

DIVIDEND DISTRIBUTION POLICY

Preamble

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations).

Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (LODR) Regulations, 2015, which requires the Company to frame and adopt a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.

Accordingly, this Dividend Distribution Policy has been approved and adopted by the Board of Directors of the Company at its meeting held on February 11, 2017.

Circumstances under which the shareholders may expect dividend

The Equity Shareholders of the Company may expect an annual dividend if the Company is having surplus funds after providing all expenses, depreciation etc and after complying with related requirements of the Companies Act, 2013 and under other statutes. Company's sustainability of business, position of Reserves to handle unforeseen financial impact and immediate expansion plans shall also be important factors to be considered for taking the dividend decision.

The financial parameters that shall be considered while declaring dividend :

The factors considered while arriving at the quantum of dividend will include :

- Reasonable consistency to be maintained in dividend pay-out ratio, except in cases of abnormal change in profit for the year.
- Current year profits and outlook in line with the development of internal and external environment.
- Operating cash flows and treasury position keeping in view the debt to equity ratio.
- Any cash reserves to be created either mandatory or voluntary.
- Possibilities of alternate usage of cash, e.g. capital expenditure, M&A opportunities with potential to create greater value for shareholders.
- Providing for unforeseen events and contingencies with financial implications.
- Contingent liabilities

The Board may declare interim dividend(s) as and when considered fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board may additionally recommend special dividend in special circumstances.

Internal and external factors that shall be considered for declaration of dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board of Directors will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors and hence, any optimal policy in this regard may be far from obvious.

The Dividend pay-out decision will depend upon certain external and internal factors as follows :

External Factors:

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 future shocks.

Government policies & Regulation - when Policies and Regulations are favourable to the business, dividend pay-out can be liberal. However, in case of unfavourable Policies & Regulations, Board may resort to a conservative dividend pay-out in order to conserve cash outflows.

Statutory & other Restrictions - The Board will keep in mind the restrictions imposed by the Companies Act , other applicable Statues, Lenders with regard to declaration of dividend.

Internal Factors:

Apart from the external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which inter alia will include :

- (i) Profits earned during the year;
- (ii) Present & future Capital requirements of the existing businesses;
- (iii) Plan for Business Acquisitions;
- (iv) Expansion / Modernization of existing businesses / assets;
- (v) Contingent Liabilities
- (vi) Any other factor as deemed fit by the Board.

Utilisation of retained earnings :

The profits retained in business may be used for corporate actions in accordance with applicable laws and for investments towards growth of the business. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. The Board of Directors will aim to balance between all these needs.

Parameters that shall be adopted with regard to various classes of share

Company does not have different classes of shares. In case the Company issues Preference shares, equity dividend shall stand second in priority.