

## **DIVIDEND DISTRIBUTION POLICY**

### **SCOPE AND PURPOSE**

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations). Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (LODR) Regulations, 2015, which requires the Company to frame and adopt a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website. Accordingly, this Dividend Distribution Policy has been adopted by the Company.

### **OBJECTIVE**

The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.;

### **EFFECTIVE DATE**

The Policy shall become effective from the date of its adoption by the Board i.e. 4th November, 2016.

### **KEY PARAMETERS TO BE CONSIDERED WHILE DECLARING THE DIVIDEND**

In line with the objective stated above, the Board of Directors of the Company shall consider the following parameters for declaration of Dividend:

#### **Financial Parameters / Internal Factors:**

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- Consolidated net operating profit after tax;
- Working capital requirements;
- Capital expenditure requirements;
- Resources required to fund acquisitions and / or new businesses
- Cash flow required to meet contingencies;
- Outstanding borrowings;
- Past Dividend Trends

#### **External Factors:**

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- 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.

#### **Circumstances under which the shareholders may or may not expect Dividend:**

The shareholders of the Company may not expect Dividend under the following circumstances:

- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital, if any;
- 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.

**Utilization of retained earnings:**

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

**Parameters adopted with regard to various classes of shares:**

Presently, the Authorised Share Capital of the Company is divided into equity share of ` 1/-. At present, the issued and paid-up share capital of the Company comprises only of 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.

**Procedure:**

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 shareholders 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.

**Disclosure:**

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

**General:**

This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.