

## **DIVIDEND POLICY**

(approved by the Board of Directors in its Meeting held on 18<sup>th</sup> October 2016)

### **Preface**

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016 requires top 500 listed entities (calculated as on March 31 of every financial year) to formulate a dividend distribution policy.

Accordingly, in adherence of the stated parameters of Regulation 43A Dividend Distribution Policy is set out hereinbelow.

### **Meaning of Dividend**

“Dividend” includes Interim Dividend. The Act neither specifically defines the term Dividend nor makes any distinction between interim and final Dividend.

In commercial usage, the term “Dividend” means the profit of a company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid-up on the shares held by them.

The endeavour of the management is to divide net earnings into dividends and retained earnings in an optimum way so as to achieve the objective of wealth maximization for shareholders.

### **Parameter (a) – The circumstances under which Shareholders can or cannot expect dividend**

Regular Dividend – The Company has a very good record of distributing continuous dividend to its shareholders from past many years. At the time of recommending adoption of annual financial statements to the shareholders, the Board normally recommends a Dividend for the respective financial year.

Interim Dividend – The Board may, at its discretion, declare Interim Dividend, whenever the company has accumulated profits.

Special/ Extraordinary Dividend – In exceptional circumstances, such as upon extraordinary profits from sale of investments etc., the Board may declare a Special Dividend, as a one-off payment to the shareholders.

The Board may decide to make a dividend pay-out between 30% to 50% taking into account the cash flows and profits on a consolidated basis. Further, the Board may amend the pay-out range, whenever considered appropriate by it.

**Parameter (b) – The financial parameters that shall be considered while declaring dividend**

The financial parameters that shall be considered while declaring dividend shall be like available Cash Flows, Profit After Tax (PAT), Return on Assets (RoA), Return on Equity (RoE), Earnings Per Share (EPS) etc.

**Parameter (c) – Internal and external factors that shall be considered for declaration of dividend**

External Factors :-	Internal Factors :-
<ul style="list-style-type: none"><li>i. Statutory Obligations, Government Regulations and Taxation policies.</li><li>ii. State of Economy- in case of uncertain or recessionary economic and business conditions, Board will endeavour to retain larger part of profits to build up reserves to absorb probable future shocks.</li></ul>	<ul style="list-style-type: none"><li>i. Profits earned during the year;</li><li>ii. Present &amp; future Capital requirements of the existing businesses including any acquisition;</li><li>iii. Expansion/ Modernization of existing businesses;</li><li>iv. Investments in subsidiaries/associates of the Company;</li><li>v. Any other factor as deemed fit by the Board.</li></ul>

**Parameter (d) – Policy as to how the retained earnings shall be utilized**

In furtherance of Company’s objectives, the retained earnings of the Company shall be utilized for present & future capital requirements of the existing businesses including acquisitions, investments in subsidiaries/associates of the Company.

**Parameter (e) – Parameters that shall be adopted with regard to various classes of shares**

Company does not have different classes of shares at this point of time. In future if different classes of shares are issued, the parameters to be adopted with regard to those classes shall be decided accordingly.

**Review and Amendment**

Any or all provisions of this Policy would be subject to the revision/ amendment to the Listing Regulations or related circular, notification, guidance notes issued by SEBI or relevant authority, on the subject from time to time. Any such amendment shall automatically have the effect of amending this Policy without the need of any approval by the Board of Directors or any of its Committees.