the NRC, its composition, quorum and frequency are as specified in **Annexure A** to this policy and is subject to such revision or changes as may be advised or directed by SEBI from time to time.

Nominees of SEBI on the Board:

4.5 SEBI may appoint one or more persons not exceeding three in number, as director(s) on the Board of the Company and such director(s) shall enjoy the same status and power as the other directors of the Board. Such director(s), if any, shall fall within the category of public interest director for the purpose of determining the composition of the Board and its quorum.

4.6 The role and responsibilities of the NRC shall be including but not limited to the terms of reference as specified in Annexure A and shall be responsible for all duties and responsibilities as may be assigned by the Board of NSDL or SEBI from time to time.

5. GENERAL PRINCIPLES TO BE FOLLOWED BY NRC

5.1 NRC shall ensure that due process of appointment, re-appointment and remuneration of a Director, Managing Director & CEO and Key Management Personnel of the Company is followed as applicable under the Companies Act, Depository Regulations or such other law as may be applicable from time to time.

5.2 The NRC may recommend to the Board, with reasons recorded in writing, removal of Director, Managing Director & CEO and Key Management Personnel in accordance with the Companies Act or any other applicable act, rules and regulations, including for contractual breaches. Such removal shall be subject to the provisions and compliance of applicable laws, rules and regulations.

5.3 The NRC may consider the following guidelines for recommending/approving remuneration on case-to-case basis:

i. remuneration should be reasonable and sufficient to attract, retain and motivate the employees to be aligned with the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives);
ii. overall remuneration practices should be consistent with industry standards.
iii. market competitive;
iv. average levels of compensation payable to employees in similar ranks;
v. should not contain any provisions regarding incentives to take excessive risks over the short term;
vi. based on the role played by the individual in managing the Company, including responding to challenges faced by the Company;
vii. periodic review; and
viii. aligned to regulatory requirements.

5.4 Where any insurance is taken by the Company on behalf of its Directors, Managing Director & CEO, Key Management Personnel and other employees, 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 a person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

5.5 The NRC shall ensure that the Process for appointment, re-appointment, termination or acceptance of resignation of Key Management Personnel is in accordance with the provisions of SEBI Circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2025/75 dated May 26, 2025, and as revised from time to time.

6. BOARD DIVERSITY

In reviewing and determining the Board composition, the NRC shall consider the merit, expertise, skill, experience, gender, various geographies and other diversity of the Board. In determining whether to recommend a Director for re-election / reappointment, the NRC shall also consider 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 evaluation done for the respective Director. The process for evaluation shall be as per the Performance Evaluation Policy of the Company.

The Board shall consist of Directors having the relevant requisite qualifications and experience in the following areas:

- Technology
- Management or Administration
- Risk Management
- Legal and Regulatory
- Finance and Accounting
- Capital Markets
- Leadership Skills

7. TERMS OF APPOINTMENT AND RETIREMENT

7.1 Terms of appointment and retirement of Non-Independent Directors shall be in accordance with **Annexure B**.

7.2 Terms of appointment and retirement of Public Interest Directors shall be in accordance with **Annexure C**.

7.3 Terms of appointment and retirement of Key Management Personnel shall be in accordance with **Annexure D.**

7.4 Terms of the appointment and retirement of Managing Director and CEO shall be in accordance with the 'Policy for appointment/ reappointment of Managing Director and CEO' as approved by the Board and as in force from time to time. The policy as in force is **Annexure E** (attached as a separate document).

8. EVALUATION/ ASSESSMENT OF DIRECTORS AND KMPS:

8.1 The NRC shall ensure that the Performance Evaluation Metrics for KMPs including Wholetime Directors adheres to the provisions of clause 8 of the SEBI/HO/MRD/POD-III/CIR/P/2024/127 dated September 24, 2024, and clause 3.1.5 of the HO/47/12/11(5)2025-MRD-POD3/I/196/2025 dated December 12, 2025

8.2 The evaluation of Board, Board Committees and Directors shall be as per the Board Evaluation Policy of the Company read with SEBI Circular No. SEBI/HO/MRD/POD-III/CIR/P/2024/127 dated September 24, 2024, and SEBI Circular SEBI/HO/MRD/POD-III/CIR/P/2025/12 dated January 31 2025.

8.3 The Managing Director & CEO of the Company shall evaluate / assess the performance of the Key Management Personnel as prescribed under Depository Regulations/SEBI circulars, based on the defined criteria and

recommend their annual increments / performance-based incentive, which shall be approved by NRC and Board.

8.4 Process for appointment, re-appointment, termination or acceptance of resignation of KMPs; and ii. Cooling-off period for KMPs joining a competing MII iii. Provision relating to re-appointment of Public Interest Directors (PIDs), shall be as per SEBI Circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2025/75 dated May 26, 2025.

