

PSP PROJECTS LIMITED

DIVIDEND DISTRIBUTION POLICY

I. Background:

SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations dated July 8, 2016 introduced a new regulation 43A which prescribed that the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

The amendment further prescribed that the companies other than the top five hundred listed entities based on market capitalization may disclose their dividend distribution policies on a voluntary basis in their annual reports and on their websites.

The Board of Directors of PSP Projects Limited has adopted this Dividend Distribution Policy in its meeting held on August 9, 2018 with an objective to enable investors, potential investors and analysts to take a view on the likely dividend payout by a company.

This Policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

II. Parameters:

a. The circumstances under which the shareholders may or may not expect dividend:

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings.

Some unforeseen circumstances under which the shareholders may or may not expect a dividend are:

- Adverse Market Conditions and business uncertainty;
- Inadequacy of profits earned during fiscal year
- Inadequacy of cash balance
- Large forthcoming capital requirements to be funded through internal accruals
- Changing Regulations.

b. The financial /internal parameters that shall be considered while declaring dividend:

The Board will declare the Dividend on per share basis on the Ordinary Equity Shares of the Company having face value of INR 10.00 each. The Company currently has no other class of shares.

Dividends will generally be recommended by the Board once a year, after the announcement of the Annual financial results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted under the Companies Act, 2013 (“the Act”) and rules framed thereunder. The Board may also consider to declare Interim Dividends at any time during the year as may be permitted under the Act from time to time.

The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth of the Company.

While determining the nature and quantum of Dividend pay-out, the board will take into account free cash flow position, profit earned during that year, Capex requirements, applicable taxes, and taking into account optimal shareholder return.

Other Internal Parameters:

- Present and future capital requirements of the business (example – day to day requirements, funding of business acquisitions, investment in new business/initiatives, etc).
- Additional investments in the subsidiaries/associates of the Company, by way of loans or subscription to their securities.
- Cash flow required to meet contingencies.
- Borrowings outstanding.
- Trends of declaration of dividends in the past.
- Any other significant developments that require cash investments.

c. External factors considered for declaration of dividend:

The Board of Directors of the Company shall consider the following external parameters while declaring dividend or recommending dividend to shareholders:

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;

- Any changes in the competitive environment requiring significant investment.

d. How the retained earnings shall be utilized:

Retained Earnings may be used for corporate actions in accordance with applicable law and for investments towards growth of the business.

e. Provisions in regard to various classes of shares:

The Company has only a single class of shares (Equity) and this policy shall be applicable only in this respect.

In future, if the company issue multiple classes of shares, the parameters of the dividend distribution policy will be appropriately addressed.

III. Review:

The Board of Directors may review this policy periodically, by taking into account various circumstances and in accordance with regulatory requirements.

IV. Amendment:

The Board of Directors reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.

In case of any 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.
