

DIVIDEND DISTRIBUTION POLICY

VERSION 3.0

[Pursuant to Regulation 43A of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

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Prepared By	Corporate Finance Department
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Sr. No	Date of Revision / Review	Version	Section Number	Description of Change
1	January 31 st ,2023	1.0	-	Reviewed and No change
2	February 07 th ,2024	1.0	-	Reviewed and No change
3	January 31 st ,2025	2.0	8 Amendment and Conflict	Review period changed from "Periodically" to "once in a financial year"
4.	April 30 th , 2026	3.0	2.Definitions 11.Disclaimer	Additional section added

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1. BACKGROUND:

Dividend distribution forms an integral part of the Company's capital allocation framework and reflects its commitment to enhancing shareholder value while maintaining financial prudence. This Policy has been framed in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), Companies Act, 2013 and amendments thereto.

2. OBJECTIVE:

National securities depository Limited (referred as "NSDL","Company") has always strived to enhance stakeholder value for its investors, and this Policy seeks to lay down a broad framework for the distribution of dividend by the Company whilst appropriately balancing the need of the Company to retain resources for its's growth & sustainability. The Company endeavours to maintain fairness and consistency while considering distributing dividend to the shareholders.

3. DEFINITIONS:

Words used in this Policy shall have the same meanings as respectively assigned to them under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

4. PARAMETERS:

The Board of Directors of the company shall consider the below parameters for declaration of dividend.(The factors listed below are indicative and not exhaustive.)

Financial/Internal Factors:

- 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
- Contractual and / or legal obligations / restrictions.
- Regulatory / risk management / market exigency requirements.
- 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.

External Factors:

- Macro-economic environment;
- Capital market conditions;
- Dividend policy of competitors;
- Shareholder expectations;
- Regulatory changes.

5. DECLARATION OF DIVIDEND:

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI directions, if any and other legislation governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

Dividends will generally be paid once a year and will generally be paid out of net profit earned during the said year. However, the Board of Directors may, at its discretion, declare interim dividends and may also declare dividend out of retained earnings. The Board may as and when they consider it fit and recommend final dividends to the shareholders for their approval in the annual general meeting of the Company.

The decision regarding dividend shall be taken only by the Board of Directors at its Meeting and not by a Committee of the Board of Directors or by way of a Resolution passed by circulation. Dividend will continue to be accrued and payable in respect of all the eligible shares.

6. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

The Board of Directors, while determining the dividend to be declared or recommended, shall take into consideration the advice of the management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy.

The Board may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital due to circumstances or factors such as adverse market conditions, 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. The Board may in extraordinary circumstances, deviate from the parameters listed in this Policy.

7. UTILIZATION OF RETAINED EARNINGS:

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.

8. PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES :

The provisions contained in this policy shall apply to all classes of Shares of the Company. Presently the Company has only one class of shares, namely, Equity Shares. The Policy is subject to review and amendments as and when the Company issues different classes of shares.

9. REVIEW AND AMENDMENT TO POLICY :

The adequacy of this Policy shall be reviewed and reassessed once in a financial year, based on the changes that may be brought about due to any regulatory amendments or otherwise.

In the event of any conflict between the provisions of this policy and of the Companies Act, 2013 and the LODR Regulations, or any other statutory enactments, rules, the provisions of such Act or LODR Regulations or statutory enactments, rules etc. including any amendments/modifications thereto shall prevail over this Policy.

10. DISCLOSURE:

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

11. DISCLAIMER:

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant. Prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in the Policy.