

## **DIVIDED DISTRIBUTION POLICY**

### **1. Basic Policy:**

The objective of the policy is to maintain the confidence of the shareholders in the Company as well as to maintain retain earning for the growth of the Company. As per the provisions of the Act, the surplus cash shall be distributed among the shareholders by way of dividend (interim/special/final) after providing tax, capital expenditure expected to be incurred during the financial or next financial year and depreciation. The Board at their discretion shall decide on the quantum and timing of declaration of dividend.

Dividend shall be declared on per share basis on the Ordinary Equity Shares of the Company having face value Rs.2 each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

### **2. The circumstances under which the shareholders of the listed entities may or may not expect dividend:**

No dividend shall be declared or paid by a company for any financial year except out of the profits of the company for that year arrived at after providing for depreciation in accordance with the provisions of section 123 of the Companies Act, 2013 or out of the profits of the company for any previous financial year or years arrived at after providing for depreciation in accordance with the provision of the said section and remaining undistributed, or out of both. For calculating profits any amounts representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded.

Therefore, following are the some of the circumstances in which the shareholders of the Company may not expect dividend;

1. Inadequacy of profit or loss of the Company
2. Unexpected one-time expenses that temporarily reduce profits of the Company
3. Expansion plans- Expansion of product line, new location for expanding business etc.

Therefore, the Shareholders may expect a dividend whenever the Company makes a profit and has reasonable surplus for distribution among the shareholders, as mentioned above. Similarly, the Shareholders may not expect a dividend if there is no such surplus available for distributable among the shareholders in any year.

### **3. The financial parameters that shall be considered while declaring dividend:**

Following parameters shall be considered by the Board of Directors while declaring interim dividend / recommending final dividend for consideration of shareholders;

1. Financial performance and profitability during the financial year
2. Liquidity position of the Company during the financial year
3. Accumulated reserves available for the distribution of dividend
4. Dividends pay out ratio in the past

#### **4. Internal and external factors that shall be considered for declaration of dividend:**

Declaring dividend and to decide on the dividend pay-out ratio for the financial year is a crucial decision for Board Members, as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board of Directors will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors and hence, an optimal balance needs to be arrived at considering the interest of shareholders and that of the Company. The dividend pay-out decision of any company depends upon certain external and internal factors.

##### **Internal:**

1. Net profit after tax of the Company
2. Liquidity position and aggregate debt equity ratio of the Company
3. Working capital and loan repayment requirements
4. Capital expenditure requirements
5. Operating cash flow of the Company for the year
6. Resources required for setting up new business and expansion plans
7. Fund requirements in case of acquisitions, mergers etc.
8. Any other factor not explicitly covered above but which is likely to have a significant impact on the Company.

##### **External:**

1. Regulatory restriction & changes in accounting policy and Taxation
2. Technological Changes which requires significant new investments.
3. Macro-economic environment, which may have an impact on the business of the Company
4. Dividend pay-out ratios of the companies in the same industries

The Board of Directors may additionally recommend special dividend in special circumstances.

#### **5. Policy as to how the retained earnings shall be utilized:**

The Company shall keep in mind the parameters set out under this policy while declaring or recommending dividend during the year. The Company shall define pay-out ratio every year on the basis of strategies developed by them, which shall add maximum benefit to the growth of the Company as well as shareholders.

#### **6. Parameters that shall be adopted with regard to various classes of shares:**

Presently, the Authorised Share Capital of the Company is divided into Equity shares of Rs. 2/- each and Preference shares of Rs. 100/- each. At present, the issued and paid up share capital of the company comprises only equity shares.

Currently, the Company has issued one class of equity shares with equal voting rights. As and when the Company issues different class of shares, the Board of Directors may suitably amend this Policy.

#### **7. Procedure:**

The dividend (interim/special/final) shall be declared and recommend as per this policy, subject to the provisions of the Companies Act, 2013 and rules framed thereunder, and

subject to the listing agreement, if any. In case of any conflict between the provisions of this policy and provisions of Act, the statutory regulations shall prevail over this policy.

**8. Review:**

This policy may be reviewed and amended as and when deemed necessary by the Board of Directors.