Policy for determining Material Subsidiary

1. Purpose and Scope:

The Securities and Exchange Board of India ("SEBI") issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'LODR Regulations') on September 02, 2015, effective from December 01, 2015, with an aim to consolidate and streamline the provisions of listing agreements thereby ensuring better enforceability.

Regulation 16(1)(c) of the LODR Regulations, inter alia, requires every listed Company to formulate a Policy for determining material subsidiary.

Accordingly, the Board of the Directors of SPSL ("Company") has approved this "Policy for Determining Material Subsidiary" ("Policy") of the Company.

2. Identification of 'Material' subsidiary:

A subsidiary shall be considered as material if –

a. the investment of the Company in the subsidiary exceeds 20 per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or,
b. if the subsidiary has generated 20 per cent of the consolidated income of the Company during the previous financial year.

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 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

3. 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 Company.

ii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies 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.

iv. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

4. Disposal of Material Subsidiary:

The Company shall not:

a. dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

b. sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

5. Policy Review:

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

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