

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 balance between pay-out and retained earnings, in order to address future needs of the Company. The policy shall come into force beginning from 4th September, 2023.

Dividend would be declared as per share basis on the Ordinary 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 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.

While determining the nature and quantum of the dividend payout, 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 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), 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 the 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.

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

- i. Capital expenditure for working capital,
- ii. Organic and/ or in organic growth,
- iii. Investment in new business and/or additional investment in existing business,
- iv. Capitalization of shares,
- v. General corporate purposes, including contingencies,
- vi. Payment of dividend in future year
- vii. Issue of bonus share
- viii. Any other permitted usage as per the Companies Act, 2013.

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.