

PRINCE PIPES AND FITTINGS LIMITED

DIVIDEND DISTRIBUTION POLICY

POLICY

The Board of Directors of the Company ("the Board") at its meeting held on February 11, 2020 has approved and adopted the dividend distribution policy of the Company.

1. REGULATORY FRAMEWORK

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as introduced by the Securities and Exchange Board of India ("SEBI") vide Notification dated July 8, 2016 and subsequently amended vide Notification dated May 5, 2021, every listed entity falling within the top 1,000 listed entities based on market capitalisation is required to formulate a Dividend Distribution Policy and disclose the same in its Annual Report and on its website.

Accordingly, as the Company falls within the top 1,000 listed entities based on market capitalisation, this Dividend Distribution Policy ("Policy") has been formulated in compliance with the requirements of Regulation 43A of the SEBI Listing Regulations.

The Company presently has only one class of shares, namely equity shares, and accordingly, this Policy is applicable to the distribution of dividends on such equity shares. In the event the Company issues any other class of shares in the future, the Policy shall be reviewed and amended, if considered necessary, to ensure compliance with the applicable legal and regulatory requirements.

2. OBJECTIVE

The objective of this Policy is to establish the guiding principles and parameters to be considered by the Board of Directors of the Company while recommending or declaring dividends. The Policy aims to ensure a fair, transparent, consistent and sustainable approach to strike an optimum balance between rewarding shareholders through dividend and retaining adequate earnings to support the company's future growth, capital expenditure, working capital requirements and other business needs.

3. DEFINITIONS

- a. **Act** means the Companies Act, 2013 and rules made thereunder [including any amendments or re-enactments thereof]
- b. **"Applicable laws"** shall mean to include Companies Act 2013 and rules made thereunder, [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.

4. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The shareholders of the Company may expect dividend only if the company is having surplus funds after providing for all the expenses, depreciation etc. and after complying with the statutory requirements under the applicable laws.

The shareholders of the Company may not expect dividend under the following circumstances, subject to the discretion of the Board:

- i. the Company has inadequacy of profits or incur losses for the financial year;
- ii. the Company undertakes/proposes to undertake a significant expansion project requiring higher allocation of capital;
- iii. the Company undertakes/proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital;
- iv. the Company has significantly higher working capital requirement affecting free cash flow;
- v. the Company proposes to utilize surplus cash for buy-back of securities;
- vi. the Company is prohibited to recommend/declare dividend by any regulatory body.

5. PARAMETERS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND

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

A) Internal/Financial Parameter

PRINCE PIPES AND FITTINGS LIMITED

Mfg. & Exporters of UPVC, CPVC, PPR & HDPE Pipes, Fittings and Valves

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Regd. Off.: Plot No. 1, Honda Industrial Estate, Phase II, Honda Sattari, Honda - 403 530, Goa, India.

CIN: L26932GA1987PLC006287

- i. Profits earned and available for distribution during the financial year
- ii. Accumulated reserves, including retained earnings
- iii. Cash flow position of the Company
- iv. Future Capital expenditure requirements of the Company
- v. Current and projected Cash Balance and Company's working capital requirements
- vi. Financial commitments w.r.t. the outstanding borrowings and interest thereon.
- vii. Financial requirement for business expansion and/or diversification, acquisition. etc. of new businesses.
- viii. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- ix. Track record of Dividends distributed by the Company

B) External Parameter

- i. Changes in Government policies and regulatory provisions
- ii. Economic conditions, both domestic and global
- iii. Unfavorable market conditions
- iv. Cost of external financing
- v. Applicable taxes

Considering the various financial, internal and external parameters set out in this Policy, the Company shall endeavour to maintain a dividend payout ratio generally in the range of 5% to 20% of the Profit After Tax ("PAT") for the relevant financial year, subject to applicable laws and the financial and business requirements of the Company.

6. UTILISATION OF RETAINED EARNINGS

The Company shall endeavour to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. The Company may utilise the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

In the event of inadequacy or absence of profits in any financial year, the Board may, subject to the applicable laws, consider the declaration of dividend out of the free reserves, after taking into consideration the financial position, business requirements and other parameters set out in this Policy.

7. CONFLICT WITH APPLICABLE LAW

In the event of any inconsistency or conflict between the provisions of this Policy and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any other applicable law, rules, regulations or statutory guidelines, as amended, modified, re-enacted or substituted from time to time, the provisions of such applicable law, rules and regulations shall prevail to the extent of such inconsistency or conflict.

8. DISCLOSURES

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

9. POLICY REVIEW AND AMENDMENTS

The Policy will be reviewed periodically by the Board. The details of amendments of this Policy are set out below:

Adoption of Policy	Approved by Board on February 11, 2020	Version 1.0
1 st Amendment	Approved by Board on February 3, 2021	Version 2.0
2 nd Amendment	Approved by Board on August 4, 2026	Version 3.0