8.5 Disciplinary Action against KMPs

i. The NRC shall approve action against KMPs for any non-compliance with regulatory provisions, code of conduct and internal guidelines as per the Standard Operating Procedures for undertaking disciplinary actions against KMPs. The policy shall be approved by NRC and the Board.

ii. The NRC may take action against a KMP for breach of any provision, including advisory, warning, impact on annual increment or promotion, invocation of malus-clawback provisions, suspension, termination.

8.6 Malus and Clawback Provisions:

i. A malus arrangement permits the Depository to prevent vesting of all or part of the amount of a deferred variable component. A clawback is a contractual agreement between the employee and the Depository in which the employee agrees to return previously paid or vested variable component to the Depository under certain circumstances. The aforesaid clauses shall be triggered under the following circumstances:

a) Fraud;

b) Impersonation;

c) Gross negligence which have caused or may cause significant financial loss or reputational harm to the Company;

d) Misfeasance;

e) Any act amounting to criminal breach of trust;

f) Conviction for an offence involving moral turpitude;

g) Breach of confidentiality in trade secret;

h) Ethical misconduct;

i) Fraudulent financial reporting;

j) Overstating or misstating financial indicators or of the performance criteria either at the Company level or individual level with a view to get increased variable pay;

k) Non-compliance or insubordination in adhering to regulatory/policy guidelines and

l) Such other circumstances as the Committee and/or Board may decide.

9. DEVIATIONS FROM THIS POLICY:

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company can be considered by the NRC if there are specific reasons to do so in an individual case.

10. POLICY IMPLEMENTATION

The NRC is responsible for recommending the nomination and the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the nomination and the remuneration policy.

11. MODIFICATIONS & REVIEW OF THE POLICY

This Policy may be reviewed at such interval as it may deem necessary, but at least once every three years and recommend the changes, if any, first to the NRC and

then for the approval of the Board. Where there are any statutory or regulatory changes necessitating the change in this policy on an urgent basis, the requisite approvals of the NRC and the Board may be obtained via circular resolution.
The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.

Any new regulation / circular issued by SEBI shall be deemed to have been included in the Policy immediately upon their issuance, without waiting for formal approval of the NRC/Board. The provisions in the Policy are in addition to, and not in derogation of, other applicable laws.

In case of any subsequent changes in the Companies Act, SEBI Listing Regulations or Depository Regulations or any other regulations which makes any of the provisions in this Policy inconsistent with the Companies Act, SEBI Listing Regulations or Depository Regulations, or any other regulations, then the provision of the Companies Act, SEBI Listing Regulations or Depository Regulations or other regulations would prevail over this Policy and the provisions of this Policy would be modified in due course to make it consistent with law. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

12. ANNEXURE A – TOR of NRC

1	**Nomination and Remuneration Committee**	**I) Governing Board & its members related aspects:** a. Scrutinising and interviewing applicants for selecting the WTD of the Depository. b. Adhering and developing a skill evaluation metrics to assess applications of new or existing PIDs and NIDs for their appointment and/or reappointment and recommending their names to the Governing Board. c. Ensuring at all times that the governing board comprises of directors with required skill set and expertise in the areas as provided in SEBI (Depositories and Participants) Regulations, 2018. d. Ensure compliance with governing board level skill diversity at the time of appointment, reappointment or extension of tenure of PIDs or NIDs. e. Framing & reviewing the policy to carry out internal	The Committee shall meet at least once in a financial year and/or as and when required.	a. The Committee may include NIDs (other than Executive Director and MD), IEPs along with PIDs. b. IEPs may be part of the committee for the limited purpose of recommendation relating to selection of the WTD. The committee shall comprise of at least three directors and at least two-third of the directors shall be PID. d. The chairperson of the NRC shall be present at the annual general meeting of the Company to answer shareholders queries. Provided that the chairperson of the Company may be appointed as a member of the Nomination and Remuneration Committee and shall

		evaluation of every director's performance, including that of PIDs. f. Reviewing and recommending extension of the term of appointment and reappointment of existing PIDs on the basis of the report of performance evaluation of such PID. g. Appointment of Independent External Professionals (IEPs) **II) KMPs related aspects:** h. Identifying KMPs based on importance of activities carried out by them including being key decision makers within the depository, other than those specifically provided under regulation 2(1)(k) of the SEBI (Depositories and Participants) Regulations, 2018. For identifying KMPs, one of the criteria should be, persons (including employees/consultants)		not chair such Committee.

