
DIVIDEND DISTRIBUTION POLICY

1. Introduction

The Securities Exchange Board of India (“SEBI”) has issued and notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”). SEBI vide its notification bearing No. SEBI/LAD-NRO/GN/2016-17/008 dated July 8, 2016 has introduced Regulation 43A in the Regulations, which requires certain listed entities to formulate a dividend distribution policy.

AGI Greenpac Limited (Formerly known as HSIL Limited) (“Company”) is committed to being open and transparent with all stakeholders and distributing its dividends in a fair and timely manner. It is in this context, that this Policy (*as defined hereinafter*) has been approved and adopted by the Board (*as defined hereinafter*), vide its resolution dated August 10, 2016.

2. Definitions and Interpretation

2.1 Definitions

- (i) “Act” shall mean Companies Act, 2013 along with the rules and regulations framed therein, as amended, modified, supplemented or re-enacted from time to time and shall include any applicable provisions of the Companies Act, 1956, along with the rules and regulations framed therein, which have not been superseded by the relevant provisions of the Companies Act, 2013, as on the relevant date.
- (ii) “AGM” shall mean the annual general meeting held by the Company as required under Section 96 of the Act.
- (iii) “Annual Report” shall mean the annual report of the Company, prepared and submitted in compliance with the Act and the Regulations.
- (iv) “Board” or “Board of Directors” shall mean the board of directors of the Company as constituted from time to time.
- (v) “Distributable Profits” shall mean such part of the Net Profits of the Company available for distribution to the Shareholders by the Company as defined in applicable laws from time to time post, *inter alia*, transferring certain amount of the profits to the reserves of the Company as may be decided by the Board from time to time.
- (vi) “Dividend” shall mean a share of the Distributable Profits of the Company distributed to the Shareholders out of profits or reserves available for the purpose and, in the context of this Policy, includes Interim Dividend, if any.
- (vii) “Financial Year” shall mean the financial year of the Company commencing from April 1st of a calendar year and ending on March 31st of the subsequent calendar year.
- (viii) “Free Reserves” shall mean the reserves of the Company as defined in Section 2 (43) of the Act.
- (ix) “Interim Dividend” shall mean those Dividends that are declared by the Board at any time before the AGM.

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- (x) “**Net Profit**” shall mean profit after taxes as determined by the Board and in accordance with applicable accounting standards & after providing for the depreciation in accordance with the provisions of Section 123 (2) of the Act.
 - (xi) “**Policy**” shall mean the dividend distribution policy of the Company as provided herein, as amended from time to time.
 - (xii) “**Shareholder**” shall mean any person who holds the equity shares of the Company and whose name is entered either in the register of equity Shareholders of the Company or in the records of the depository as a beneficial owner in respect of the shares of the Company held by him/it.

2.2 Interpretation

Unless the context of this Policy otherwise requires:

- (i) words and expressions used in this Policy and not defined herein but defined in the Act or the Regulations shall have the meaning respectively assigned to them in the Act and/or the Regulations, as the context may require;
- (ii) words using the singular or plural number also include the plural or singular number, respectively;
- (iii) words of any gender are deemed to include the other gender;
- (iv) reference to the word “include” shall be construed without limitation; and
- (v) reference to any legislation or law or to any provision thereof shall include references to any such legislation or law as it may, after the date hereof, from time to time, be amended, supplemented, re-enacted, replaced or superseded, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

3. Objective

This Policy has been formulated and adopted by the Board to lay down broad principles which will be followed by the Company, while determining the Dividends to be paid to the Shareholders of the Company relating to or during a Financial Year, in accordance with the provisions of the Act and the Regulations. The objective of the policy is to ensure a balance between the interests of the Shareholders and the interests of the Company.

4. Circumstances for Payment of Dividend

The Board will consider recommending payment of Dividend in, *inter alia*, the following circumstances:

- (i) Availability of sufficient Distributable Profits with the Company after taking into consideration the performance of the Company and other factors listed in Paragraph 5 & 6 of this Policy. Provided that the Board may declare Interim Dividend based on the then or estimated Distributable Profits for the Financial Year.
- (ii) If sufficient Distributable Profits are not available with the Company in any Financial Year, the Board may at its discretion recommend payment of Dividend out of the Free

Reserves of the Company in accordance with the Act. However, it is clarified that no Interim Dividend shall be paid out of Free Reserves of the Company.

- (iii) The declaration/disclosure of Dividend and payment thereof shall be in accordance with the procedure and manner as prescribed under the Act and the Regulations.

