

## **NSE Clearing Limited**

### **Policy for Distribution of Dividend**

This policy applies to the distribution of dividend by NSE Clearing Limited (the “Company”) in accordance with the provisions of the Companies Act, 2013 (“Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (LODR).

The declaration and payment of dividends will be recommended by the Board and approved by the Shareholders (as applicable), at their discretion, subject to the provisions of the Articles of Association and applicable laws, including the Companies Act, the LODR and the SECC Regulations.

In distributing the profits of the Company among shareholders, the Board of Directors will seek to balance shareholders’ need for a reasonable return on their investment with the Company’s funding / capital management requirements.

This policy sets out inter alia the parameters and circumstances that may be considered by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company.

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, and other parameters described in this policy.

#### **Internal / external parameters to be considered while declaring or recommending dividend to shareholders.**

The Board of Directors of the Company shall generally consider the following internal / external parameters while declaring or recommending dividend to shareholders:

- Earnings, overall financial and liquidity position of the Company.
- Maintaining adequate financial strength of the Company.
- Capital allocation plans including:
  - Cash requirements of the Company towards working capital;
  - Capital expenditure towards technology and other areas etc.;
  - Current and future funding requirements for Business expansion and growth including inorganic growth;
  - Additional investments in Subsidiaries / Associates / JVs;
  - Capital restructuring
  - Build and maintain Networth (excluding contribution to core SGF) as may be considered prudent by the Board to provide for unforeseen events and contingencies
- Contractual and / or legal obligations / restrictions.
- Regulatory / risk management / market exigency requirements (including contribution to Core Settlement Guarantee Fund)

- Any significant changes / uncertainty in economic and regulatory environment including volatility in the financial markets.
- Any changes in the competitive environment.
- Any changes in the applicable tax laws.
- Cash required for any contingencies or unforeseen events etc.

After meeting internal cash requirements and maintaining a reasonable cash balance towards the above, the Company will endeavor to return the free cash generated for the relevant financial year to shareholders through regular dividends subject to the statutory provisions as applicable and the aforementioned factors and such other factors as thought appropriate and may be decided by the Board from time to time.

Some conceivable circumstances under which shareholders may or may not expect a dividend inter alia include adverse market conditions and business uncertainty, inadequacy of profits earned during the fiscal year, inadequacy of cash balance, large forthcoming capital requirements which are best funded through internal accruals, regulatory / market exigencies, changing regulations, etc.

Even under such circumstances, the Board may, at its discretion, subject to applicable laws, rules and regulations etc. choose to declare / recommend an interim dividend, special dividend, final dividend, buyback of share or any other arrangement/methodology out of the Company's free cash reserves.

### **Policy as to how the retained earnings shall be utilized.**

The profits earned by the Company can either be retained in the business and used for various purposes as outlined above or can be distributed to the shareholders in the manner stated above.

### **Provisions with regard to various classes of shares.**

The provisions contained in this policy shall apply to all classes of shares of the Company.

### **Definitions**

The terms referred to in the policy will have the same meaning as defined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (LODR).

### **Review**

This policy will be reviewed and amended as and when required by the Board.

### **Disclosure of the policy**

This policy shall be uploaded on the website of the Company and a web-link shall also be provided in the annual reports of the Company.

### **Limitation and Amendment**

In the event of any conflict between the provisions of this policy and of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (LODR) or any other statutory enactments, rules, the provisions of such Act or LODR or statutory enactments, rules etc. including any amendments/ modifications thereto shall prevail over this policy.