		drawing annual pay higher than any KMP(s). i. Review, at least once a year hierarchical set ups across the departments, in order to identify KMPs due to a change in role and responsibilities assigned to them. Such review should necessarily include, consultants reporting to the MD/CEO or ED. j. The appointment and removal of KMPs, other than resignations. k. Laying down policy for accountability of KMPs. Further, mapping legal and regulatory duties to the concerned position and Delegation of Power (DoP) at various levels l. Laying down the policy for compensation of KMPs in compliance with the compensation norms prescribed under D&P Regulations, 2018 and ensuring that the compensation paid to KMPs is as per the		

		compensation policy. m. Framing performance review parameters for evaluation of KMPs, including that of MD. n. Assess the performance of KMPs based on reports submitted by the functional heads/reporting authority and observations if any received from SEBI and submit such reports to the governing board every year. o. Determining the tenure of a KMP, other than a director, to be posted in a particular role within regulatory, compliance, risk management and investor grievance vertical. p. Determining and finalizing the Key result areas (KRAs) of all KMPs at the beginning of every year. Review the same in line with organization needs. q. Ensuring that no KMP reports to a non-KMP. **III) On other organisation level related aspects:**		

		r. Ensure that no employee of the depository is working or reporting to an employee of any other company where the depository has invested and vice-versa. s. Ensure that hiring of consultants is based on a pre-defined SOP of the Depository. t. Framing, reviewing, implementing and monitoring SOP for imposing disciplinary actions against employees of depository. u. 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. **IV) Companies Act, 2013 and SEBI (LODR) regulations, 2015 related aspects:** a. Identify persons who are qualified to become Directors or who may be appointed in senior		

		management/ key managerial personnel in accordance with the criteria laid down, recommend to the Board of Directors of the Company their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual Directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance; b. For every appointment of a Public Interest Director (PID), the NRC shall evaluate the balance of skills, knowledge and experience on the Board as per requirements prescribed under SEBI (Depositories and Participants) Regulations, 2018 and on the basis of such evaluation, prepare a description of the role and		

		capabilities required of a PID. The person recommended to the Board for appointment as PID shall have the skills and capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may: i. use references/ professional networks and/or the services of an external agency, if required; ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and iii. consider the time commitments of the candidates; c. Devising a policy on diversity of board of directors; d. Recommend to the board, all remuneration, in whatever form, payable to senior management or key management personnel		

		e. Recommending remuneration to non-executive directors in the form of sitting fees for attending meetings of the Board and its committees, remuneration for other services, commission on profits. f. Analysing, monitoring and reviewing various human resource and compensation matters; g. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration/compensation for the directors, key managerial personnel, key management personnel and other employees as per applicable norms; h. The Committee, while formulating the above policy, shall consider the following: i. The level and		

		composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors and key management personnel of the quality required to operate the Company; ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and iii. Remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. iv. compensation norms for key management personnel prescribed by SEBI from time to time;		

		v. Any other factors as may be deemed necessary by the Committee. j. Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the NRC.		

13. ANNEXURE B - TERMS OF APPOINTMENT AND RETIREMENT OF NON-INDEPENDENT DIRECTORS

13.1. Appointment Criteria and Qualifications

(i) The Non-Independent Director shall fulfil the criteria of fit and proper person at all times.

(ii) The Non-Independent Director shall not be a depository participant or an associate or agent of a depository participant, at all times.

(iii) The Non-Independent Director shall not be eligible to be appointed as director, if he is a director of a depository participant or an associate or agent of a depository participant.

(iv) The Non-Independent Director shall be eligible to be appointed as director even if he is a director on the board of a Public Financial Institution or Bank which is in public sector, or which has no identifiable ultimate promoter, or the ultimate promoter is in public sector or has well diversified shareholding, and such Public Financial Institution or Bank or its associate is a Depository Participant.

(v) The appointment and re-appointment of the Non-Independent Director of the Company shall be subject to prior approval of SEBI.

(vi) Any employee of the Company may be appointed on the Board of the Company, and such employee shall be deemed to be the Non-Independent Director. The managing director and executive directors shall be included in the category of non-independent directors

(vii) The NRC shall evaluate and recommend the name of the candidate proposed to be appointed as a non-independent director.

(viii) The names of person(s) to be appointed as non-independent director(s) shall first be approved by the Board of the Company followed by shareholders' approval before submitting the same to the SEBI for approval.

(ix) The manner of election, appointment, tenure, resignation, vacation, etc., of a non-independent director shall be governed by the Companies Act, 2013, save as otherwise specifically provided under D&P Regulations.

13.2. Tenure

Subject to the approval of SEBI, the NRC may prescribe the tenure for appointment of a Non-Independent Director in accordance with the provisions of applicable laws.

