

PRINCE PIPES AND FITTINGS LIMITED

DIVIDEND DISTRIBUTION POLICY

Approved by: Board of Director

Approved on: February 11, 2020

Dividend Distribution Policy

I) POLICY

The Board of Directors of the Company (“the Board”) at its meeting held on February 06, 2020 has approved and adopted the dividend distribution policy of the Company.

The Policy of the Company is effective from February 06, 2020.

II) PREAMBLE

The Securities Exchange Board of India (“SEBI”) on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“Regulations”), which requires the top 500 listed companies (by market capitalisation) to formulate and disclose a Dividend Distribution Policy in the annual report and on the corporate website.

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

III) OBJECTIVE

This Policy aims to ensure that the Company makes rationale decision with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company’s growth, to meet its long-term objective and other purposes.

This Policy lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/ declaration of Dividend to its shareholders.

IV) DEFINITIONS:

- a. **Act**” means the Companies Act, 2013 and rules made there under [including any amendments or re-enactments thereof]
- b. **“Applicable laws”** shall mean to include Companies Act 2013 and rules made there under, [including any amendments or re-enactments thereof], Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any amendments or re-enactments thereof], and any other regulation, rules, acts, guidelines as may be applicable to the distribution of dividend.
- c. **“Board” or “Board of Directors”** shall mean Board of Directors of the Company, as constituted from time to time.
- d. **“Company”** shall mean Prince Pipes and Fittings Limited.
- e. **“Dividend”** includes any interim dividend; which is in conformity with Section 2(35) of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014.
- f. **“Financial year”** shall mean the period starting from 1st day of April and ending on the 31st day of March every year,
- g. **“Free reserves”** shall mean the free reserves as defined under Section 2 (43) of the Act.

V) PARAMETERS TO BE CONSIDER FOR DECLARATION OF DIVIDEND

A) Internal/Financial Parameter

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/declaration of dividend:

- i. Performance of the Company and size of net profits earned by it during the financial year
- ii. Capital expenditure and working capital requirements
- iii. Financial commitments w.r.t. the outstanding borrowings and interest thereon.
- iv. Financial requirement for business expansion and/or diversification, acquisition. etc. of new businesses.
- v. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- vi. Track record of Dividends distributed by the Company

B) External Parameter

The Board shall consider the below mentioned external parameters for the purpose of recommendation/declaration of dividend:

- i. Applicable laws and Regulations including taxation laws.
- ii. Economic conditions
- iii. Prevalent market practices

C) Circumstances Under Which the Shareholders of the Company may or may not expect Dividend

The shareholders of the Company may not expect dividend under the following circumstances, which are inclusive but not to the discretion of the Board:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cashflow available for distribution.
- iv. In the event of inadequacy or absence of profits

D) Manner of Utilisation of Retained Earnings.

The Board of Directors of the Company may recommend/declare dividend out of the profits of the Company or out of the profits for any previous year or years or out of Free reserves available for distribution of dividend, after consideration of the Parameters as stated above. The Company shall ensure compliance with the requirements in this respect as laid down under the provisions of Section 123 of the Act and other Applicable laws.

E) Dividend Pay-Out Ratio.

Dividend for every financial year shall be decided by Board considering various statutory requirements, financial performance of the company and other internal and external factors enumerated earlier in the policy.

VI) GENERAL

i. Pursuant to the provisions of Section 123 of the Act, Articles of Association of the Company and this Policy, the Board of Directors shall recommend the final dividend, which shall be declared by the Shareholders of the Company at the Annual General Meeting.

ii. The Board may also, from time to time, in its discretion, declare interim dividend.

It is provided that the Interim Dividend(s) and Final Dividend shall be within the Dividend Pay-out ratio as stated in Para V(E) above.

iii. The Board may, declare/ recommend Special Dividend to commemorate any special occasion, which may be over and above dividend payout ratio as stated in Para V(E) above. The Special Dividend shall be subject to confirmation by the Shareholders at the Annual General Meeting.

iv. The Company shall ensure compliance with the Applicable laws w.r.t. payment of dividend to the shareholders. It shall ensure that the amount of the dividend is deposited by the Company in a Scheduled bank in a separate account within five days from the date of declaration of such dividend.

v. Due regard shall be given to the restrictions/covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any other arrangement/ agreement, if any, before recommending or distributing dividend to the shareholders.

VII) DISCLOSURES

The Policy shall be disclosed by the Company in its annual report and on its website (www.princepipes.com)

VIII) REVIEW

The Board of Directors shall have the right to review, modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Act, relevant rules framed thereunder, the Listing Regulation, other applicable legislation governing dividends and the Articles of Association of the Company, as in force, and as amended, from time to time.