

NSEIT LIMITED

Policy for Nomination and Appointment of Directors and Senior Management Personnel

1. Introduction

NSEIT Limited (hereinafter referred to as "NSEIT" or "the company") is governed by the Companies Act, 2013 and rules notified thereunder.

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of NSEIT is mandated to constitute a Nomination and Remuneration Committee which shall, amongst other things, formulate the criteria for determining qualifications, positive attributes and independence of a Director and criteria for identifying persons who may be appointed in senior management and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

2. Objective

The Company aims to achieve a balance of merit, experience and skills amongst its Directors and Senior Management Personnel. The objectives of this Policy are:

- a. To formulate the criteria for identifying the persons who are qualified to become directors and such persons who may be appointed as the Senior Management Personnel of the Company.
- b. To guide the Board in relation to the appointment and removal of directors and Senior Management.
- c. To determine the qualifications, positive attributes and independence of a director and to ensure Board Diversity and implementation of succession planning in the Company.

3. Definitions

- (i) "Board of Directors" or "Board" shall mean the collective body of directors of NSEIT;
- (ii) "Director" means a director appointed to the Board of NSEIT;
- (iii) "Independent Director" shall have the meaning as defined under the Companies Act, 2013 read with relevant rules framed thereunder.
- (iv) "Key Managerial Personnel" means as defined under Section 2(51) of the Companies Act, 2013
- (v) "Managing Director" means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

Explanation.-For the purposes of this clause, the power to do administrative acts of a routine nature when so authorized by the Board such as the power to affix the common seal of the

company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

- (vi) **"Nomination and Remuneration Committee" or "the Committee"** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 as well as rules framed there-under.
- (vii) **"Policy"** means this "Nomination Policy."
- (viii) The term **"Senior Management Personnel"** means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.
- (ix) **"Whole-time director"** 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, as may be applicable.

4. 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.

5. Positive Attributes and qualifications of Directors

When recommending a candidate for appointment as Director, the Committee will have regard to the following qualifications and positive attributes:

- (i) the appointee should satisfy the 'fit & proper criteria' as assessing the appointee against a range of criteria which includes, but not be limited to, qualifications, skills, industry experience, background and other qualities required to operate successfully in the position;
- (ii) the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company; in case of Senior Management their contribution towards effectiveness of the organization as whole would be considered;

- (iii) the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;
- (iv) ability of the appointee to represent the company;
- (v) ability to work individually as well as a member of the Board and with the senior management;
- (vi) influential communicator with power to convince other in a positive way;
- (vii) ability to participate actively in deliberation and group processes;
- (viii) have strategic thinking and facilitation skills;
- (ix) act impartially keeping in mind the interest of the company on priority basis;
- (x) Does not hold Directorship in more than 20 companies (including private and public limited companies) or 10 public limited companies incorporated in India or such other number of companies as may be prescribed from time to time;
- (xi) Personal specifications:
 - Educational qualification;
 - Experience of management in a diverse organization;
 - Interpersonal, communication and representational skills;
 - Demonstrable leadership skills;
 - Commitment to high standards of ethics, personal integrity and probity;
 - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;

6. The Committee shall take into account the following while deciding the composition of the Board and its size:-

- (i) The Board of NSEIT shall include:
 - (a) Non-executive Directors
 - (b) Independent directors; and,
 - (c) Managing director.
- (ii) The Board from time to time keeping in mind the corporate structure, may frame guidelines governing the composition of Board which shall inter-alia be subject to the following:-
 - o The number of independent directors shall be in accordance with the Companies Act 2013 and Rules framed there-under, from time to time.
 - o The managing director shall be an ex-officio director on the Board and shall not be included in either the category of independent directors or shareholder directors.
 - o No trading member or clearing member, or their associates and agents, shall be on the Board.

(iii) Composition of Board as per Companies Act, 2013

Section 149 of the Act prescribes that every public limited company shall have at least 3 Directors and provides for appointment of up to fifteen Directors without seeking approval of Shareholders. It also prescribes that certain class of companies shall have at least one woman director. Section 149 (3) of the Act provides that there should be at least one Director who should have stayed in India for a period of not less than 182 days during the financial year.