13.3. Removal

SEBI may remove or terminate the appointment of a Non-Independent Director, for failure to abide by the Code of Conduct and Code of Ethics specified under the D&P Regulations, either upon reference from the Company or on suo moto.

13.4. Retirement

The Non-Independent Director shall retire as per the applicable provisions of the Companies Act and the prevailing policy of the Company. The Board will have the discretion to retain the Non-Independent Director in the same position/ remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company, subject to SEBI approval.

13.5. Remuneration

(i) The remuneration and commission to be paid to the Non-Independent Director shall be recommended by the NRC 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.

(ii) The remuneration payable to the Non-Independent Director shall be inclusive of any remuneration payable for services rendered by such Non-Independent Director in any other capacity unless:

a) the services rendered are of a professional nature; and

b) the NRC is of the opinion that the Non-Independent Director possesses requisite qualification for the practice of the profession.

14. ANNEXURE C - TERMS OF APPOINTMENT AND RETIREMENT OF PUBLIC INTEREST DIRECTORS

14.1. Appointment

Eligibility:

i. The Public Interest Director shall fulfil the criteria of fit and proper person at all times.

ii. The Public Interest Director shall not be a depository participant or an associate or agent of a depository participant, at all times

iii. The Public Interest Director shall not be eligible to be appointed as director, if he is a director of a depository participant or an associate or agent of a depository participant.

iv. The Public Interest Director shall be eligible to be appointed as director even if he is a director on the board or employee of a public financial institution or bank which is in public sector, or which has no identifiable ultimate promoter, or the ultimate promoter is in public sector or has well diversified shareholding, and such public financial institution or bank or its associate is a depository participant.

v. The Public Interest Director shall be eligible to be appointed as director even if he is an independent director on the board of associates of public financial institution or bank in public sector, who is a depository participant and where the majority shareholding is that of such public financial institution or bank in public sector.

vi. A Public Interest Director on the board of the Company shall not act simultaneously as Director on the board of its subsidiary or on the board of any other depository or recognized stock exchange or recognized clearing corporation or on the board of subsidiary of such other depository or recognized stock exchange or recognized clearing corporation.

14.2. Criteria:

i The number of Public Interest Directors on the Board shall not be less than the number of the Non-Independent Directors of the Company.

ii The Public Interest Directors shall be appointed with prior approval of SEBI.

A Director is considered independent if the Board makes an affirmative determination after a review of all relevant information. The Board and Committee of the Board shall adhere to the standards set out under Section 149 of the Companies Act, D&P Regulations and the Listing Regulations to assist in making such determinations of independence. If any issue arises as to whether an assignment or position of a Public Interest Director is in conflict with his/her role, SEBI's decision shall be final.

iii The NRC shall evaluate and recommend to the Board, names of candidates proposed to be appointed as Public Interest Director. The NRC while recommending shall ensure that the candidates identified possess the requisite skill sets as prescribed by SEBI from time to time for performing the role as a member of the various statutory committees.

iv The NRC shall also ensure that the existing PIDs are mapped against the prescribed skillsets and adhere to the same while considering any future additions or replacements.

v NRC shall ensure that the PIDs on the board shall not act simultaneously as a member on more than five statutory committees. The said restrictions

shall not be applicable to committees constituted under other relevant laws such as The Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, amongst others.

vi The Board shall submit brief profiles of at least two prospective candidates to SEBI for appointments as Public Interest Directors (Stage I). Upon receipt of SEBI's NOC, the Stage II application, together with the prescribed information and supporting documents under the applicable regulations, shall be submitted to SEBI. Shareholders' approval shall not be required.

vii The Public Interest Directors shall be selected from diverse fields of work as per (viii) below.

viii While deciding to select a particular person as a Public Interest Director, the NRC shall also take into account the following factors:

a) Qualification and experience in the area of capital markets, finance and accountancy, legal and regulatory practice, technology, risk management, management or administration.
b) At least one public interest director having the requisite qualification and experience in each of the areas of capital markets, finance and accountancy, legal and regulatory practice, and technology.
c) Persons currently holding positions of trust and responsibility in reputed organizations or person who have retired from such positions.
d) Persons who are likely to have interested positions in commercial contracts and financial affairs of the Company may be excluded. Also, persons who are regular traders/speculators in the market or are director in the board of the applicant of the depository shall be excluded.
e) Public interest directors shall be bound to peruse the relevant laws, code of conduct, code of ethics, etc. and submit an undertaking to the

Company that they are aware of their role, responsibilities and obligations.

ix In case of reappointment of a public interest director, the Company shall apply to SEBI four months before the expiry of the term. In addition to the other requirements specified herein, the application for reappointment of the public interest director shall be accompanied with, their attendance details on meetings of various mandatory committees and on the Governing Board of the Company, performance review and the reasons for extension of term.

x

xi Further, in case the existing PID after completion of his first term is not considered for re-appointment by the Governing Board of the company, the rationale for the same shall be recorded and informed to SEBI.

