



**THE PHOENIX MILLS LIMITED**  
**DIVIDEND DISTRIBUTION POLICY**

Version 2.0	August 08, 2023
Version 1.0	February 14, 2017



**1. Background and applicability**

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”), top 1000 listed companies (by market capitalisation) are required to formulate a Dividend Distribution Policy which shall be disclosed in their Annual Report and on their corporate website. Since the Company is one of the top one thousand listed companies as per the market capitalization prescribed and in line with the above statutory requirement, the Board of Directors of The Phoenix Mills Limited (‘the Company’) have adopted the Dividend Distribution Policy (hereinafter referred to as ‘the Policy’). The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Policy also ensures the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes, in the interest of providing transparency to the shareholders.

**2. Effective Date**

The Policy shall become effective from the date of its adoption by the Board i.e. February 14, 2017.

**3. Dividend Distribution Philosophy**

The philosophy of the Company is to maximize the shareholders’ wealth in the Company and is deeply committed to driving superior value creation for all its stakeholders through various means. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

**4. Type of Dividend and Manner of Dividend Payout**

Dividend is the amount paid by the Company out of profits, to its Shareholders in proportion to the amount paid up on the shares held by the shareholders. As per the provisions of the Companies Act, 2013, the dividend can be paid as interim or final.

The given below is a summary of the process of declaration and payment of dividends, and is subject to applicable regulations:



**Interim Dividend –**

- a. Interim dividend, if any, shall be declared by the Board.
- b. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend
- c. The interim dividend can be declared by the Board of Directors one or more times in a financial year and normally, the Board may consider the declaration of interim dividend after the finalization of the quarterly/half yearly financial statements of the Company.
- d. The interim dividend, if declared, shall be paid to the eligible shareholders, as per provisions of the Companies Act, 2013, SEBI Regulations and other laws, to the extent applicable. First interim dividend, if any, may be declared in the Board Meeting convened for approving financial statements for the 2nd quarter/half – year, and 2nd interim dividend, if any, may be declared at the time of approving financial statements for the 3rd quarter of the financial year.
- e. In case no final dividend is declared by the Company, interim dividend paid during the financial year, if any, shall be considered as final dividend at the Annual General Meeting of the Company.
- f. The payment of Interim dividend shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable laws.

**Final Dividend**

- a. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company at the Annual General Meeting of the Company. The declaration of final dividend, if any, shall be included in the ordinary business items to be transacted at the Annual General Meeting of the Company.
- b. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- c. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.



**5. Parameters considered for declaration of Dividend**

The Policy lays down parameters that will be followed by the Board of Directors of the Company in striking a right balance each year between the amount of Net Profit after Tax to be retained in the business and the amount of Net Profit after Tax earmarked for distribution as dividend to reward shareholders of the Company. The Company intends to follow these parameters in a consistent manner to ensure fair rewards for its shareholders each year while ploughing back adequate funds in the business to enable the Company to consolidate its financial strength and earn adequate distributable profit to reward its shareholders consistently.

In line with the philosophy stated above, the Board of Directors of the Company shall consider the following parameters before declaring or recommending dividend to shareholders:

**A) Financial Parameters and Internal Factors:**

- a. Financial performance including profits earned (both standalone and consolidated), available distributable reserves etc;
- b. Working Capital requirement
- c. Capital Expenditure requirement
- d. Cost and availability of alternative sources of financing
- e. Resources required to fund acquisitions and/or new businesses
- f. Cash flow required to meet contingencies and unforeseen events
- g. Outstanding borrowings and debt repayment schedules;
- h. Distributable surplus available as per the Act and Regulations
- i. Past Dividend Trends
- j. Impact of dividend pay-out on Company's return on equity
- k. Any other factor as deemed fit by the Board.

**B) External Factors:**

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- a. Macroeconomic and business conditions in general
- b. Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- c. Dividend pay-out ratios of companies in the same industry.
- d. Stipulations/ Covenants of loan agreements



**6. Circumstances under which the shareholders of the Company may or may not expect dividend**

The Board shall consider the factors provided above, before deciding on any dividend pay-out after analyzing the prospective opportunities and threats, viability of the options of dividend pay-out or retention etc. The decision of dividend pay-out shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

In line with Dividend Philosophy of the Company, there may be certain circumstances under which the shareholders of the Company may not expect dividend, including the circumstances where:

- a. The Company requires significantly higher working capital which adversely impacts free cash flow
- b. The Company is in higher need of funds to undertake any acquisitions or joint ventures requiring significant allocation of capital;
- c. The Company proposes to utilize surplus cash for alternative forms of distribution such as buy-back of securities; or
- d. The Company has incurred losses or is in the stage of inadequacy of profits.

**7. Utilization of retained earnings**

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The profits retained by the Company (i.e. retained earnings) shall be used for following purposes:

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- Buyback of shares subject to applicable limits
- Payment of Dividend in future years
- Issue of Bonus shares
- Any other permissible purpose

**8. Parameters with regard to various classes of shares**

Presently, the issued and paid-up share capital of the Company comprises of equity shares only. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.



## **9. Reporting and Disclosure**

As prescribed by Regulation 43A of the Listing Regulation, this Policy shall be disclosed on the Company's website and the Annual report.

## **10. General**

This Policy shall be reviewed at least once every 2 years. The Chief Investor Relations Officer and the Company Secretary are jointly authorized to obtain the approval of the Company's Board for amendment of the Policy to give effect to any changes/ amendments notified by Ministry of Corporate Affairs, Securities and Exchange Board of India or any appropriate authority from time to time.

## **11. Modification of the Policy**

The Board is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, SEBI Listing Regulations, 2015 etc.

## **12. Disclaimer**

This Policy should not be treated as a commitment regarding future dividend payout of the Company and represents a general guidance regarding the dividend policy of the Company.

All the stakeholders, including present and prospective investors are cautioned not to place undue reliance on any forward-looking statements in the Policy.

## **13. Contact Details**

Stakeholders/Investors can write to [secretarial@phoenixmills.com](mailto:secretarial@phoenixmills.com) to seek any clarification on this dividend distribution policy.

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