

Dividend Distribution Policy

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 strike a balance between payout and retained earnings, in order to address future needs of the Company. The policy shall come into force for accounting periods, beginning from 1 April 2018.

Dividend would continue to be declared on per share basis on the equity shares of the Company, having face value Rs. 10 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.

Dividends will, generally, be recommended by the Board of Directors 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 dividends as may be permitted by the Companies Act, 2013.

The Company has a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends, and to support the future growth.

Subject to the provisions of the applicable law, the Company’s dividend payout will be determined based on available financial resources, investment requirements, and taking into account optimal shareholder return. Within these parameters, the Company would endeavour to maintain a total dividend payout of about 5-10% of the annual standalone profits after tax (PAT) of the Company.

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:

- i. Internal Factors
 - i. Profitable growth of the Company, and specifically, profits earned during the financial year as compared with:
 - a. Previous year(s) and
 - b. Internal budgets
 - ii. Cash flow position of the Company

- iii. Accumulated reserves
- iv. Earnings stability
- v. Future cash requirements for organic growth/expansion, and/or for inorganic growth
- 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)
- xi. The ratio of debt to equity (at net debt and gross debt level)

ii. 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
- vii. Changes in the government policies, industry specific rulings and regulatory provisions

Apart from the above, the Board may also consider 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 may provide rationale in the Annual Report.

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

- i. Capital expenditure or for working capital
- ii. Organic and/ or inorganic growth

- 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

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

This policy was adopted by the Board of Directors in their meeting held on 27 July 2020.