14.3. Tenure

i. Public interest directors shall be appointed for a term of three years, extendable by another term of three years, subject to performance review in the manner as may be specified by SEBI :

Provided that upon the expiry of the term(s) at a depository, a public interest director may be appointed with the prior approval of SEBI for a further term of three years in another depository or a recognized stock exchange or a recognized clearing corporation, with no cooling-off period as specified by the governing board of the depository.

Provided further that the cooling-off period will be applicable only in case of appointment as a public interest director in a competing depository.

Provided further that a person shall be appointed as a public interest director for a maximum of three terms across a depository or a recognized stock exchange or a recognized clearing corporation, subject to a maximum age limit of seventy-five years.

Explanation: For the purpose of this sub-regulation, the expression "competing depository" shall be applicable in case of appointment of a public interest director from one depository to another depository.]

ii. The existing public interest director may continue holding the post for a maximum period of three months from the date of expiry of their term, or till a new public interest director is appointed, whichever is earlier, only if the governing board does not meet the mandatory regulatory requirements on its composition.

14.4. Retirement

The Public Interest Director shall retire as per the applicable provisions of the Companies Act, D&P Regulations and the prevailing policy of the Company, subject to a maximum age limit of seventy-five years.

15. ANNEXURE D - TERMS OF APPOINTMENT AND RETIREMENT OF KEY MANAGEMENT PERSONNEL

15.1. Appointment Criteria and Qualifications: The KMP shall fulfil the criteria of fit and proper person at all times

i. Any appointment and re-appointment of a Key Management Personnel of the Company shall be subject to the approval of the NRC.

ii. The appointment of KMPs i. e Compliance Officer (CO), Chief Risk Officer (CRiO), Chief Technology Officer (CTO) and Chief Information Security Officer (CISO) shall be in accordance with SEBI circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2025/75 dated May 26, 2025, and any such other SEBI circular issued from time to time.

iii. The reporting lines of the KMPs shall be as prescribed by SEBI vide its circular no. SEBI/HO/MRD/POD-3/P/CIR/2024/162 dated November 22, 2024, as amended from time to time.

iv. *The cooling-off period for KMPs (including the whole time directors) of the Company joining a competing MII as a KMP will be 12 months from their last working day with the company.*

15.2. Tenure

i. The tenure of the KMP, other than the whole time directors, shall be for such period as may be decided by the NRC in accordance with the internal policies of the Company.

ii. The tenure of KMP, other than the director, in a regulatory department, shall be for a fixed period, as may be decided by the NRC.

15.3. Retirement

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

15.4. Re-appointment, Termination or acceptance of Resignation of KMPs

The NRC shall evaluate the cases of re-appointment, termination or acceptance of resignation of CO, CRiO, CTO and CISO or by whatever designations called and after discussion with the management, submit its recommendations to the Board. The Board shall take the final decision for re-appointment, termination or acceptance of resignation of such KMPs.

The appointment, re-appointment, termination or acceptance of resignation of KMPs other than the MD, ED, CO, CRiO, CTO and CISO shall continue to be with the NRC. However, the Company is free to implement the above mechanism for all KMPs.

The resignation of any of the critical KMPs in Vertical 1 and Vertical 2, including MD and ED, shall be reported to SEBI within 5 working days of the occurrence (i.e. resignation, removal, early retirement). The report must include details such as individual's name, designation, manner and effective date of exit, tenure, portfolios held in the preceding three years, and the reasons for their departure from the Company.

15.5. Remuneration

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

ii. The compensation policy shall be determined by NRC in accordance with the norms specified by SEBI under Part D of the Second Schedule of the Depository Regulations.

iii. The compensation payable to the managing director shall be as approved by SEBI and the terms and conditions of the compensation of the managing director shall not be changed without prior approval of SEBI.

iv. The remuneration to be paid to the Key Management Personnel and Senior Management shall be recommended by the NRC to the Board and governed by the conditions laid down in the Articles of Association of the Company or as per the provisions of the Companies Act or Depository Regulations.

v. The remuneration payable to the Key Management Personnel shall be subject to the following conditions.

    a. The variable pay component shall be within a range of 25% to 50% of total pay.

    b. Fifty percent of the variable pay shall be paid on a deferred basis after a minimum period of three years. The deferred amount is intended to be invested in secured debt funds or similar kind of investment schemes and the same will be paid after completion of three years along with the returns earned on the said investment.

    c. ESOPs and other equity-linked instruments in the Company shall not be offered or provided as part of the compensation for the key Management personnel.

    d. The remuneration shall be subject to malus and claw back arrangements.

vi. Apart from the above, the NRC shall take into consideration the following:

    a. Financial condition / health of the Company;

b. Average levels of compensation payable to employees in similar ranks;
c. Shall not contain any provisions regarding incentives to take excessive risks over the short term;
d. Revenues, net profit of the Company;
e. Comparable to the industry standards;
f. Role and responsibilities of the key management personnel;
g. Periodic review.

vii. Further, at the time of seeking approval of SEBI for the appointment of the managing director, the company shall seek approval for the compensation of the managing director from SEBI.

