

DIVIDEND DISTRIBUTION POLICY

(Adopted in the Board Meeting dated 10.05.2022)

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

1. FORMATION OF POLICY

- This Dividend Distribution Policy (hereinafter referred to as the “Policy”) is framed in terms of the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and sets out the parameters that will be taken into account by the Board of Directors of the Company (hereinafter referred to as ‘the Board’) in determining the distribution of surplus to its shareholders and/or retaining profits earned by the Company.
- The Dividend Distribution Policy (“the policy”) establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company to strike balance between pay-out and retained earnings, in order to address future needs of the Company.
- References to any statute, provision, clause or regulation include references to any subsequent changes to that statute, provision, clause or regulation or re-enactments thereof.

2. SCOPE AND OBJECTIVES

- To lay down a broad framework for consideration of the Board while declaring / recommending Dividends to its shareholders.
- To set out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.
- 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.

3. SITUATIONS UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

- The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations.
- The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that to conserve capital would be in the interest of the Company.

4. FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDENDS

While determining the nature and quantum of the dividend payout the Board would take into account the following factors:

Financial Parameters and Internal Factors

- Current year's profit / Inadequacy of profit;
- Internal Budgets;
- Cash flow position of the Company;
- Accumulated reserves;
- Distributable surplus available as per the various Acts and Regulations;
- The Company's liquidity position including its working capital requirements and debt servicing obligations;
- Return on invested capital;
- Capital expenditure requirements including need for replacement of capital assets, expansion and modernisation or augmentation of capital asset including any major sustenance, improvement and growth proposals;
- Brand acquisitions;
- Contingencies and unforeseen events with financial implications;
- Cost of Borrowings;
- Stipulations / Covenants of loan agreements;
- The ratio of debt to equity (at net debt and gross debt level).

External Factors

- Changes in the Government policies, industry specific rulings & regulatory provisions.;
- Industry Outlook or Macro- economic conditions and any changes therein;
- Cost and availability of alternative or external sources of financing;
- Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution;
- Statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve;
- Inflation rate;
- Business cycles;
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

5. UTILISATION OF RETAINED EARNINGS

The Company shall endeavor to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

The decision of utilisation of the retained earnings of the Company would be based on factors including but not limited to the following:

- Expansion / modernisation / acquisition plan;
- Working Capital / Capital Expenditure requirements;
- Expensive cost of debt;
- Other such criteria as the Board may deem fit from time to time.

6. FORMS OF DIVIDENDS

Interim Dividend

The interim dividend may be declared by the Board one or more times in the financial year as may be deemed fit.

Final Dividend

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the Annual General Meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

7. BASIS FOR DECLARATION

The dividend will be declared on per share basis only.

8. PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

9. NON-APPLICABILITY OF THE POLICY

The Policy shall not apply to:

- Determination and declaring of dividend on preference shares as the same will be as per the terms of issue approved by the shareholders;

- Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

10. CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the said regulations shall prevail.

11. AMENDMENTS

The Board may, from time to time, make amendments to this Policy as deemed fit, due to change in applicable laws and regulations. The policy may be reviewed periodically by the Board.

Important Notes:

- a) The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general advisory regarding dividend policy. The Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board has the right to depart from the policy as per the prevailing conditions and situations.
- b) Given the circumstances, it is advised to not misinterpret any forward-looking statements in the Policy.