7. Independence of a Director

- (i) The key role of an Independent Director is to provide an unbiased, varied and experienced perspective to the Board. While evaluating the candidature of a Director, the Committee abides by the criteria for determining Independence as stipulated under Companies Act 2013, and other applicable regulations or guidelines.
- (ii) The Committee takes a broad perspective with respect to Independence and takes into consideration not only the dealings, transactions, relationships with the concerned Individual Director but also with relatives, entities and organizations affiliated to it.
- (iii) The Committee, along with the Board, regularly reviews the skill, characteristics required from the Board & Individual Directors. One of the prime objectives of this exercise is to identify competency gaps in the Board and make suitable recommendations. The objective is to have a board of diverse background and experience in business, technology, governance and areas that are relevant for NSE IT.
- (iv) Besides considering all other qualifications with regards to talent, relevant professional experience, proven track record of performance and achievement, ethics and integrity, ability to bring in fresh and independent perspectives, sector specific experience and expertise, the Committee objectively evaluates whether an individual can dispassionately discharge the statutory functions of a Director as enshrined in the Companies Act 2013.

8. Disqualifications for Appointment of Directors

- A. Pursuant to section 164 of the Companies Act, 2013, a person shall not be Eligible for appointment as a director of a company if:
 - a. He is of unsound mind and stands so declared by a competent court;
 - b. He is an undischarged insolvent;
 - c. He has applied to be adjudicated as an insolvent and his application is pending;
 - d. He has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;

- e. An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
- f. He has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the

- payment of the call;
- g. He has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
- h. He has not complied with sub-section (3) of section 152.

B. No person who is or has been a director of a company which:

- a. Has not filed financial statements or annual returns for any continuous period of three financial years; or
- b. Has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more shall be eligible to be reappointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

9. Term / Tenure:

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term a not less than 3 year and not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

An Independent Director shall hold office for a term up to three consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of up to maximum of 3 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

10. Board Diversity

The Board shall consist of such number of Directors, including at least one woman Director, as is necessary to effectively manage the Company of its size. The Board shall have an appropriate combination of executive and Non-Executive Directors. The Committee will lead the process for Board appointments. All Board appointments will be based on meritocracy in the context of the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. NSE believes that increased diversity in Board is associated with better financial performance, greater innovation and has a positive impact on the Company.

For Executive Director

- The Executive Director shall be appointed as per the applicable provisions of the Companies Act, 2013 and rules made there under.
- The person to be appointed will be assessed against a range of criteria which shall include but shall not be limited to qualifications, skills, industry experience, fit & proper, background and other attributes required for the said position.
- The Executive Director shall have all the powers and authorities as prescribed by the Board of Directors and as provided in the Articles of Association and applicable provisions of the Act. Executive Director will be overall in-charge of the business, administration and other affairs of the Company subject to the superintendence, control and directions of the Board of Directors and he shall guide, control and supervise the employees of the Company, their functions, the business carried on by the Company and all administrative matters.

11. Familiarization Program for Directors

The Company shall provide an orientation to new Directors and continuing education/training to all its Directors, and shall periodically provide materials or briefing sessions for all Directors on subjects that would assist them in discharging their duties. Each new Director shall spend reasonable time for briefings by senior management on the Company's operations, its material subsidiaries, strategic plans, its financial statements, its key policies and practices and other details as may be desired by the Director.

12. Criteria for appointment of Senior Management Personnel

The following attributes shall be taken into consideration for selecting suitable candidates for appointment as senior management personnel:

- (i) Assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, industry experience, background and other qualities as may be required to operate successfully in the position;
- (ii) Contribution towards effectiveness of the organization as a whole;
- (iii) ability of the appointee to represent the company;
- (iv) ability to work individually as well as part of team of senior management;
- (v) influential communicator with power to convince other in a positive way;
- (vi) ability to participate actively in deliberation and group processes;
- (vii) have strategic thinking and facilitation skills;
- (viii) act impartially keeping in mind the interest of the company on priority basis;
- (ix) Profile shall include:
 - Educational qualification;
 - Experience of management in a diverse organization;
 - Interpersonal, communication and representational skills;

- Demonstrable leadership skills;
- Commitment to high standards of ethics, personal integrity and probity;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace.

The Management from time to time shall identify the level, designation and names of (i) Key Management/Managerial Persons under Companies Act and / or persons who forms part of Senior Management and recommend the same to Nomination & Remuneration Committee for its approval. The Managing Director is empowered to identify the candidates in the Senior Management in terms of the criteria prescribed herein and recommend their appointment to the Committee.

13. Succession Planning

The Committee shall review, approve and aid the Board in succession and emergency preparedness plan for key executives as may be identified from time to time. The abovementioned criteria may be applied for such identification and evaluation.

14. Reporting to the Board

The Chairman of the Committee shall report to the Board on material matters arising at the Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval.

15. Amendment

Any amendment or modification in the Companies Act, 2013 and any other applicable provision relating to Nomination and Remuneration Committee shall automatically be applicable to the Company.

16. Review of the policy

This Policy shall be reviewed by the Committee periodically, presently once in 2 years, unless an earlier review required to ensure that it meets the regulatory requirements or latest industry practice or both.