

Welspun Enterprises Limited
(Formerly known as Welspun Projects Limited)

Dividend Distribution Policy

(In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

1. REGULATORY FRAMEWORK

The Securities 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.

Welspun group has preferred to make Dividend Distribution Policies for its listed companies and therefore have requested the Board to consider and frame a policy.

2. OBJECTIVE & PHILOSOPHY

The objective of this Policy is to provide predictability of dividend to the investors and at the same time to enable them to plan for utilization of their income and to ensure the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. Through this Policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans, subject to the applicable laws and conditions.

The philosophy of the Company is to maximise the shareholders’ wealth in the Company 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. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

3. DIVIDEND DECLARATION/PROFIT DISTRIBUTION - CIRCUMSTANCES AND FINANCIAL PARAMETERS

The Board will consider present situation of the Company, internal and external factors influencing performance of the Company, its strategy and business plan for the future. After considering such factors and the growth potential in ploughing back surplus, the Board will endeavor to achieve distribution of an amount of profit subject to maximum of 25% of Profit After Tax for a financial year, on consolidated basis or standalone basis whichever is higher, with equity shareholders (including by way dividend and Dividend Distribution Tax thereon).

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The shareholders may expect dividend in following circumstances:

- 1) The Board will assess the Company's financial requirement, including present and future organic and inorganic growth opportunities and other relevant factors.
- 2) In the circumstances where no material event has occurred affecting the long term business stability of the Company.
- 3) No event has happened which may have long term material effect on the business of the Company. In such circumstances, dividend may be recommended or declared at the discretion of the Board.

4. FACTORS FOR DETERMINING DIVIDEND

In determining the Company's dividend payout, the Board of Directors would consider a variety of factors, including:

A. Internal Factors

- i) Stability / trends of earnings;
- ii) Liquidity of funds;
- iii) Need for additional capital;
- iv) Acquisitions and/or any other potential strategic action;
- v) Expansion of business;
- vi) Past dividend trends;
- vii) Dividend type and time of its payment;

B. External Factors

- i) Prevailing legal requirements, tax rules Government policies, Statutory conditions or restrictions as may be provided under applicable laws;
- ii) State of the industry or economy of the country;
- iii) Capital market scenario;
- iv) Financial covenants stipulated by the lenders;
- v) Covenants in agreement with shareholding group(s);

5. PARAMETERS WITH REGARDS TO VARIOUS CLASSES OF SHARES

The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on equity shares.

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6. UTILIZATION OF RETAINED EARNINGS

The earnings retained by the Company after distribution of dividend to the members may be used, inter alia, to:-

1. Maintain existing operations;
2. Acquisitions, expansion or diversification;
3. Funding organic and inorganic growth
4. Short-term investment in risk-free instruments with moderate returns;
5. Repayment of borrowings;
6. Meet contingent and other liabilities;
7. Issue of Bonus Shares;
8. Investment in Subsidiaries
9. Such other like purposes as may be necessary to achieve growth of stakeholders value

7. AMENDMENTS / MODIFICATIONS

1. This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.
2. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
3. 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 amendment(s), 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.
4. Any difficulty or ambiguity in this Policy will be resolved by the Board of Directors in line with the broad intent of this Policy. The Board may also establish further rules and procedures, from time to time, to give effect to

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the intent of this Policy and further the objective of good corporate governance.

5. When the company proposes to declare dividend on the basis of parameters other than what is mentioned in the policy or proposes to change its dividend distribution policy, the same along with the rationale shall be disclosed.

This Policy is for Financial year 2017-18 onwards.