15.5. Compensation Structure

15.5.1. Fixed Compensation

Fixed pay represents the guaranteed component of an employee's remuneration, providing a stable foundation. It will include basic pay, allowances, and statutory benefits.

- **Basic Pay:** NSDL will offer competitive and benchmarked basic pay.
- **Allowances:** In addition to basic pay, employees will be entitled to a suite of allowances designed to address cost of living and provide specific benefits. This would include any additional allowance, namely Shift Allowance, etc.
- **Statutory and Mandatory Benefits:** NSDL will adhere to all statutory requirements, including contributions to the ESIC, Superannuation Provident Fund (PF), pension scheme and gratuity.

Components	KMP
Basic	35% of Fixed CTC
HRA	50% of Basic
LTC	1 Basic
Conveyance	Grade specific*
Special Allowance	85% of Basic

Employer PF	12% of Basic
Superannuation	15% of Basic
Gratuity^	4.81% of (Basic + Special Allowance)
Professional Development Allowances	Balancing Figure

^ Gratuity will be calculated as:

- Employees who joined <= 31 March 2022: (Basic+ Special Allowance) * 30
- Employees who joined >= 1 April 2022: As per New Wage Code

15.5.2. Variable Compensation

Variable pay is designed to reward performance and align employee efforts with NSDL's strategic goals.

- The variable pay component shall be within a range of 25% to 50% of total pay.
- Fifty percent of the variable pay shall be paid on a deferred basis after minimum period of three years. Deferred variable pay will be paid along with the accrued interest, as applicable.
- ESOPs and other equity-linked instruments in the depository shall not be offered or provided as part of the compensation.
- Non-Monetary Benefits and Perquisites

15.5.3. Non-Monetary Compensation

The compensation package extends beyond monetary components to include a range of non-monetary benefits that enhance the employees' well-being and security. NSDL provides comprehensive medical insurance coverage for the employee and their dependent family members. It also provides Group Term Life Insurance and Group Personal Accidental cover to employees (only self). It will also provide annual health checkup facilities to all its employees (only self). Limits of the same are reviewed and approved annually during the renewal period by the MD & CEO.

15.6. Performance Management Linkage to Variable Pay

The Variable PLI will be paid to employees' basis the final rating received by the employee (guided by the Performance Management Policy). This will be paid as percentage of the total compensation.

The performance rating will be directly linked to the variable pay (PLI) through a clear multiplier based on the eligible Variable PLI driven by Grades:

Rating Name*	Description
1	Outstanding Performance
2	Exceeds Expectation
3	Meets Expectation
4	Needs Improvement
5	Unsatisfactory

*For communication to the employees, alphabetical ratings shall be used.

A++ = 1, A+ = 2, A=3, B=4 and C=5.

PLI of 1.2 times of the targeted variable PLI for employees rated 1, 1.1 times for employees rated 2, 1 time for employees rated 3 and nil for others.

All Key Managerial Personnel (KMPs), in case of retirement/demise/end of term, in a financial year shall be eligible for Variable Pay on a pro-rata basis, aligned with the period of service and final performance rating, subject to SEBI Regulations on variable pay component deferment, and malus and claw back arrangement.

All Key Managerial Personnel (KMPs), who have joined the company during the financial year, but have completed less than 6 months, in a financial year shall be eligible for Variable Pay on a pro-rata basis, aligned with the period of service and final performance rating, subject to SEBI Regulations on variable pay component deferment, and malus and claw back arrangement.

The Performance Improvement Plan (PIP) for KMPs rated 4 and 5 will be in line with the Performance Management Policy of the Company.

15.7. Performance Management Linkage to Fixed Pay

The increment paid to all KMPs will be based on the final rating received by the employee (guided by the Performance Management Policy)

The annual increment on total compensation shall be 12% for employees rated 1, 10% for employees rated 2, 8% for employees rated 3, 6% for employees rated 4 and nil for employees rated 5.

15.8. Approvals

The Managing Director & CEO of the Company shall evaluate / assess the performance of the KMPs as prescribed under Depository Regulations/SEBI circulars, based on the defined criteria and recommend their annual increments / performance-based incentive, which shall be approved by NRC and Board.

Whole-Time Directors will also be covered in the same compensation framework as mentioned for KMPs.

16. Review and Amendments

This policy will be reviewed as and when required and at least annually by the Governing Board. Amendments to the policy may be made as necessary to ensure its continued relevance and effectiveness.

17. Confidentiality Note

This document contains proprietary and confidential information and is for internal use only by NSDL employees. This document shall not be shown or provided to anyone other than NSDL employees unless authorised.

ANNEXURE E- POLICY FOR APPOINTMENT/REAPPOINTMENT OF WHOLE TIME DIRECTORS

Document Details:

Name of the document	Annexure E - Policy for Appointment / Re-appointment of Whole Time Directors
Document number	NSDL/HR/POL/04E
Maintained by	Human Resources Team
Release date	January 04, 2019

Revision History:

Sr. No.	Date of Revision / Review	Version	Clause Number	Description of Change	Change Request By	Change approved by
1.	June 08, 2019	2.0	-	• Pursuant to SEBI's Directions	CHRO	Governing Board
2.	December 16, 2020	3.0	-	• Pursuant to SEBI's Directions	CHRO	Governing Board
3.	November 04, 2022	4.0	-	• Pursuant to SEBI's Directions	CHRO	Governing Board
4.	February 07, 2024	5.0	-	• Changes pursuant to Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2023	CHRO	Governing Board
5.	September 18, 2025	6.0	-	No changes	CHRO	Governing Board
6.	January 16, 2026	7.0	-	Addition in clause of appointment / reappointment of ED(Vertical-1) & ED(Vertical-2) pursuant to SEBI Circular dated December 12, 2025.	CHRO	Governing Board

Sr. No.	Date of Revision / Review	Version	Clause Number	Description of Change	Change Request By	Change approved by
7.	March 05, 2026	8.0	Multiple clauses	Amendments in line with the SEBI Circulars	CHRO	Governing Board
8.	October 31, 2026	9.0	No Change	No changes	CHRO	Governing Board

1. INTRODUCTION

In accordance with the SEBI letters MRD/DSA/OW/2018/12652/1 dated April 26, 2018, MRD/DoP/DSA2/OW/30603/1/2018 dated November 02, 2018, MRD/DoP2DSA2/OW/P/2019/13502/1 dated May 29, 2019, SEBI email dated November 13, 2020, SEBI/HO/MRD2_DDAP/P/OW/2021/00000022924/1 dated September 07, 2021, HO/47/12/11(5)2025-MRD-POD3/I/196/2025 December 12, 2025, SEBI (Depositories and Participants) Regulations, 2018 and amendments therein from time to time, National Securities Depository Limited (NSDL) has formulated this Policy for appointment/reappointment of Whole Time Director (WTD). Whole Time Director includes Managing Director & CEO and Executive Directors (ED)of NSDL.

1.1 DEFINITIONS

a. **"Companies Act"** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

b. **"Depositories Act"** means the Depositories Act, 1996 and Regulations framed thereunder, as amended from time to time.

c. "**Board"** means Board of Directors of NSDL.

d. **"Director"** means a Director appointed on the Board of NSDL.

e. "**Committee"** means the Nomination and Remuneration Committee (NRC) constituted by the Board.

f. "**SEBI"** means the Securities and Exchange Board of India

g. "Whole Time Directors (WTD)" means the Managing Director & CEO and Executive Directors (ED)

h. Words and expressions used and not defined in this Policy but defined in the SEBI (Depositories and Participants) Regulations, 2018 (SEBI D&P Regulations), the Depositories Act, 1996, the Companies Act, 2013 or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations made thereunder or any statutory modification or re-enactment thereto, as the case may be.

2. APPLICABILITY

This policy shall be applicable for appointment and reappointment of WTDs of NSDL. In respect of a person holding position as WTD as on October 03, 2018 i.e. the date of notification of the SEBI D&P Regulations, the applicability of this policy with respect to appointment and reappointment shall be determined in accordance with Regulation 26(7) of SEBI D&P Regulations read with SEBI letter MRD/DoP/DSA2/OW/30603/1/2018 dated November 02, 2018.

3. CRITERIA FOR APPOINTMENT

(i) The appointment and renewal of appointment of the WTD of the Company shall be subject to prior approval of SEBI.

(ii) The WTD shall be included in the category of Non-Independent Directors.

