

## **DIVIDEND DISTRIBUTION POLICY**

(approved by the Board of Directors in its Meeting held on 25<sup>th</sup> May, 2021)

### **Preface**

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) as amended require the top 1000 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy in the Annual Report and on the Company’s Website.

Accordingly, in adherence of the stated parameters of Regulation 43A, the Board of Directors (“Board”) of Surya Roshni Limited (“Company”) has adopted the Dividend Distribution Policy to comply with the Listing Regulations as set out herein below.

The Company currently has only one class of shares, i.e. equity, for which this Policy is applicable. The Policy is subject to review if and when the Company issues different classes of shares.

### **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.

### **Dividend distribution philosophy**

The Company is deeply committed to driving superior value creation for all its stakeholders’. The Company’s focus will continue to be on the sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

### **Objective**

The objective of this Policy is to provide a broad Dividend Distribution Framework to all the Stakeholders of the Company. The Board shall refer to the guidelines laid out in this Dividend Distribution Policy while announcing any dividend in a financial year keeping in mind the provisions of the Companies Act 2013 and Rules made therein and other applicable legal procedures.

### **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 **10% to 25%** 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.

### **Factors to be considered while declaring Dividend.**

While recommending Dividend, the Board shall take into account various factors which shall inter-alia include:

#### **Financial Factors**

- Profitability of the Company during the relevant year.
- Cash Flows
- Profit After Tax (PAT)
- Return on Assets (RoA)
- Return on Equity (RoE)
- Earnings Per Share (EPS)
- Past dividend trends
- Leverage profile.
- Dividend payout ratios of the peers / comparable companies

#### **External Factors**

- 1) Statutory Obligations, Government Regulations and Taxation policies.
- 2) 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.

#### **Internal Factors**

- Profits earned during the year;
- Present & future Capital requirements of the existing businesses including any acquisition;
- Expansion/ Modernization of existing businesses; \
- Investments in subsidiaries/associates of the Company;
- Any other factor as deemed fit by the Board.

#### **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.
- Buyback of shares subject to applicable limits;
- Payment of dividend in future years;
- Issue of Bonus Shares; and
- Any other permissible purpose(s).

## **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.

## **Disclosure**

This Policy (as amended from time to time) will be available on the Company's website and in the Annual Report.

## **Disclaimer**

This document neither solicits investment in the Company's securities nor gives any assurance of guaranteed returns (in any form) for investments in the Company's equity shares.