



# **SREI INFRASTRUCTURE FINANCE LIMITED**

## **Dividend Distribution Policy**

[Pursuant to Regulation 43A of the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

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*Date: November 05, 2016*

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## 1. PREAMBLE

The Securities Exchange Board of India (SEBI) vide Notification dated 8th July, 2016 amended the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (by inserting Regulation 43A, which mandates top 500 Listed Companies, based on market capitalization (calculated as on March 31 of every financial year)) (“Listing Regulations”) to formulate a Dividend Distribution Policy, which shall be disclosed in their Annual Reports and on their websites.

## 2. OBJECTIVE

In Compliance with Regulation 43A of the Listing Regulations, the Board of Directors (“the Board”) of Srei Infrastructure Finance Limited (“the Company”) endeavors to have a consistent dividend policy that balances the dual objectives of appropriately rewarding the shareholders of the Company through dividends and retaining capital, in order to support future growth.

The Philosophy of the Company is to maximize the Shareholders’ wealth in the Company through various means.

## 3. DEFINITIONS

- 3.1 “**Act**” shall mean the Companies Act, 2013 and Rules made thereunder, including any modification(s) or amendment(s) thereof.
- 3.2 “**The Company**” or “**Srei**” shall mean Srei Infrastructure Finance Limited.
- 3.3 “**Board**” or “**Board of Directors**” shall mean Board of Directors of the Company.
- 3.4 “**Dividend**” shall mean Dividend as defined under Companies Act, 2013.
- 3.5 “**Policy or this Policy**” shall mean the Dividend Distribution Policy.
- 3.6 “**Listing Regulations**” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars etc. issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- 3.7 Words and expressions used and not defined in this Policy but defined in Companies Act, 2013 or rules made thereunder or Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Depositories Act, 1996 shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

#### **4. PARAMETERS FOR DECLARATION OF DIVIDEND**

The Board of Directors of the Company shall, inter alia, consider the following parameters for recommendation / declaration of Dividend:

##### **4.1 External Factors**

The Board of Directors of the Company would, inter alia, consider the following external factors before declaring or recommending dividend to Shareholders:

- Prevailing legal requirements, regulatory conditions or restrictions laid down under the Companies Act, 2013, the Companies (Declaration and Payment of Dividend) Rules, 2014, Reserve Bank of India (RBI) prudential norms and regulations, including but not limited to Capital Adequacy requirements and tax laws, if any;
- Mandatory transfer of certain portion of profits to specific reserves such as Debenture Redemption Reserve, RBI Special Reserve or any other Special Reserve etc.
- Economic environment in which the Company operates;
- Prevailing state of the capital markets.

##### **4.2 Financial Parameters / Internal Factors**

The Board of Directors of the Company would, inter alia, consider the following financial parameters before declaring or recommending dividend to shareholders:

- Stability of earnings;
- Plough back of profits for future capital expenditure programme and growth plans;
- Likelihood of crystallization of contingent liabilities, if any;
- Fund requirement for unforeseen events and contingencies;
- Restriction(s) and Covenant(s) contained in the Agreements with Lending Institutions / Debenture Trustees;
- Cash Flow to meet business expenditures;
- Outstanding borrowings;
- Past Dividend trends including Dividend Payout Ratio;

- Resources required to fund acquisitions and/or new businesses;
- Any other strategic priorities / initiatives.

#### 4.3 Circumstances under which the shareholders may or may not expect Dividend

The Board shall consider the factors mentioned herein above before determination of any dividend payout, and after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. While the dividend payout shall be based majorly on the aforesaid factors, the interest of the shareholders shall be considered.

Declaration of dividend on the basis of parameters in addition to the elements of this Policy or resulting in amendment of any element or the Policy will be regarded as deviation. Any such deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report.

### **5. UTILIZATION OF RETAINED EARNINGS**

Any approved Dividend shall be paid out of the profits of the Company for that year or out of the profits of the Company for any previous year or years arrived at after providing for depreciation for the year and previous years as per the law or out of both or out of any other funds as may be permitted by law, after having due regard to the parameters laid down in this Policy.

### **6. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

6.1 Presently, the Authorised Share Capital of the Company is divided into 1,00,00,00,000 equity shares of Re. 10/- each and 5,00,00,000 Preference shares of Rs. 100/- each. At present, the issued and paid-up share capital of the Company comprises only equity shares.

6.2 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.

6.3 As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

### **7. PROCEDURE**

7.1 The Chief Financial Officer (CFO) in consultation with the Chairman and Managing Director (CMD) of the Company shall recommend any amount to be declared/recommended as Dividend to the Board of Directors of the Company.

7.2 Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company.

7.3 The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividends declared by the Company.

7.4 The Company shall make appropriate disclosures as required under the SEBI Regulations.

## **8. DISCLOSURE**

The Company shall disclose the Policy on the Company's website and a web link thereto shall be provided in the Annual Report.

## **9. REVIEW**

This Policy has been approved by the Board of Directors of the Company. The Board, however, may review this Policy as and when it deems appropriate. This Policy is being formulated keeping in mind the applicable laws, rules, regulations and standards in India. If there is an amendment in such laws, rules, regulations and standards, allowing or relaxing what was previously not allowed under any laws, rule, regulation and standards, then this Policy shall be deemed to have been amended to the extent of such amendment. Also, if due to subsequent amendment in the laws, this Policy or any part hereof becomes inconsistent with the law, the provisions of law shall prevail and this Policy shall be deemed to be amended to that extent.

**Date: 05.11.2016**

**Place: KOLKATA**

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This Policy has been reviewed and approved by the Board of Directors at its meeting held on 05.11.2016 and will become applicable from the Financial Year ending 31st March, 2017 onwards.