(iii) The Company shall not appoint or continue the employment of any person as WTD who:-

a) is below the age of twenty-one years

b) is an undischarged insolvent or has at any time been adjudged as an insolvent;

c) has at any time suspended payment to his creditors or makes, or has at any time made, a composition with them; or

d) has at any time been convicted by a court of an offence and sentenced for a period of more than six months.

e) is not an Indian passport holder

(iv) The WTD of the Company shall not:

a) be a shareholder or an associate of a shareholder of a depository or a shareholder of an associate of a depository;

b) be a depository participant, or his associate and agent, or shareholder of a depository participant or a shareholder of an associate and agent of a depository participant; or

c) hold any position concurrently in the subsidiary of a depository or in any other entity associated with a depository.

A Whole-time Director may be appointed as a Non-Executive Director on the Board of a subsidiary or associate of the Company, with the approval of the Governing Board.

(v) The WTD shall be a 'fit and proper person' under the SEBI D&P Regulations.

4. QUALIFICATIONS AND EXPERIENCE

Candidates for appointment as WTD shall be professionally qualified with at least 20 years of experience in the field of capital market, finance/Information Technology and management. NRC/ Board may also consider candidates with other educational qualifications if they have relevant experience and track record. Understanding of technology and ability to leverage the same for advancement of Indian capital markets while managing the risks of technology will be an advantage. Candidates should have demonstrated leadership skills and track record and should preferably have worked at board level. Candidate should be able to lead a market infrastructure institution and ensure efficient and secure operation of the capital markets.

5. PROCEDURE FOR APPOINTMENT

(i) NRC shall be responsible for selection of WTD. However, Independent External Persons(IEP) may be part of the NRC for the limited purpose of recommendation relating to the selection of WTD, subject to the approval of SEBI. If IEP is considered as a part of NRC, at least two names per Independent external person along with their profile (without any order of preference) shall be forwarded to SEBI for approval.

(ii) The WTD shall be selected through open advertisement in all the editions of at least one national daily. A head-hunter / an external agency may be appointed, if considered necessary, with the approval of NRC.

(iii) NRC may shortlist the candidates based on credentials and conduct interviews and recommend candidates to the Board.

(iv) Based on the recommendation of NRC, the Board shall select a minimum of two candidates for appointment as a WTD, subject to approval of SEBI.

(v) A reference check be done by a Human Resource (HR) agency, for the shortlisted candidates before proposing names to SEBI for getting appointed as a WTD. Further, the said reference check should be done covering three key areas, viz. Integrity, Knowledge/ Professional Skills and Interpersonal Skills. After getting the reference check done, the NRC and the Board of the MII shall examine such report and review that the recommended candidates are found to be satisfactory on the knowledge and professional skillset; past conduct including integrity; and interpersonal skills.

(vi) Upon completion of the process, at least two names for each position shall be forwarded to SEBI for approval, without any order of preference and confirming that the candidates satisfy the requirements for the concerned position. The names shall be forwarded to SEBI two months prior to the last working date of the existing WTD.

(vii) The WTD shall be appointed after approval of SEBI.

(viii) Post approval of SEBI, the Shareholders of the Company shall subsequently ratify the appointment of WTD, at the subsequent AGM.

(ix) NRC shall ensure that candidate for the post of WTD, has obtained necessary clearance / no objection certificate from the requisite authorities (employers/supervisory bodies, etc.), wherever required, before joining.

(x) In case a vacancy of WTD arises due to unforeseen reasons, the Company shall forward the new names to SEBI within 60 days from the date of submission of resignation or such vacation of office.

(xi) Post completion of the first term as WTD, the depository shall conduct the appointment process afresh. The serving WTD may apply, if eligible, subject to clause 5(xii) below.

(xii) A person may be appointed as WTD for a maximum period of ten years subject to a maximum age limit of sixty-five years.

(xiii) A WTD shall not be liable to retire by rotation.

6. REMUNERATION

(i) The remuneration to be paid to the WTD shall be recommended by NRC & the Board and approved by the SEBI and the terms and conditions of remuneration of the WTD shall not be changed without the prior approval of SEBI.

(ii) Subject to SEBI approval, the remuneration / compensation / commission etc. to the WTD shall be in accordance with Section 197 and Schedule V of the Companies Act, 2013 read with the rules made thereunder.

(iii) The remuneration of WTD shall be in compliance with the following conditions:

a) The variable pay component shall be within a range of 25% to 50% of total pay.
b) Fifty percent of the variable pay shall be paid on a deferred basis after a minimum period of three years.
c) ESOPs and other equity linked instruments in the depository shall not be offered or provided as part of the compensation.
d) The compensation framework shall have malus and clawback arrangements.

WTD will also be covered in the same compensation framework as mentioned for KMPs. Kindly refer to Annexure D of the Nomination and Remuneration Policy.

7. REVIEW

This Policy may be reviewed by the Board, along with the Nomination and Remuneration policy and as and when required.