



Piramal Enterprises Limited

DIVIDEND DISTRIBUTION POLICY OF PIRAMAL ENTERPRISES LIMITED

APPROVED BY THE BOARD OF DIRECTORS ON FEBRUARY 13, 2017

1. Regulatory Framework

The Securities and Exchange Board of India (“SEBI”) on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

Piramal Enterprises Limited (‘PEL’) being one of the top five hundred listed companies as per market capitalization as on the last day of the immediately preceding financial year, has framed this policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. Circumstances under which the Shareholders of the Company may or may not expect Dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. Proposed expansion plans requiring higher capital allocation
- ii. Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches, etc. which requires significant capital outflow
- iii. Requirement of higher working capital for the purpose of business of the Company
- iv. Proposal for buy-back of securities or other corporate actions
- v. In the event of loss or inadequacy of profit

However, the final decision for declaring dividend vests with the Board, who may, decide to declare dividend despite existence of the above circumstances.

3. The financial parameters that shall be considered while declaring dividend

The dividend pay-out decision of the Board depends upon the following financial parameters

- i. Operating cash flow of the Company
- ii. Profit earned during the year
- iii. Profit available for distribution
- iv. Earnings Per Share (EPS)
- v. Likelihood of crystalization of contingent liabilities, if any
- vi. Creation of contingency fund
- vii. Cost of external financing
- viii. Past dividend payout ratio / trends

These are general indicative financial parameters. The Board may consider other financial parameters which may not be covered above.

4. Internal and external factors that shall be considered for declaration of dividend

Internal factors

- i. Working capital requirements
- ii. Capital expenditure requirement
- iii. Business expansion and growth
- iv. Capital required for Financial Services Business
- v. Additional investment in subsidiaries and associates of the company
- vi. Upgradation of technology and physical infrastructure
- vii. Acquisition of brands and business
- viii. Financial parameters referred to above.

External factors

- i. Economic environment
- ii. Capital markets
- iii. Global conditions
- iv. Statutory provisions and guidelines

The Board may consider other internal and external factors, which may not be covered above.

5. Utilization of Retained Earnings

The Board may retain its earnings in order to make better use of the available funds and/or increase shareholder value. The decision of utilization of the retained earnings of the Company will be based on the following factors:

- i. Market expansion plan
- ii. Product expansion plan
- iii. Increase in production capacity
- iv. Modernization plan
- v. Diversification of business
- vi. Mergers & Acquisitions

The Board may also consider other factors on the basis of which profits may be retained in the business.

6. Parameters that shall be adopted with regard to various classes of shares

Since the Company has issued only one class of equity shares in its paid up share capital, with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. Specific parameters to be adopted for any other classes of shares that may be issued in future, shall be adopted at that time.

7. Disclosures

The Dividend Distribution Policy shall be disclosed in the Annual Report and will also be available on the website of the Company i.e. at www.piramal.com
