

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

### **INTRODUCTION:**

National Securities Depository Limited (“**Company**”) has adopted this policy for determining material subsidiary of the Company in accordance with Regulation 16 (1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”). This policy for determining material subsidiary (“**Policy**”) of the Company has been prepared and adopted in accordance with the Listing Regulations, which are *mutatis mutandis* applicable to the Company as per the SEBI (Depositories and Participants) Regulations, 2018.

### **OBJECTIVE OF THE POLICY:**

The objective of the policy is to determine the "material" subsidiaries of the Company and to provide the governance framework for such subsidiaries.

### **DEFINITIONS:**

- a) “**Board**” shall mean the board of directors of National Securities Depository Limited.
- b) “**Material Subsidiary**” shall have the same meaning as defined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- c) “**Significant Transaction and Arrangement**” shall have the same meaning as prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **1. SIGNIFICANT TRANSACTIONS / ARRANGEMENTS OF MATERIAL SUBSIDIARIES:**

All significant transactions and arrangements entered into by the unlisted material subsidiary will be periodically placed before the Board of the Company.

## **2. RESTRICTION ON DISPOSAL OF SHARES IN MATERIAL SUBSIDIARY BY THE COMPANY:**

The Company shall not dispose of shares in its Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the material subsidiary without passing a special resolution in a General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under the Insolvency Code.

## **3. RESTRICTION ON SELLING, DISPOSAL AND LEASING OF ASSETS OF MATERIAL SUBSIDIARY:**

Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under the Insolvency Code.

## **4. REVIEW:**

The Company may review this policy as and when required. In case if any statutory/regulatory requirement pertaining to Material Subsidiary is inconsistent with the SEBI (Depositories and Participants) Regulations, 2018 then the said Regulations shall prevail in such case.