

## **POLICY ON RELATED PARTY TRANSACTIONS**

### **1. Preamble**

The Board of Directors (the “Board”) of National Securities Depository Limited (the “Company”) has, basis the recommendation of the Audit Committee, adopted this Related Party Transactions Policy (this “Policy”), in line with the requirement of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) read with SEBI (Depositories and Participants) Regulations, 2018.

This Policy applies to transactions between the Company and its Related Parties. It provides a framework for governance and reporting of Related Party Transactions.

### **2. Applicability**

This Policy applies to the transactions between the Company and its Related Parties. Transactions covered under this policy include any contract or arrangement with a Related Party with respect to transactions defined hereunder as “Related Party Transaction”. This Policy on Related Party Transaction shall be governed by Section 188 of the Companies Act, 2013 read with Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

### **3. Definitions**

“**The Company**” shall means the National Securities Depository Limited (NSDL)

“**Arm’s length Transactions**” means a transaction between two Related Parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Audit Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

“**Board**” means the Board of Directors of NSDL, as constituted from time to time.

“**Company**” means a company incorporated under the Companies Act, 2013 or under any previous Company law.

“**Key Managerial Personnel**” (‘KMP’) means a person who is a KMP, as defined under Companies Act, 2013.

“**Listing regulation**” mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**“Related Party or Related Parties”** means related party as defined under Section 2(76) of the Companies Act, 2013 and Listing Regulations read with amendments issued from time to time.

**“Related Party Transaction”** means any transaction or arrangement in which the Company and Related Party are contracting parties either directly or indirectly with respect to the items specified in Section 188(1) (a) to (g) of the Companies Act, 2013 and Listing Regulations.

**“Relative”** with reference to a director or a Key Managerial Personnel mean persons defined under Section 2(77) of the Companies Act, 2013 read with amendments issued from time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, or any other applicable law or regulation.

#### **4. Periodic identification of Related Parties**

All Directors and Key Managerial Personnel are required to disclose their concern/interest in other companies, body corporates, firms or other Association of Persons (AOPs) including shareholdings along with their list of relatives to the Company at the beginning of every financial year and at the first Board meeting wherein they participate and whenever there is any change in their disclosures already made as per the provision of the Companies Act, 2013. They are also required to intimate the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her Relatives, including any additional information about the transaction that the Board / Audit Committee may reasonably request. The said list of identified Related Parties is shared with the concerned Department to identify and decide on treatment of Related Party Transactions.

#### **5. Materiality Threshold**

A transaction with a related party shall be considered material only if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the entity as per the last audited financial statements of the entity as prescribed under the Listing Regulations. Any other threshold limits / amendment to the aforementioned threshold limits as may be prescribed under the Listing Regulations or Companies Act, 2013 from time to time shall be applicable.

## **6. Procedure for approval of Related Party Transaction**

All related party transactions require review of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions as it may deem fit.

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, then the same shall be placed before the Board for its consideration.

All related party transactions crossing the materiality threshold as specified above shall require prior approval of the shareholders.

The transactions which are exempted under Companies Act will be exempted from the approval of Audit/Board of Directors/Shareholders approval, as the case may be.

## **7. Voting requirements**

Any member of the Audit Committee/Board of Director/Shareholder who has a potential interest in any Related Party Transaction will abstain from any discussions or voting on such proposals.

## **8. Review of Policy**

The policy will be reviewed once every three years and updated accordingly with the changes if any. In case of any amendment/clarification/circular/notification, etc., issued by the relevant authority, not being consistent with the provisions laid down in this policy, then such amendment/clarification/circular, etc., shall prevail upon the provisions mentioned herein and this policy shall stand amended accordingly from the effective date as laid down under such amendment/clarification/circular/ notification, etc.