

## **INDO COUNT INDUSTRIES LIMITED**

### **DIVIDEND DISTRIBUTION POLICY**

#### **1. Introduction & Preamble**

Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top five hundred listed entities based on market capitalization (calculated as on March 31 every financial year) are required to formulate a Dividend Distribution Policy. Accordingly, this Dividend Distribution Policy of Indo Count Industries Limited (“the Company”) is framed to outline guiding factors, parameters and procedures for recommendation and distribution of dividend.

This policy is effective from 11<sup>th</sup> February, 2017.

#### **2. Definitions & Interpretations**

In this Policy, except where the context otherwise requires, the following words and expressions shall have the following meaning.

“**Act**” means Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“**Listing Regulations**” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Company**” means Indo Count Industries Limited.

“**Board or Board of Directors**” means Board of Directors of the Company as defined under the Companies Act, 2013.

“**Dividend**” includes Final and / or any Interim Dividend and / or special dividend.

“**Free reserves**” means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend:

Provided that—

(i) any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or

(ii) any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value,

shall not be treated as free reserves;

**"Shares" or "Equity Shares"** means the exiting equity shares and equity shares as may be allotted by the Company from time to time.

The words importing the singular include the plural and *vice versa* and pronouns importing a gender include each of the masculine, feminine and neuter genders and shall be interpreted in the wide sense in spirit of this Code.

### **3. Circumstances under which shareholders may or may not expect dividend & Dividend Policy**

The decision regarding Dividend Pay-out determines the distribution of profits among shareholders of the Company and the amount of profit to be retained in business. The Board has the discretion to recommend dividend keeping in mind business considerations, internal and external factors, distributable surplus as per Companies Act, 2013, expansion and growth plans. The decision of the Board shall seek to balance the dual objective of appropriately rewarding shareholders through dividend and retaining profits to support future growth.

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

- Proposed expansion plans
- Decisions to undertake acquisition, amalgamation, merger, joint ventures, new product launches which requires significant capital outflow
- Requirement of higher working capital for business purpose
- Proposal for buy back of securities
- In the event of loss or inadequacy of profits

### **4. Financial parameters, Internal & external factors to be considered for declaring dividend**

While recommending dividend, the Board shall consider following financial parameters, internal & external factors:

- a) Distributable profits available as per Companies Act, 2013

- b) Cash flow generation
- c) Revenue, Cash Profit and Net Worth
- d) Company's liquidity position and future cash flow needs
- e) Cost of borrowings / financing
- f) Future business growth and expansion plans, capacity expansion
- g) Capital Expenditure
- h) Likelihood of crystalization of contingent liabilities, if any
- i) Creation of Contingency Fund
- j) Past Dividend Pay-out ratios of the Company Dividend & Dividend Pay-out ratios of peers
- k) Acquisition of brands / Business
- l) Additional Investment in subsidiaries and associate companies
- m) Upgradation of technology & physical infrastructure
- n) Economic Environment, Capital Markets and Business Conditions in general
- o) Change in statutory provisions and guidelines with respect to dividend distribution, prevailing taxation policy or any amendments thereof pertaining to dividend.
- p) Stipulations/covenants of loan agreements
- q) Cost and availability of alternative sources of financing
- r) Bankruptcy of major customers, stricture of public liability and similar aspects affecting to the business or profit of the Company
- s) Any other relevant factors as the Board may deem fit

## **5. Utilization of retained earnings**

The retained earnings can be utilized for following purposes:

- a) Funding organic and inorganic growth needs including working capital, repayment of debt
- b) Capacity expansion/ expansion plans
- c) Modernization of existing capacity
- d) Purchase of new equipments or replacement of capital assets
- e) Payment of dividend in future years
- f) Issue of bonus shares
- g) Buyback of shares
- h) Any other purpose as the Board may deem fit

## **6. Procedure**

After considering aforesaid financial parameters and internal & external factors, the Board may at its discretion, declare interim dividend / final dividend. The Company shall follow procedure prescribed under Companies Act, 2013 for payment of dividend.

## **7. Provisions for dividend with regard to various class of shares**

This policy is applicable only for equity shares. The preference shareholders shall receive dividend at the fixed rate as per the terms of issue.

## **8. Clarifications, Amendments**

This Policy has been framed in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In case of any amendment in the Regulations, direction or clarification by SEBI, provision of this Policy shall be read and implemented in context of such amended or clarified positions.

The Board may from time to time review and amend any provisions of this policy.

## **9. Disclaimer**

This policy neither solicit investment in Company's securities nor is an assurance of guaranteed return for investment in equity shares of the Company.