

### DIVIDEND DISTRIBUTION POLICY

#### 1. **Objective:**

The objective of this policy is to lay down the criteria to be considered by the Board of Directors of the Company before recommending dividend to its shareholders for a financial year. The policy is framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as '**SEBI Regulations**').

#### 2. **Philosophy:**

The philosophy of the Company is to maximise the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. The company is operating in a large addressable market with high growth potential and therefore access to capital for growth to drive shareholder value is imperative. The Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distribute the surplus profits in the form of dividend to the shareholders.

#### 3. **Criteria to be considered before recommending dividend:**

The Company will consider the following factors before recommending dividend:

##### **(a) Statutory and Regulatory Compliance:**

The Company shall declare dividend only after ensuring compliance with the regulatory guidelines on dividend declaration issued by the Reserve Bank of India (RBI) from time to time, provisions of the Companies Act, 2013 and rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and to the extent applicable to Banking Companies.

##### **(b) Financial Criteria:**

- Financial performance of the Company for the year for which dividend is recommended;
- Any interim dividend paid;
- Internal capital planning framework / policy;
- Dividend payout trends (the dividend payout ratio will be calculated as a percentage of dividend (including dividend tax) recommended for the year to the net profit for that year);
- Tax implications if any, on distribution of dividends;

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- Cost of raising funds from alternate sources of capital;
- Corporate actions including mergers/demergers, acquisitions and additional investments including expansion plans and investment in subsidiaries/associates of the Company;
- Outstanding borrowings;
- Such other factors and/or material events which the Company's Board may consider.

### **(c) External Factors:**

- Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- Dividend pay-out ratios of companies in the same industry;
- Macro-economic environment

### **(d) Circumstances under which shareholders may or may not expect dividend:**

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors (as mentioned elsewhere in this policy) and declare Dividend in any financial year.

Notwithstanding the above, the shareholders of the Company may not expect Dividend under the following circumstances (not limited to):

- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- Whenever it proposes to utilise surplus cash for buy-back of securities; or
- In the event of inadequacy of profits or whenever the Company has incurred losses.
- Regulatory requirements with respect to capital adequacy ratios and/or other metrics

### **(e) Utilization of retained earnings:**

The Company would utilise the retained earnings of the Company in a manner which is beneficial to the interest of the Company and its stakeholders, including, but not limited to ensuring maintenance of a healthy level of minimum capital adequacy ratios, meeting the Company's future business growth / expansion and strategic plans or such other purpose the Board may deem fit from time to time in the interest of the Company and its stakeholders.

### **(f) Parameters for various classes of shares:**

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- Presently, the Authorised Share Capital of the Company is divided into equity share of Rs. 10/- each and Preference shares of Rs. 10/- each. At present, the issued and paid-up share capital of the Company comprises only equity shares.
- 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.
- As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

#### 4. Dividend information:

Information on dividends paid in the last five years including dividend yield and payout ratio, if any, will be made available on the Company's website.

#### 5. Conflict in Policy:

In the event of a conflict between this policy and the extant regulations, the regulations shall prevail.

#### 6. Procedure:

- The Chief Financial Officer in consultation with the Whole-Time Director & Chief Executive Officer the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of Directors of the Company.
- The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal.
- 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 shareholder's approval, at the ensuing Annual General Meeting of the Company.
- The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

#### 7. Amendments/ Modifications:

- The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. Such amended policy shall be placed before the Board for noting and necessary ratification.

**8. Review of Policy:**

The Board of Directors of the Company will reviewed as required under the SEBI Regulations. If the Board proposes to declare dividend on the basis of criteria in addition to those specified in the policy, or proposes to modify the criteria, it shall disclose such changes along with the rationale for the same on the Company's website and in the Annual Report.

**9. Disclosure of Policy:**

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

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