

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

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## 1. Purpose of the Policy:

Central Depository Services (India) Limited ("**CDSL/Company**") has formulated and adopted this Policy for determining the Material Subsidiary ("**Policy**") of the Company in accordance with Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), which requires every Listed Company to formulate a policy for determining a "Material" Subsidiary.

## 2. Scope / Objective of the Policy:

The objective of this Policy is to determine:

- i. [Aspects]<sup>1</sup> of Material Subsidiary;
- ii. Restriction on disposal of shares of Material Subsidiary by the Company;
- iii. Restriction on transfer of assets of Material Subsidiary; and
- iv. Disclosure requirements, under the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

## 3. Definitions:

<sup>2</sup>["**Audit Committee**"] means a Committee constituted by the Board of Directors from time to time under the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations, 2015, including any amendments thereto.]

"**Board of Directors**" shall mean the Board of Directors of the Company.

<sup>3</sup>["**CDSL**" or the "**Company**"] means Central Depository Services (India) Limited.]

"**Control**" shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

["**Independent Director**<sup>4</sup>]/**Public Interest Director**" shall mean as defined under Section 149 of the Companies Act, 2013, Regulation 16 (1)(b) of the SEBI Listing Regulations, 2015 and Regulation 2(1)(m) of the SEBI (Depositories & Participants) Regulations, 2018 including any amendments thereto.

["**Material subsidiary**"] shall have the same meaning as defined under Regulation 16(1)(c) of the SEBI Listing Regulations including any amendments thereto.]<sup>5</sup>

<sup>1</sup> Amended vide Board approval dated May 21, 2025.

<sup>2</sup> Amended vide Board approval dated May 21, 2025.

<sup>3</sup> Inserted vide Board approval dated May 21, 2025.

<sup>4</sup> Inserted vide Board approval dated May 21, 2025.

<sup>5</sup> Amended vide Board approval dated May 21, 2025.

<sup>6</sup>["**SEBI Listing Regulations**"/ **SEBI LODR** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto.]

**"Significant Transaction and Arrangement"** means any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

**"Subsidiary"** means a subsidiary as defined under sub-section (87) of Section 2 of the Companies Act, 2013.

[**"Unlisted Subsidiary"** means a Subsidiary of the Company whose shares are not listed on any stock exchange.]<sup>7</sup>

#### 4. <sup>8</sup>[**Interpretation:**

All words and expressions used but not defined in this Policy shall have the same meaning as defined in the Companies Act, 2013, read with Rules made thereunder, SEBI Listing Regulations, SEBI (Depositories and Participants) Regulations, 2018, the Depositories Act, 1996 and any other laws applicable to the Company including any statutory modification(s) or re-enactment thereof as the case may be.]

#### 5. <sup>9</sup>[**Intimation of**]<sup>10</sup> **Significant Transactions/Arrangements by Unlisted Subsidiary Companies:**

The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of CDSL, a statement of all significant transactions and arrangements entered by the unlisted subsidiary.

#### 6. **Restriction on Disposal of shares of Material Subsidiary by the Company:**

CDSL shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than or equal to fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in a general meeting of its shareholders 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 section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

<sup>6</sup> Inserted vide Board approval dated May 21, 2025.

<sup>7</sup> Inserted vide Board approval dated May 21, 2025.

<sup>8</sup> Inserted vide Board approval dated May 21, 2025.

<sup>9</sup> Deleted "Identification of Material subsidiary" para vide Board approval dated May 21, 2025.

<sup>10</sup> Inserted vide Board approval dated May 21, 2025.

## **7. Restriction on disposal of assets of Material Subsidiary by the Company:**

CDSL shall not sell, dispose and lease of assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year without passing a 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 Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

[If such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company prior approval of shareholders by way of special resolution is not required.]<sup>11</sup>

## **8. Other Corporate Governance Requirements with respect to Subsidiary of CDSL:**

Audit Committee of CDSL shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

The Minutes of the Meetings of the Board of Directors of the unlisted subsidiary shall be placed at the Board Meeting of CDSL.

An Independent Director/Public Interest Director on the Board of CDSL shall not simultaneously act as Director on the Board of its subsidiary.

[No Independent Director/Public Interest Director on the Board of CDSL shall become a director on the Board of its subsidiary unless there is a cooling-off period of three years after ceasing to be the Public Interest Director.]<sup>12</sup>

A Material Unlisted Subsidiary of CDSL incorporated in India shall undertake Secretarial Audit and shall annex a Secretarial Audit Report, given by a [Peer Reviewed]<sup>13</sup> Company Secretary in practice, in <sup>14</sup>[Form MR-3] as specified in the Companies Act, 2013 and rules made thereunder and [SEBI Listing Regulations]<sup>15</sup> with in the Annual Report of the Company.

## **9. Review / Amendments to Policy:**

The Policy would be reviewed [once in a financial year]<sup>16</sup> by the Governing Board. In case there are any regulatory/statutory changes requiring modifications to the

<sup>11</sup> Inserted vide Board approval dated May 21, 2025.

<sup>12</sup> Inserted vide Board approval dated May 21, 2025.

<sup>13</sup> Inserted vide Board approval dated May 21, 2025.

<sup>14</sup> Amended vide Board approval dated May 21, 2025.

<sup>15</sup> Inserted vide Board approval dated May 21, 2025.

<sup>16</sup> Amended vide Board approval dated May 21, 2025.

Policy, the Policy shall be reviewed and amended with due approval from the Governing Board.

[In case of any subsequent changes in the Companies Act or any other regulations which makes any of the provisions in the Policy inconsistent with the Companies Act or regulations, then the provision of the Companies Act or regulations would prevail over the Policy and the provisions of the Policy would be modified in due course to make it consistent with law]<sup>17</sup>. However, the amended regulatory/statutory provisions will supersede the existing Policy till the time the Policy is suitably amended.

**10. Disclosure:**

The Policy for determining Material Subsidiaries shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

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<sup>17</sup> Inserted vide Board approval dated May 21, 2025.