

## **1. INTRODUCTION**

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations). Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of 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, which shall be disclosed in its Annual Report and on its website.

Regulation 43A of the Listing Regulations makes it mandatory for the top five hundred listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate Dividend Distribution Policy.

CCL Products (India) Limited (the “Company”) being one of the top five hundred listed companies as per the criteria mentioned above, the Company has approved and adopted this Dividend Distribution Policy (the “Policy”) at its meeting held on 01<sup>st</sup> February, 2017, being the effective date of the Policy.

### **OBJECTIVE**

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion, modernisation or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these needs.

The objective of this policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes.

The Board of Directors will refer to the policy while declaring/recommending dividends on behalf of the Company. Through this policy, the Company would endeavour to maintain a consistent approach to dividend pay-out plans.

### **DEFINITIONS**

The terms referred to in the policy will have the same meaning as defined under the Act and the Rules made thereunder, and the SEBI Regulations.

### **PARAMETERS / FACTORS TO BE CONSIDERED BEFORE DECLARING DIVIDEND**

The dividend pay-out decision of the Board depends upon the following financial parameters and internal and external factors:

## **1. FINANCIAL PARAMETERS AND INTERNAL FACTORS:**

The financial parameters and internal factors which would be considered while declaration of dividend by the Board are as follows:

- i) Operating cash flow of the Company
- ii) Profit earned during the year
- iii) Profit available for distribution
- iv) Earnings Per Share (EPS)
- v) Working capital requirements
- vi) Capital expenditure requirement
- vii) Business expansion and growth
- viii) Likelihood of crystalization of contingent liabilities, if any
- ix) Additional investment in subsidiaries and associates of the company
- x) Up gradation of technology and physical infrastructure
- xi) Creation of contingency fund
- xii) Acquisition of brands and business
- xiii) Cost of Borrowing
- xiv) Past dividend payout ratio / trends

## **2. EXTERNAL FACTORS**

Certain external factors could compel the Board of the Company to reflect on the dividend payout for any financial year of the Company. Some of the external factors affecting the Company's dividend payment are:

- i) Economic Environment
- ii) Dividend payout ratios across Industries.
- iii) Statutory provisions and guidelines
- iv) Capital Markets
- v) Inflation rate
- vi) Industry outlook for future years
- vii) Taxation

## **PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

The Company presently has only 1 (one) class of shares, i.e. Equity Shares. Hence, the parameters which are required to be adopted for various classes of shares do not apply to the Company. This Policy is subject to review and the Board shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

## **CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

The shareholders of the Company may not expect dividend in the following circumstances, subject 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. When Company's liquidity is jeopardized for any reason, impairing its ability to pay the dividend.
- iv. In the event of loss or inadequacy of profits.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board.

The Company will take a decision on the dividend distribution keeping all external and internal factors in view and duly adopting a judicious balance between directly rewarding the shareholders through dividend declaration on the one hand and increasing shareholder's wealth in future through appropriate retention of projects and its realisation for sustainable growth, on the other.

### **HOW THE RETAINED EARNINGS WILL BE UTILISED**

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 retained earnings of the Company may be used in any of the following ways:

1. Capital expenditure for working capital;
2. Organic and/or inorganic growth;
3. Investment in new business(es) and/or additional investment in existing business(es);
4. Declaration of dividend;
5. Capitalization;
6. Buy back of shares;
7. General corporate purposes, including contingencies;
8. Correcting the capital structure;
9. Such other criteria's as the Board may deem fit from time to time; or
10. Any other usage as permitted under applicable laws / regulations.

### **CONFLICT IN POLICY**

In the event of a conflict between this policy and the statutory provisions, the statutory provisions shall prevail.

### **MODIFICATION OF THE POLICY**

The Board is authorised to change or amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Act, the Regulations, or any other applicable law.

The modifications, if any, made to the policy shall be disclosed on the website and in the Annual Report.

## **DISCLOSURES**

The Company shall make appropriate disclosures as required under the Listing Regulations and the Companies Act, 2013.

The Policy shall be disclosed in the Company's Annual Report and on the website ([www.cclproducts.com](http://www.cclproducts.com)) of the Company.

In case, the Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, the Company shall disclose such changes along with the rationale in its Annual Report and on its website.

## **REVIEW OF POLICY:**

The Policy may be amended, as and when deemed fit. The Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/ Acts /Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws/ Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## **AMENDMENTS TO THE POLICY**

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

In case of any amendment(s), clarification(s), circular(s) etc., issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendments, clarification(s), circular(s) etc., shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## **DISCLAIMER**

This policy shall not be construed as a solicitation for investments in the Company's securities and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.

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