

DIVIDEND DISTRIBUTION POLICY

1. **Introduction:**

This Dividend Distribution Policy (hereinafter referred to as “this Policy”) is framed as per the practices applicable to listed companies under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), Companies Act, 2013, read with applicable rules framed thereunder, and amendments thereto, such other applicable provisions of law and the Articles of Association of the Company as amended].

2. **Background:**

- 2.1. Normally Companies usually do not distribute entire profit earned amongst the shareholders, portion of profit is ploughed back as retained earnings and only part of the profit gets distributed to the shareholders in form of dividend. The Board of Directors has the authority to declare Interim dividend during the financial year and final dividend, as per the Board’s recommendation, is approved by the Shareholders at the Annual General Meeting. The dividend policy of a Company is the strategy followed to decide the amount of dividends and the timing of the payments. There are various factors that frame a dividend policy of the Company. Availability of better investment opportunities, estimated volatility of future earnings, tax considerations, financial flexibility, legal restrictions, profitability, stability of dividend payout and retained earnings, liquidity and cash flows, investment variables and financial variables, financial leverage, last year/s dividend, regulations, industry growth rate and capital investment needs.]
- 2.2. The Board of Directors of the Company have adopted a progressive Policy which endeavors for fairness, consistency, sustainability, future growth and long-term interests of the Company and its stakeholders while distributing profits to the Shareholders.
- 2.3. While formulating the Policy, the aim of Board of Directors is to strike a balance between the interests of the business, financial creditors and Shareholders.
- 2.4. The dividend will reflect the Board of Directors’ view of the earnings prospects over the entirety of the investment cycle. The Board of Directors will have the flexibility to determine the level of dividend based on the considerations laid out in the policy and other relevant developments.

3. **Criteria and Approval:**

- 3.1. Statutory and Regulatory requirements-

The Shareholder/ Board of Directors shall declare dividend only after ensuring compliance with the provisions of Companies Act, 2013, read with applicable rules framed thereunder, SEBI Listing Regulations and amendments thereto, such other applicable provisions of law and the Articles of Association of the Company as amended.

- 3.2. Internal and Financial Parameters to be considered while declaring dividend-
 - a. results of operations;
 - b. earnings;
 - c. capital requirements and surplus;
 - d. current and future cash flow requirements;
 - e. providing for unforeseen events and contingencies;
 - f. general financial conditions;
 - g. contractual restrictions;
 - h. market conditions;
 - i. competition intensity;
 - j. applicable Indian legal restrictions;
 - k. adherence to requirement of SEBI Listing Regulations, Companies Act, 2013 and Rules made thereunder and as amended from time to time; and
 - l. other factors as may be considered relevant by the Board of Directors.
- 3.3. Other external factors including, but not limited to:
 - a. Macro-economic environment;
 - b. Capital market conditions;
 - c. Dividend policy of competitors;
 - d. Shareholder expectations;
 - e. Regulatory changes.
- 3.4. Dividend for any financial year will generally be paid out of Net Profit earned during the said year. However, in special circumstances which include maintaining the dividend rate, the Board of Directors may, at its discretion, declare interim dividends and may also declare dividend out of retained earnings.
- 3.5. The Company shall endeavor to pay a dividend up-to the net profit for the financial years computed in accordance with section 123 of the Companies Act, 2013 read with applicable rules framed thereunder and amendments thereto. Further, any exceptional item of income or expenses or unforeseen financial disruptions which could impact on the profitability of the Company shall not be considered for the said purpose.

- 3.6. The dividend will continue to be accrued and payable with respect to shares held in abeyance.
- 3.7. The decision regarding dividend shall be taken only by the Board of Directors at its Meeting. Final dividend shall be paid only after the approval of shareholders at an Annual General Meeting (AGM) of the Company. Shareholders' approval is not required for payment of interim dividend.

4. Circumstances under which Shareholders may or may not expect dividend:

- 4.1. The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among Shareholders and amount of profit to be retained in business. Hence, the Shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all the expenses, depreciation, etc., and after complying with the statutory requirements under the Applicable Laws].
- 4.2. 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 of Directors. The Shareholders of the Company may not expect a dividend in circumstances including, but not limited to, the following, subject to discretion of the Board of Directors:

The Company has inadequacy of profits or incurs losses for the Financial Year;

The Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;

The Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital;

The Company has significantly higher working capital requirement affecting free cash flow;

The Company proposes to utilize surplus cash for buy- back of securities;

The Company is prohibited to recommend/declare dividend by any regulatory body.

The Board may also not recommend a dividend on considering any compelling factors/parameters mentioned in point 3.2 & 3.3 above].

5. Utilization of Retained Earnings:

- 5.1. The Company shall endeavor to utilize the retained earnings in a manner which shall be beneficial to the interests of the Company and its Shareholders.
- 5.2. The Company may utilize the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the Shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.
- 5.3. Retained earnings will generally be used to strengthen the financial position of the Company and will be used for declaration of dividends in special circumstances including maintenance of the dividend rate.

6. Dividend for different classes of shares:

- 6.1. Presently, the issued and paid-up share capital of the Company comprises of only one class of shares, viz. equity, for which this policy is applicable. The Policy is subject to review and amendments as and when the Company issues different classes of shares.

7. Review / Amendments to Policy:

- 7.1. The Policy would be reviewed by the Board of Directors once in three financial years. In case, there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended with due approval from the Board of Directors. However, the amended regulatory requirements will supersede the existing Policy till the time Policy is suitably amended.

8. Disclosure:

- 8.1. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

9. Disclaimer:

- 9.1. The Policy does not constitute a commitment regarding the future dividends of the Company but only represents a general guidance regarding policy. The statement of the Policy does not in any way restrict the right of the Board of Directors to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board of Directors reserves the right to depart from the policy as and when circumstances so warrant.

- 9.2. Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy.