

## **ANNEXURE 1**

### **DIVIDEND DISTRIBUTION POLICY**

#### **1. INTRODUCTION**

As part of long term financial policy of the Company , it become essential to frame a Dividend Distribution Policy ('Policy') in accordance with the provisions of the Companies Act, 2013, rules framed thereunder, Articles of Association of the Company and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015,

This policy is intended to inform the present and potential investors and Shareholders, about the approach of the Board of Directors ('Board') of the Company towards declaration of dividend and utilization of the retained earnings.

#### **2. STATUTORY REQUIREMENT**

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, specifies that every listed Company shall formulate a Dividend Distribution Policy which shall be disclosed in the Annual Report and on the website of the Company.

#### **3. OBJECTIVE**

This Policy intends to make available the following information to the Shareholders of the Company:

- a. The circumstances under which the shareholders of the Company may or may not expect dividend.
- b. The External and Internal factors including financial parameters that would be considered by the Company while declaring dividend.
- c. Method in which the Company will utilise Retained Earnings.

#### **4. POLICY**

**CIRCUMSTANCES UNDER WHICH SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND:**

The Board of Directors of the Company is committed to deliver sustainable value to all its stakeholders including the Shareholders. The Company will strive to distribute an optimal and appropriate level of profits earned by it in its business, with the Shareholders, in the form of Dividend. It may be interim dividend and / or final dividend every year.

However, under the following circumstances the shareholder may not expect dividend:

- Where it become essential to build reserves to meet long term requirements.
- Where in the opinion of the Board of Directors, distribution of profit by dividend in any year would jeopardize the Company's financial condition.
- Where the Company has not earned profit or earned inadequate profit in any year.

EXTERNAL, INTERNAL FACTORS AND FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND:

Declaration of Dividend and the percentage will depend upon the following factors:

### **I. External Factors**

#### ***a. Unfavorable economic and market conditions:***

Whenever the Company operates in a recessionary economic/market conditions, where future business opportunities are uncertain, the Board may prefer to conserve cash so as to retain profits to build up reserves.

#### ***b. Government/Statutory Regulations:***

Requirements of the Companies Act, 2013, Income Tax Act,1969 and the Rules made there under, rates of corporate dividend distribution tax, tax on dividend payable by the recipients and any other relevant legislation, order, circular, notification of Central Government / State Government would be taken in to consideration while declaring dividends.

### **II. Internal Factors and Financial Parameters**

Internal factors and financial parameters that may be considered by the Board before making any recommendations for Dividend include but not limited to:

1. Amount of Current year business profits
2. Amount of Capital profits
3. Past year profit/loss
4. Cash flow position for the year under consideration
5. Cost of raising funds from alternate sources
6. Present and future Capital Expenditure plans, including plans for expansion, modernization of existing business or green field projects.
7. Plans for Mergers & Acquisitions including other forms of business re-organisation
8. Additional investments in subsidiary/associates of the Company

9. Plans for investments into new line of business
10. Any other factor as deemed fit by the Board.

#### **5. METHOD IN WHICH COMPANY WILL USE RETAINED EARNINGS:**

Reserves are being built by the Company to plough back profits in to the business, to maintain uninterrupted distribution of dividend in the years where there is no profit or inadequate profit and to meet the fund requirements in the lean periods.

As per the provisions of the Companies Act, 2013 and the rules framed thereunder the free reserves (retained earnings) of the Company may be utilized for the purpose of Issue of Bonus Shares by capitalization of reserves, Buy back of Shares, Declaration of Dividend out of reserves where there is no / or inadequate profit in any financial year, declaration of special / additional dividend in any year (s) or for redemption of redeemable preference shares.

The Board of Directors of the Company, depending up on the circumstances and taking into consideration of business requirements of the Company would take appropriate decision regarding the utilization of the retained earnings of the Company from time to time.

#### **6. AMENDMENTS:**

This policy may be reviewed and modified to make it to be in line with any changes, modifications or amendments in the Regulations / Acts, subject to the necessary approval of the Board of Directors of the Company.

#### **7. BOARD'S APPROVAL:**

This policy was approved by the Board of Directors at its meeting held on 6<sup>th</sup> February, 2017.