

**POLICY ON
DETERMINATION AND
DISCLOSURE OF
MATERIALITY OF
EVENTS / INFORMATION**

**NATIONAL SECURITIES
DEPOSITORY LIMITED**

Classification: EXTERNAL

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1. Introduction

Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as “Listing Regulations”), mandates disclosure of any events or information which, in the opinion of the board of directors (“Board”) of National Securities Depository Limited (“the Company”), is material. Further, Regulation 30(4)(ii) of the Listing Regulations requires every listed entity to frame a policy for determination of materiality of events and information that requires appropriate disclosure to the stock exchanges.

As a good governance practice, NSDL has adopted a policy for determination of materiality of events and information and disclosure as required in the abovementioned provisions (hereinafter referred to the “Policy”).

2. Objectives

This Policy for determination of materiality of events / information aims at:

- To ensure that all investors have equal access to important information that may affect their investment decisions.
- To ensure that information disclosed by the Company is adequate, accurate, timely transparent.
- To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation.
- To avoid establishment of false market in the securities of the Company; and
- To provide a framework that supports and fosters confidence in the quality and integrity of information released by the Company.
- Communicating the principles of materiality based on which the Company shall make disclosures of events or information.

Further, the Policy is designed for systematic identification, categorization, review and disclosure to the stock exchanges and hosting on the Company’s website and regular updation of the events/ information which may have material bearing on the performance /operation of the Company and as a result, affect the market prices of the listed securities of the Company.

3. Scope of Policy

This Policy is applicable to the Company. This policy outlines the basis for determining materiality of events and/or information for making disclosures under Regulations 30 of the Listing Regulations.

4. Definitions

The terms and expressions used but not defined herein shall have the same meaning as assigned to those terms under the Companies Act, 2013, SEBI (Listing Obligation and

Disclosure Requirements) Regulations, 2015, SEBI (Depositories and Participants) Regulations, 2018, Securities and Contracts (Regulations) Act, 1956 or any other applicable laws or regulations, as the case may be, as amended from time to time.

5. Criteria for Determining Materiality of Events / Information

The Company shall consider the criteria and principles while determining materiality of events / information as detailed in clause no.8 of the Policy.

6. Guidance on Timing of Events / Information

The Company may be confronted with the question as to when an event/information can be said to have occurred.

In certain instances, the answer to above question would depend upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required, viz. in case of natural calamities, disruptions, etc., the answer to the above question would depend upon the timing when the Company became aware of the event/information.

In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors. However, considering the price sensitivity involved, for certain events which require approval of shareholders, e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending shareholders' approval.

In the latter, the events/information can be said to have occurred when the Company becomes aware of the events/information, or as soon as, an officer of the Company has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

Here, the term 'officer' shall have the same meaning as defined under the Companies Act, 2013.

7. Disclosure of Events / Information

- a. Events / Information which, in the opinion of the Board of Directors of the Company, are fit to be considered as material and therefore shall be mandatorily disclosed, as soon as possible within a reasonable time of their occurrence, but not later than 24 (twenty-four) hours from the occurrence of such event.
- b. The Company shall disclose on its website all such events or information which are considered as material under this Policy, and such disclosures shall be hosted on the website of the Company for a minimum period of five years and, thereafter, as per the archival policy of the Company.

- c. The events or information specified in Para A of Part A of Schedule III of the Listing Regulations, as set out in **Annexure A** herewith will be disclosed without the application of any materiality thresholds, as these are “deemed” to be material events.
- d. The events or information specified in Para B of Part A of Schedule III of the Listing Regulations, as set out in **Annexure B** herewith will be disclosed based on application of the materiality criteria, as laid out in the Policy below.
- e. In addition to the above, Para C and D of Part A of Schedule III of the Listing Regulations mandate disclosure of the following:
 - major developments that are likely to affect business,
 - any change in accounting policies that may have a significant impact on the accounts of the Company;
 - any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities; and
 - any other disclosures as may be specified by SEBI from time to time.
- f. It is clarified that as regard any event / information, only such impact which is direct and perceivable, and not remote, shall be considered.

