

## **SPRL: DELHI**

### **POLICY FOR DISTRIBUTION OF DIVIDEND**

SEBI, vide Notification dated 08.07.2016 (No. SEBI/LAD-NRO/GN/2016-17/008), has mandated top 500 listed entities (based on the market capitalization as on March 31 of every financial year) to formulate a Dividend Distribution Policy.

Based on market capitalisation, SPRL is required to frame this policy.

Dividend Distribution Policy (Policy) shall be as under:-

#### **1. Objective**

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth/expansion of the Company. The Company shall pursue this Policy to pay, subject to the circumstances and factors enlisted herein below, which shall be consistent with the performance of the Company over the years. Various factors which affect dividend decision are:

- (i) Circumstances under which the shareholders of the listed entities may or may not expect dividend
- (ii) Financial parameters
- (iii) Internal and external factors
- (iv) Utilisation of retained earnings

#### **2. Definitions**

Unless the context otherwise requires:

- (i) 'Act' means the Companies Act, 2013 and includes the rules framed thereunder, as amended from time to time.
- (ii) 'Board' means the Board of Directors of the Company and includes any Committee thereof.
- (iii) 'Dividend' shall have the meaning ascribed to it under the Act and includes Interim Dividend.
- (iv) 'Listing Regulations' means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendments thereto.
- (v) 'Free Reserves' means reserves as defined in section 2(43) of the Companies Act, 2013.

The words or expressions used but not defined herein, but defined under Companies Act, 2013 or the Listing Regulations shall have the same meaning assigned therein.

### **3. Parameters**

Distribution of dividend is subject to various factors and their combination thereof, which are enumerated below and the Board of Directors shall, before deciding the dividend, consider these factors in the best interest of the Company and its shareholders.

#### **A. Circumstances under which the shareholders' may not expect dividend:**

Subject to Board's discretion, the shareholders may not expect dividend, *inter-alia*, in the following circumstances:

- i) In the event of loss or inadequacy of profit or Cashflow
- ii) Capital investments on account of capacity expansion of business, etc.
- iii) Decision to undertake any acquisition, takeover, etc., requiring significant capital outflow
- iv) Other business condition(s) which, in the opinion of the Board, requires re-investing the profits of the Company
- v) Significant de-growth in the overall business
- vi) The Company has been prohibited to declare dividends by any regulatory authority
- vii) Any other special circumstances due to which dividend distribution is not possible

#### **B. Financial Parameters:**

While determining the quantum of dividend, the Board shall, *inter-alia*, consider the following financial parameters:-

- i) Profit After Tax considering exceptional and extraordinary items, write-off of accumulated losses, if any/earning per share
- ii) Accumulated reserves
- iii) Cash flow
- iv) Dividend distributed during the previous years
- v) Capital Expenditure Plan

vi) Contingent Liabilities

C. Factors to be considered while declaring dividend:

The amount of dividend declared by the Board shall be dependent on various Internal and External factors including, but not limited to:-

(i) Internal Factors

- (a) Business Forecast (near to medium term)
- (b) Capital Expenditure/ Working capital requirements of the Company
- (c) Investment in technology/ Other Intellectual Property
- (d) Earning stability
- (e) Availability of liquidity
- (f) Accumulated Reserves
- (g) Acquisition of brands/businesses
- (h) Replacement cost of end-of-lifecycle products

(ii) External Factors

- (a) Statutory provisions, legal requirements, regulatory conditions or restrictions laid down under applicable laws
- (b) Prevailing macro-economic environment
- (c) Prevailing taxation structure including any amendments expected thereof
- (d) Re-investment opportunities

Dividend will generally be declared twice a year, after the approval of the Audited Financial Statement and shall be subject to approval of shareholders at the Annual General Meeting (AGM).

**4. Utilization of Retained Earnings**

Subject to the applicable regulations, retained earnings may be applied for:

- i) Repayment of loans
- ii) Capacity Expansion
- iii) Replacement of Capital Assets
- iv) Diversification of business

- v) Declaration of Dividend
- vi) Buy-back of Shares/Capital Reduction
- vii) Other permissible purposes

## **5. Parameters that shall be adopted with regard to various classes of shares**

This is not applicable, as the Company has only one class of shares i.e. Equity Shares having Face Value of Rs. 10 each. All members of the Company are entitled to receive same amount of dividend per share.

## **6. Dividend payment method**

The Company shall use any of the electronic modes of payment approved by the Reserve Bank of India for the payment of dividend.

Also, where Bank account details of shareholder(s) are not available, 'payable-at-par' warrants or cheques will be issued.

## **7. Disclosure:**

This policy shall be available on Company website [www.shrirampistons.com](http://www.shrirampistons.com).

However, if the Company declares dividend on the basis of parameters in addition to above, such parameters shall be disclosed on the website as well as in the Annual Report of the Company.

## **8. General**

This Policy is subject to revision/amendment in accordance with the guidelines or any amendment, as may be issued by the Ministry of Corporate Affairs, SEBI or other regulatory authority, or any other amendment, as the Board may deem fit.

## **9. Cautionary Statement**

Factors stated in this policy may be forward looking factors. It does not solicit investment in the Company's shares nor is it an assurance of guaranteed returns (in any form), for investments in the Company's shares.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances contained in this Policy and other factors as decided by the Board.