

PSP PROJECTS LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. PREAMBLE AND OBJECTIVE:

The Board of Directors (the “Board”) of PSP Projects Limited (“the Company”), in pursuant to Regulations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions (including any statutory enactments / amendments thereof), adopted the following policy for determining ‘material’ subsidiaries and is intended to ensure governance of material subsidiary companies.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Agreement and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

2. DEFINITIONS:

“Audit Committee” means Audit Committee constituted by the Board of Directors of PSP Projects Limited, from time to time, under Section 177 of the Companies Act, 2013 and the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Board of Directors” or “Board” means the Board of Directors of PSP Projects Limited, as constituted from time to time.

“Company” means PSP Projects Limited.

“Holding company”, shall mean a holding company as defined under sub-section (46) of section 2 of the Companies Act, 2013.

“Material non-listed Indian subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

“Material subsidiary” shall mean a subsidiary Company whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of listed entity and its subsidiaries in the immediately preceding accounting year.

“Policy” means Policy for determining Material Subsidiaries.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” shall mean a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013.

“Unlisted Subsidiary” means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

3. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES:

A subsidiary of the Company shall be regarded as Material Subsidiary if it satisfies any of the following criteria:

- a. the investment of the Company in the Subsidiary exceeds twenty per cent (20%) of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- b. the Subsidiary has generated twenty per cent (20%) of the consolidated income of the Company during the previous financial year.

The Audit Committee shall on annual basis review such details / information as may be required to determine the ‘Material Subsidiaries’.

4. GOVERNANCE FRAMEWORK:

- i. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- ii. The minutes of the Board Meetings of the Unlisted Subsidiary shall be placed before the Board of the Company.
- iii. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary. The term “significant transaction or arrangement” shall mean 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 material subsidiary for the immediately preceding accounting year.
- iv. At least one Independent Director of the Company shall be a director on the Board of the unlisted material subsidiary, incorporated in India.

The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

5. Disposal of Material Subsidiary:

The following disposals shall not be permitted:

- a. The Company reducing its shareholding (either on its own or together with other subsidiaries) to less than fifty per cent or ceasing exercise of control over the subsidiary or,
- b. 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

without passing a special resolution in the Company's General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal under the Companies Act, 2013 or the Companies Act, 1956, or rules made thereunder.

6. DISCLOSURE:

As prescribed under Regulation 46(2)(h) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

7. POLICY REVIEW:

This policy is framed pursuant to the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the Listing Regulations. In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. This policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.
