

# DIVIDEND DISTRIBUTION POLICY

## **INTRODUCTION:**

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.

## **OBJECTIVE:**

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect Dividend and how the retained earnings shall be utilised, etc.

The Board of Directors (Board) may consider declaration of Interim Dividend depending upon the cash flow situation of the Company. The dividend distribution shall be as per the recommendations of the Board and shall always be decided at an Annual General Meeting of shareholders in case of Final Dividend. Depending on the long term growth strategy of the Company and the prevailing circumstances, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained for growth of the Company.

## **DECLARATION AND PAYMENT OF DIVIDEND:**

In compliance with Section 51 of the Companies Act, 2013, the Company shall pay dividend proportionately, i.e. in proportion to the amount paid-up on each share. Final dividend for a financial year shall be paid after the annual financial statements of the Company are finalized and the amount of distributable profits is available. The declaration and payment of Dividend shall be in accordance with the provisions of Sections 123 to 127 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board shall recommend Dividend for any financial year subject to the following:

- a) out of the profits of the Company for that year arrived after providing for depreciation; or
- b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- c) out of both (a) and (b)

Dividend declared will be distributed amongst all shareholders, based on their shareholding on the Record Date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act. The Board may also declare Interim Dividend as may be permitted by the Companies Act.

The Company has had a consistent Dividend policy that balances the objective of appropriately rewarding shareholders through Dividends and to support the future growth.

As in the past, subject to the provisions of the applicable law, the Company's Dividend payout will be determined based on available financial resources, investment opportunities and taking into account optimal shareholder return. Within these parameters, the Company would endeavor to maintain a total Dividend pay-out ratio in the range of 12% to 20% of the annual standalone Profits after Tax (PAT) of the Company.

**PARAMETERS:**

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

**Internal Factors:**

- i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
  - a) Previous years; and
  - b) Internal budgets
- ii. Cash flow position of the Company
- iii. Accumulated reserves
- iv. Earnings stability
- v. Future cash requirements for growth / expansion and / or for other purposes
- vi. Brand acquisitions
- vii. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities
- viii. Deployment of funds in short term marketable investments
- ix. Long term investments
- x. Capital expenditure(s), and
- xi. The ratio of debt to equity (at net debt and gross debt level).

**External Factors:**

- i. Business cycles
- ii. Economic environment
- iii. Cost of external financing
- iv. Applicable taxes including tax on dividend
- v. Industry outlook for the future years
- vi. Inflation rate, and
- vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board will provide rationale in the Annual Report.

**CLASS OF SHARES:**

The Company currently has only one class of shares i.e. equity shares.

The retained earnings of the Company may be used in any of the following ways:

- i. Capital expenditure and working capital,
- ii. Growth and / or expansion
- iii. Investment in new business(es) and / or additional investment in existing business(es)
- iv. Declaration of Dividend
- v. Capitalisation of shares
- vi. Buy back of shares
- vii. General corporate purposes, including contingencies
- viii. Correcting the capital structure
- ix. Any other permitted usage as per the Companies Act, 2013.

**AMENDMENT:**

In case of any subsequent changes in the provisions of the Act or Regulations or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws.

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

Vedprakash Chiripal  
Chairman  
DIN: 00290454

*\*Original Policy adopted and approved by the Board of Directors on February 04, 2014*