



## PSP PROJECTS LIMITED

### POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

#### I. Preamble and Objective:

Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with its amendments thereto mandates all Listed Companies to formulate the Policy for determining Material Subsidiaries to ensure governance of Material Subsidiary Companies.

In compliance with the above requirements and to align with the recent amendments, the Board of Directors of the Company has formulated this Policy for determining Material Subsidiaries.

#### II. 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.

**"Policy"** means Policy for determining Material Subsidiaries and as may be amended from time to time.

**"Significant transaction or arrangement"** shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent (10%) 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"** shall mean a subsidiary as defined under sub-section (87) of Section 2 of the Companies Act, 2013.

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

### **III. 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 company 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 company.

Explanation: For the purpose of this provision 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 subsidiary for the immediately preceding accounting year.

- iv. At least one Independent Director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16(1)(c) the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- v. Every Material unlisted subsidiary of the company incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report as given by a company secretary in practice, in such form as may be specified.
- vi. 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.

#### **IV. Disposal of Material Subsidiary:**

The Company, without passing a special resolution in its General Meeting, shall not:-

- a. dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or;
- b. dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or;
- c. sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year.

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.

#### **V. 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.

#### **VI. Policy Review:**

This Policy shall be subject to review as may be deemed necessary by the Board of Directors/Audit Committee and they reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.

In case of any subsequent amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions without any review.

Any words used in the Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and regulations made there under, SEBI LODR or any other relevant legislation/ law applicable to the Company.

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