8. Guidelines for Determining Materiality of an Event/Information

The Company shall consider the following criteria for determination of materiality of events or information:

Qualitative Criteria:

(i) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly;

OR

(ii) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;

Where both the criteria specified above are not applicable, an event/information may be treated as being material if in the opinion of the authorised Key Managerial Personnel/s, the event / information is considered material based on the criteria mentioned as under:

Quantitative Criteria:

An event or information shall be considered material where the value involved or the impact of an event exceeds **1% of the consolidated net profit** of the Company as per the last audited financial statements.

9. Authority / Responsibility to Determine Materiality

The Board of the Directors of the Company are authorized to carry out necessary changes to the Policy, as and when the same are necessitated, pursuant to any regulatory change. The aforesaid changes, if any, carried out by the Managing Director & CEO of the Company shall be ratified subsequently by the Board of Directors of the Company.

Pursuant to Regulation 30(5) of Listing Regulations, the Managing Director & CEO, Chief Financial Officer and Company Secretary are authorised to determine the materiality of an event or information for making disclosure under this regulation and the policy and shall be severally responsible and authorised for dissemination of such events and information in accordance with provisions of the Regulations or any other law as may be applicable.

10. Review of the Policy

The Policy shall be reviewed on annual basis or pursuant to any amendments to the Listing Regulations or for any reason as deemed appropriate by the Board.

11. Contact Details of Authorised Persons

Any questions or clarifications about the policy or disclosures made by the Company should be referred to the designated Company Secretary, who is in charge of administering, enforcing and updating this policy.

Contact details of the designated Company Secretary are given below:

Designation	Address	Contact Details
Company Secretary	4 th Floor, Trade World, A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013	+9122 2499 4200

Annexure 'A'

PARA A OF PART A OF SCHEDULE III OF THE REGULATIONS

Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity or any other restructuring.

Explanation - For the purpose of this sub-para, the word 'acquisition' shall mean –

- i. acquiring control, whether directly or indirectly; or,
 - ii. acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that –
 - a. the listed entity holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;
 - b. there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-para and such change exceeds two per cent of the total shareholding or voting rights in the said company.
2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
 3. Revision in Rating(s).
 4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:
 - a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
 - b) any cancellation of dividend with reasons thereof;
 - c) the decision on buyback of securities;
 - d) the decision with respect to fund raising proposed to be undertaken;
 - e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;

- f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
 - g) short particulars of any other alterations of capital, including calls;
 - h) financial results;
 - i) decision on voluntary delisting by the listed entity from stock exchange(s).
5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/ treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.
6. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer including resignations.
- 7 A. In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.
- 7 B. Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:
- i. The letter of resignation along with detailed reasons for the resignation as given by the said director.
 - i.a. Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
 - ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
 - iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.
8. Appointment or discontinuation of share transfer agent.
9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:

- a. Decision to initiate resolution of loans/borrowings;
 - b. Signing of Inter-Creditors Agreement (ICA) by lenders;
 - c. Finalization of Resolution Plan;
 - d. Implementation of Resolution Plan;
 - e. Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.
10. One-time settlement with a bank.
11. Reference to BIFR and winding-up petition filed by any party / creditors.
12. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity.
13. Proceedings of Annual and extraordinary general meetings of the listed entity.
14. Amendments to memorandum and articles of association of listed entity, in brief.
15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors.
16. Such other matters as may be prescribed by SEBI, from time to time.

Annexure 'B'

PARA B OF PART A OF SCHEDULE III OF THE REGULATIONS

Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30):

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal).
3. Capacity addition or product launch.
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
6. Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the listed entity
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Such other matters as may be prescribed by SEBI, from time to time.