POLICY FOR RELATED PARTY TRANSACTIONS

Document Information

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	:	

Revision History

Sr. No	Date of Revision / Review	Version	Description of Change	Changes Requested By	Changes Approved By
1	May 26, 2022	2.0	Due to recent regulatory changes	Corporate Finance, Procurement and Collection	Board
2	January 31, 2023	3.0	Insertion of Criteria for Omnibus Approval	Corporate Finance, Procurement and Collection	Board
3	February 7, 2024	3.0	Reviewed, no changes proposed	Corporate Finance, Procurement and Collection	Board
4	January 31, 2025	3.0	Addition in point 6 'procedure for approval of Related Party Transaction' of the policy.	Corporate Finance, Procurement and Collection	Board
5	July 30, 2026	4.0	Pursuant to amendment in Regulation 23 of SEBI (Listing Obligations and disclosure Requirements) Regulations ,2015.	Corporate Finance, Procurement and Collection	Board

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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("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
This Policy provides a framework for governance and reporting on Related Party Transactions and is intended to ensure that the proper approval and reporting of transactions between the Company and any of its Related Parties are done in a timely manner.

2. Applicability:

This Policy applies to all transactions entered 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.

3. Definitions:

"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.

"Key Managerial Personnel" ('KMP') means a person who is a KMP, as defined under Companies Act, 2013.

"Listing Regulation" means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Material modification" means any modification made in the value of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 25% or more or by which the transaction ceases to be in ordinary course and/or on arm's length basis or such other parameter as may be determined by the Audit Committee from time to time.

"Policy" means this Related Party Transaction Policy.

"Related Party or **Related Parties"** means related party as defined under Section 2(76) of the Companies Act, 2013 read with sub-regulation (zb) of Regulation 2 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments 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 as defined under Section 188 of the Companies Act, 2013 and sub-regulation (zc) of Regulation 2 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments issued from time to time.

"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 SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 or any other laws or regulations from time to time.

4. Periodic identification of Related Parties:

Related parties shall be identified under Companies Act and the Listing Agreement, as amended from time to time and regularly verified.

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 concern department to identify and decide on treatment of Related Party Transactions.

5. Materiality Threshold:

A transaction with related party shall be considered material only if the transactions(s) exceed the prescribed limit as defined under schedule XII and (1A) of regulation 23 of the Listing Regulations.

(i) A transaction with a related party is material if the transaction(s), individually or taken together with previous transactions during the financial year, exceed the following:

Consolidated Turnover	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover
(II) ₹20,001 Crore - ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements of the Company.

(ii) Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

6. Review and approval of Related Party Transaction:

i) Approval of Audit Committee:

a) All transactions where the Company is a party and which are identified as Related Party Transactions, including subsequent Material Modifications, shall be pre-approved by the Audit Committee before entering into such transactions.

b) Related Party Transactions shall be approved only by members of the Audit Committee who are independent directors.

c) Related Party Transactions of subsidiaries of the Company, where the subsidiary is a party, but the Company is not a party, shall be reviewed and approved in accordance with the applicable provisions of the SEBI Listing Regulations, including Regulation 23 and Schedule XII mentioned below as amended from time to time

ii) Approval of the Board:

All related party transaction that are not in the ordinary course of business or do not qualify as arm's length transactions shall be placed before the Board for prior approval. The Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances.

iii) Approval of Shareholders:

All material related party transactions, and subsequent material modifications shall require prior approval of the shareholders in terms of regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act ,2013. .

7. Ratification of Related party transactions:

The members of the audit committee, who are independent directors, may ratify related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

(i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;

(ii) the transaction is not material in terms of the provisions of sub-regulation (1) of regulation 23 of the Listing Regulations;

(iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

(iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;

(v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorized by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

8. Omnibus Approval of Related Party Transactions:

i) **Omnibus approval by Audit Committee:**

At the beginning of each financial year, the Company shall share the maximum limit for each category of transaction with each Related Party, based on the plan for the financial year. Any deviation from the approved limits shall be ratified in the subsequent Board or Audit Committee meeting, along with the rationale for such deviation.
The Audit Committee shall satisfy itself regarding the need for omnibus approval and that such approval is in the interest of the Company. The Audit Committee may grant omnibus approval for transactions that are repetitive in nature, in the ordinary course of business, and on an arm's length basis.

The omnibus approval shall specify the following:

i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,

ii. the indicative base price / current contracted price and the formula for variation in the price if any; and

iii. such other conditions as the audit committee may deem fit:

Transactions approved under omnibus approval shall be reviewed by the Audit Committee on a quarterly basis. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry of one year.

Where the need for a Related Party Transaction cannot be foreseen and the required details are not available, the Audit Committee may grant omnibus approval subject to a value not exceeding ₹1 crore per transaction.

ii) Omnibus approval by Shareholders:

The omnibus approval granted by shareholders for material related party transaction in an annual general meeting shall be valid until the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013, or rules, notifications, or circulars issued thereunder from time to time.

In case of omnibus approvals for material Related Party Transactions granted by shareholders in general meetings other than the annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of approval.

9) Exempted Transactions:

The requirement of seeking approval of the Audit Committee or Governing Board or the Shareholders shall not apply in respect of exempted transactions as specified under section 188 of the Companies Act, 2013 and read along with the rules made thereunder and Regulation 23 (5) of the SEBI LODR and any other applicable laws.

10) Voting requirements:

Any member of the Audit Committee/Board of Director/Shareholder who has a potential interest in any Related Party Transaction will not vote to approve the relevant transaction.

11) Reporting of Related Party Transaction

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is required to disclose details of Related Party Transactions to the Stock Exchanges on a quarterly and half-yearly basis in the format specified by SEBI.

12) 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.