

POLYPLEX CORPORATION LIMITED

Dividend Distribution Policy

1. INTRODUCTION

The objective of Dividend Distribution Policy is to lay down guiding principles for declaration of Dividend while striking a balance between profits earned and dividend payout, expectations of shareholders and adhering to legal provisions contained in the Companies Act, 2013 (“the Act”) and Rules framed thereunder, as amended from time to time.

This Policy is framed by the Board of Directors voluntarily.

The policy shall come into force for accounting periods beginning from April 1, 2017.

2. TYPES OF DIVIDEND AND DECLARATION

The Companies Act, 2013 provides for declaration of two types of Dividends viz. Interim and Final.

a) Interim Dividend

The Board of Directors of Company may declare Interim Dividend during any financial year out of the surplus in the profit and loss account and/ or out of the profits of that financial year or both.

b) Final Dividend

Final Dividends will be recommended by the Board once a year, at the time of consideration of annual financial results out of the profits of the Company for current year or out of surplus in the profit and loss account of the Company for any previous financial years or out of both, as may be permitted under the Act.

Dividend would be declared on per share basis on the Equity Shares of the Company.

3. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

Dividend shall be declared or paid by Company for any financial year only out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of Schedule II to the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation as aforesaid, and remaining undistributed or out of both.

Before declaration of any dividend in any financial year, the Board may transfer such percentage of its profits for that financial year as it may consider appropriate to the Reserves of the Company.

In the event of inadequacy or absence of profits in any financial year, Company may propose to declare dividend out of the accumulated profits earned by it in previous years and transferred by the Company to the Reserves provided that such declaration of dividend shall not be made except in accordance with such Rules as may be prescribed by the Ministry of Corporate Affairs, Government of India in this behalf.

No dividend shall be declared or paid from its Reserves other than 'Free Reserves'.

So long as there is non-compliance of provisions relating to payment of interest and public deposits, as contained in Sections 73 and 74 of the Act and so long as such failure/ non-compliance continues, Company shall not declare or pay any dividend.

The circumstances under which shareholders may / may not expect dividend would further depend upon certain factors mentioned in Clause 4 and 5 below.

4. FINANCIAL PARAMETERS GOVERNING DECLARATION OF DIVIDEND

As in the past, subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements, maintaining liquidity levels and taking into account optimal shareholder return.

Within these parameters, the Company would endeavor to maintain a total dividend pay-out (including Corporate Dividend Tax – CDT) upto 20% of the annual consolidated Profits after Tax (PAT).

5. FACTORS GOVERNING DECLARATION OF DIVIDEND

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

A. INTERNAL FACTORS:

- i. Profits earned during the financial year as compared with:
 - a. Previous years, and
 - b. Internal budgets
- ii. Cash flow position of the Company
- iii. Accumulated reserves
- iv. Earnings stability
- v. Future cash requirements for organic growth/expansion and/or for inorganic growth
- vi. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities
- vii. Deployment of funds in short term marketable investments

- viii. Long term investments
- ix. Planned Capital expenditure(s)
- x. The ratio of debt to equity (at net debt and gross debt level)
- xi. Negative covenants contained in the financing documents
- xii. Any other factors, as deemed relevant by the Board

B. EXTERNAL FACTORS:

- i. Business cycles
- ii. Economic environment
- iii. Cost of external financing
- iv. Applicable taxes including tax on dividend
- v. Industry outlook for the future years
- vi. Inflation rate
- vii. Changes in the Government policies, industry specific rulings & regulatory provisions
- viii. Any other factors, as deemed relevant by the Board

Apart from the above, the Board will also consider past dividend payment history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of regulatory and/or financial challenges. In such an event, the Board will provide a rationale for the decision in the Annual Report.

6. UTILISATION OF RETAINED EARNINGS

The portion of profits not distributed among the shareholders but retained and used for business is termed as retained earnings. It is also referred to as ploughing back of profits. The Company would try to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. These earnings may be utilized for internal financing of its projects as well as for working capital needs. Thus the retained earnings shall be utilized for carrying out the main objectives of the Company and maintaining adequate liquidity levels.

Retained earnings may also be utilized for other purposes permitted under the law.

7. PARAMETERS FOR VARIOUS CLASSES OF SHARES

The Company currently has not issued any other class of shares except Equity. Therefore, dividend declared will be distributed amongst all equity shareholders in proportion to their shareholding on the 'Record date' fixed for this purpose.

8. PROCEDURE

The Chief Financial Officer in consultation with the Chief Executive Officer of the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of Directors of the Company.

The Agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal.

Pursuant to the provisions of applicable laws and this Policy, the Final Dividend recommended by the Board of Directors, will subject to the shareholders' approval, at the ensuing Annual General Meeting.

The Company shall ensure compliance of provisions of applicable laws and this policy in relation to Dividend declared by the Company.

9. DISCLOSURE

The policy will be posted on the Company's website.

10. REVIEW / AMENDMENT

This policy may be reviewed by the Board when deemed necessary.

This Policy has been approved by the Board of Directors in its meeting held on 25th July, 2017.

Place : Noida

Date : 25-July-2017