



**Effective** : **October 25, 2016**  
**Supersedes** : **None**

**Dividend Policy**

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**1. Introduction**

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board (*as defined hereinafter*) of PI Industries Limited, vide its resolution dated October 25, 2016 has approved and adopted this Dividend Distribution Policy.

**2. Definitions and Interpretation**

**2.1 Definitions**

- (i) "AGM" shall mean the Annual General Meeting held by the Company as required under Section 96 of the Companies Act.
- (ii) "Board" or "Board of Directors" shall mean the board of directors of the Company as constituted from time to time.
- (iii) "Companies Act" shall mean Indian Companies Act, 2013 along with the rules and regulations framed therein, as amended, modified, supplemented or re-enacted from time to time and shall include any applicable provisions of the Companies Act, 1956 along with the rules and regulations framed therein, which have not been superseded by the relevant provisions of the Companies Act, 2013, as on the relevant date.
- (iv) "Company" shall mean PI Industries Limited.
- (v) "Distributable Profits" shall mean such part of the Net Profits of the Company available for distribution to the Members by the Company post, *inter alia*, transferring certain amount of the profits to the reserves of the Company, as may be decided by the Board.
- (vi) "Dividend" shall mean a share of the Distributable Profits of the Company distributed to the Members out of profits or reserves available for the purpose and, in the context of this Policy, includes Interim Dividend, if any.
- (vii) "Financial Year" shall mean the financial year of the Company commencing from April 1<sup>st</sup> of a calendar year and ending on March 31<sup>st</sup> of the subsequent calendar year.
- (viii) "Free Reserves" shall mean the reserves of the Company as defined in Section 2(43) of the Companies Act.

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- (ix) “Interim Dividend” shall mean those Dividends that are declared by the Board at any time before the AGM.
- (x) “Member” shall mean any person who holds the equity shares of the Company and whose name is entered either in the register of members of the Company or in the records of the depository as a beneficial owner in respect of the shares of the Company held by him/it.
- (xi) “Net Profit” shall mean profit as determined by the Board after providing for the depreciation in accordance with the provisions of Section 123 (2) of the Companies Act and taking into account the applicable taxes.
- (xii) “Policy” shall mean the Dividend Distribution Policy of the Company as provided herein, as amended from time to time.
- (xiii) “Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, issued by the Securities and Exchange Board of India, as amended from time to time.

### **2.2 Interpretation**

Unless the context of this Policy otherwise requires:

- (i) words and expressions used in this Policy and not defined herein but defined in the Companies Act or the Regulations shall have the meaning respectively assigned to them in the Companies Act and/or the Regulations, as the context may require;
- (ii) words using the singular or plural number also include the plural or singular number, respectively; and
- (iii) reference to the word “include” shall be construed without limitation.

### **3. Objective of the Policy**

To lay down the broad principles to be followed by the Company for determining the Dividends to be paid in a Financial Year. The dividend policy of the Company balances the objectives of rewarding the Members through dividends and retaining capital to invest in the growth of the Company.

### **4. Payment of Dividend**

To meet the objective of policy and taking into consideration, past trends, future growth plans and any other internal & external factors, the Company may maintain a dividend pay-out (including Dividend Distribution tax) upto 20% in each financial year.

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The Board will consider recommending payment of Dividend in, *inter alia*, the following circumstances:

- (i) If the Company has sufficient Distributable Profits at the end of the Financial Year taking into consideration the performance of the Company and other factors listed in Paragraph 5 of this Policy.
- (ii) If the Company does not have sufficient Distributable Profits in any Financial Year, the Board may at its discretion recommend payment of Dividend out of the Free Reserves of the Company in accordance with the Companies Act. However, it is clarified that no Interim Dividend shall be paid out of the Free Reserves of the Company.
- (iii) The procedure and manner of payment of Dividend and declaration/disclosure thereof shall be as prescribed by the Companies Act and the Regulations.

### **5. Internal and External Factors**

In addition to the performance of the Company and the Net Profits earned by the Company, the following and any other factors of similar nature, being a combination of internal and external factors impacting the business of the Company, may affect the declaration of Dividends:

- (i) On-going projects of the Company – In order to finance any on-going projects of the Company including technological advancements, the Company may require adequacy of funds and hence some portion of the Net Profits may be retained as per the Company's requirements.
- (ii) Expansion plans and capital requirements of the Company – The Board may from time to time determine the future growth and expansion plans of the Company, which may require cash outflow and accordingly some portion of the Net Profits may be retained on a yearly basis.
- (iii) Liquidity position of the Company – In case the earnings of the Company are not represented/held in cash, the liquidity position of the Company may be taken into consideration for determining the payout of Dividend by the Company.
- (iv) Repayment, leverage and debt/equity ratio – The Company may retain certain profits as retained earnings in the Free Reserves or in the form of cash and cash equivalents to meet its obligations in relation to the borrowings of the Company and/or to comply with, *inter alia*, covenants (such as debt/equity ratio) pursuant to the financing documents.



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- (v) Past dividend payment trend - The Board will take into account dividends paid by the Company in the last five years as also those declared by its competitors and other leading companies.
- (vi) Creation of reserves and funds – If the Company is required to set aside a portion of its Net Profits every year as contribution to any reserves or funds in compliance with the Companies Act (whether for redemption of preference shares or repayment of loans and debentures), the same shall be done prior to determining the Dividends.
- (vii) Management practice – As per prudential governance and management practices, the Company may also be required to maintain liquidity for meeting non-recurring and contingent liabilities such as invocation of any guarantees, settlement of any litigation/dispute, payment of damages to a contracting party or payment of penalties to any governmental authority.
- (viii) Legal restriction and Taxes – Legal restrictions with respect to payment of dividends and the quantum of corporate taxes payable on dividends may also affect the dividend payout by the Company.
- (ix) Macroeconomic condition - Market and economic conditions affecting the business of the Company, and the market sentiment with respect to the Company, will also govern the Dividend payout ratio.

**6. Utilization of Retained Earnings**

The Company will endeavor to utilize Retained Earnings for business requirements including, but not limited to, working capital, investments, expansions, acquisitions, etc.

**7. Exclusions**

Notwithstanding anything contrary contained herein, this policy shall not be applicable in relation to:

- (i) Determination and declaration of Dividend on preference shares which may be issued by the Company from time to time.
- (ii) Any distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.
- (iii) Distribution of dividend in kind, *i.e.* by issue of fully or partly paid bonus shares or other securities.



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**8. Publication**

This Policy, including any amendments made to it shall be disclosed on the website of the Company and a link thereto shall be provided in the Annual Report published by the Company.

**9. Powers of the Board**

The Board has absolute discretion to determine Dividends based on parameters and circumstances apart from those mentioned in paragraphs 4-6 above.

**10. Applicable Laws**

In case the provisions of this Policy are in conflict with the provisions of the applicable law (including provisions of the Companies Act or the Regulations), the provisions of the applicable law shall supersede the provisions of this Policy and the Company shall be entitled to act in accordance with such provisions of this Policy. All actions taken by the Company in accordance with such applicable laws shall be deemed to be in consonance with this Policy.

**11. Review of Policy**

This Policy shall be subject to review as may be deemed necessary and in accordance with any statutory or regulatory requirements. The Board may also, at its discretion, amend, supplement or modify this Policy from time to time.