

DIVIDEND DISTRIBUTION POLICY

Background

The Securities and Exchange Board of India (SEBI) by inserting a new Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) on 8th July, 2016 requires top 500 listed companies (based on market capitalisation as on 31st March of every financial year) to formulate a Dividend Distribution Policy which shall be disclosed in their Annual reports and on their website.

The Board of Directors of the company has formulated the Dividend Distribution Policy and approved the same on 14th February, 2017. This Policy is effective from 14th February, 2017.

Objective

The object of this policy is broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend, the circumstances under which the shareholders of the company may or may not expect dividend and how the retained earnings shall be utilized.

Policy

1. (a) Financial parameters and internal factors

- i. Profit earned during the year;
- ii. Profit available for distribution;
- iii. Cash Flow of the company;
- iv. Working Capital Requirements;
- v. Capital Expenditure Requirements;
- vi. Requirement for technology Up-gradation;
- vii. Cost of borrowings;
- viii. Cash flow requirement for meeting contingencies;
- ix. Dividend paid in the previous years

(b) External Factors

- i. Statutory provisions and restrictions;
- ii. Trend in the industry



2. Circumstances under which the shareholders may not expect dividend

The shareholders may not expect Dividend under the following circumstances;

- (i) In the event inadequacy or profit not available for distribution of dividend;
- (ii) Requirement of higher working capital requirement;
- (iii) Proposed expansion/modernisation plans requiring higher capital allocation

3. Utilization of retained earnings

The company may declare dividend out of current earnings or earnings of any previous year or years or out of free reserves available for distribution of dividend. The retained earnings of the company will be invested in the operations of the company and may be used for working capital requirement, repayments of borrowings, funding capital expenditure, acquisition of business, diversifications etc.,

4. Parameters to be adopted with regard to various class of shares

Since the company has issued only one class of equity shares with equal voting rights, all the members of the company are entitled to receive the same amount of dividend per share. The policy shall be suitably revisited at the time of issue of new class of shares depending upon the nature and conditions of the issue.

5. Procedure

- (i) Any dividend proposal shall be placed before the board along with the required financial statements.
- (ii) The Board after considering all the parameters/factors mentioned in this policy may recommend the dividend;
- (iii) Subject to such approvals as may be required for declaration dividend, the dividend will be declared.

6. Review and amendments

The Board of Directors reserves the power to review and amend this policy from time to time.

7. Disclosure

The company shall make necessary disclosures as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