5. Financial Parameters to be Considered for Declaration of Dividends

The Company may consider the following financial parameters for declaration of Dividend to its Shareholders:

- (i) The Company proposes to declare Dividend ranging between 20% to 30% of the Distributable Profits for the relevant Financial Year on a best efforts basis subject to availability of Distributable Profits after meeting and taking into consideration the internal and external factors affecting the declaration and payment of Dividends.
- (ii) The Company may transfer any such percentage/amount of its Net Profits to the reserves of the Company, as the Board considers appropriate.
- (iv) The quantum of Dividends to be paid to the Shareholders in any Financial Year may be determined by the Board after taking into consideration profits made by the Company as a result of special / non-recurring factors. The Board may, in its discretion, either:
 - (a) reduce the Distributable Profits by the amount of such aforementioned profits to calculate and recommend the Dividend payable by the Company in a Financial Year; or
 - (b) declare Interim Dividend or higher fixed dividend based on such special / non-recurring profits.

6. Internal and External Factors to be Considered for Declaration of Dividends

In addition to the performance of the Company and the Net Profits earned by the Company, the following and any other factors of similar nature, being a combination of internal and external factors impacting the business of the Company, may affect the declaration of Dividends:

- (i) *Expansion plans and capital requirements of the Company* – The Board and/or the shareholders of the Company may from time to time determine the growth and expansion plans of the Company, which will in all probability involve cash outflow from the Company.
- (ii) *On-going projects of the Company* – In order to finance any on-going projects of the Company, the Company may require adequacy of funds.
- (iii) *Leverage and debt/equity ratio* – The Company may retain certain profits as may be decided by the Board to meet the interest payment requirements on borrowings of the Company and/or to comply with, *inter alia*, covenants (such as debt/equity ratio) pursuant to financing documents.
- (iv) *Liquidity position of the Company* - In case the earnings of the Company are not represented/held in cash, the liquidity position of the Company may be taken into consideration for determining the payout of Dividend by the Company.

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- (v) *Creation of reserves and funds* – If the Company is required to set aside a portion of its Net Profits as contribution to any reserves or funds in compliance with the Act (whether for redemption of preference shares or repayment of loans and debentures), the same shall be done prior to determining the Dividends.
 - (vi) *Repayment of loans or redemption of preference shares* – If the Company is required to repay any loans raised by it or redeem any preference shares issued by the Company, the Company will ensure satisfactory and sufficient liquidity for the aforementioned purposes.
 - (vii) As per prudential governance and management practices, the Company may also be required to maintain liquidity for meeting non-recurring and contingent liabilities such as invocation of any guarantees, settlement of any litigation/dispute, payment of damages to a contracting party or payment of penalties to any governmental authority.
 - (viii) Market and economic conditions affecting the business of the Company, and the market sentiment with respect to the Company, will also govern the Dividend payout ratio.
 - (ix) Legal restrictions with respect to payment of dividends.
 - (x) The quantum of corporate taxes payable on dividends may also affect the dividend payout by the Company.
 - (xi) Any other unforeseeable events and factors beyond the control of the Company.

It is hereby clarified that the factors mentioned in Paragraph 6 above are only illustrative and not intended to be exhaustive.

7. Company's Endeavor

The Company will endeavor to make timely and adequate payment of Dividends based on the recommendations of the Board made as per this Policy and/or as approved by Shareholders.

8. Utilization of Retained Earnings

In case the Board proposes not to distribute the profits of the Company as Dividends, the grounds thereof and details regarding utilization of the retained earnings of the Company will be provided to the Shareholders at the AGM and in the Annual Report. Broadly, as per the trend and the policies of the Company, retained earnings will be utilized to reinvest in expansion of the Company, pay off debt of the Company and to add to cash reserves or for any other needs of the Company.

9. Provisions in Regard to Various Classes of Shares

Presently the Company only has one class of shareholders, *i.e.* equity shareholders with equal rights, hence there is no separate policies for distribution of Dividend to different classes of shares/shareholders.

In case the Company issues any preference shares at any time, the shareholders holding preference shares of the Company shall be paid dividend in preference to the Shareholders of the Company, as per the terms of the issuance of the respective preference shares, as may be issued from time to time.

10. Publication

This Policy, including any amendments made to it shall be disclosed on the website of the Company and a link thereto shall be provided in the Annual Report published by the Company.

11. Powers of the Board

The Board has absolute discretion to determine Dividends based on parameters and circumstances apart from those mentioned in Paragraphs 4-6 above. There is no assurance or guarantee to Shareholders as to the rate of Dividend distribution or that Dividend will be regularly paid.

12. Applicable Laws

In case the provisions of this Policy are in conflict with the provisions of the applicable law (including provisions of the Act or the Regulations), the provisions of the applicable law shall supersede the provisions of this Policy and the Company shall be entitled to act in accordance with such provisions of this Policy. All actions taken by the Company in accordance with such applicable laws shall be deemed to be in consonance with this Policy.

13. Review of Policy

This Policy shall be subject to review as may be deemed necessary and in accordance with any statutory or regulatory requirements. The Board may also, at its discretion, amend, supplement or modify this Policy from time to time.

14. Effective Date

This Policy shall come into effect on 10th August, 2016.

For AGI Greenpac Limited (Formerly known as HSIL Limited)

Sd/-

Dr. Rajendra Kumar Somany
Chairman and Managing Director