



## **DIVIDEND DISTRIBUTION POLICY**



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### **PREAMBLE:**

The Board of Directors (“the Board”) of DCW Limited (“the Company”) understands the importance of shareholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest or any apprehension in the minds of its shareholders, the Board of the Company has formulated the Policy on Dividend Distribution (“the policy”) and the procedures with respect to Dividends declared/ recommended by the Company in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, which requires the top 1000 listed entities based on their market capitalisation calculated on March 31 of every financial year”) to formulate a Dividend Distribution Policy and which shall also be disclosed in the Annual Report and on its website.

DCW Limited has approved and adopted this Dividend Distribution Policy at its meeting held on July 30, 2021, being effective from the financial year 2021-22.

### **OBJECTIVE:**

The Policy of the Company aims to strike a balance between the dual objectives of rewarding shareholders through Dividends and ploughing back earnings to support sustained growth.

The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans by reconciling between all these needs.

The objective of this Policy is to lay down the criteria and parameters that are to be considered by the Board of Directors of the Company while deciding on the declaration of Dividend from time to time.

### **DEFINITIONS:**

Unless repugnant to the context:

“**Companies Act or Act**” shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended.

“**Company**” shall mean DCW Limited.

“**Board**” or “**Board of Directors**” shall mean Board of Directors of the Company.

“**Dividend Payout Ratio**” it is calculated as a percentage of dividend payable in a year (excluding dividend tax (if any) to net profit during the year).

“**Final Dividend**” means the Dividend recommended by the Board of Directors and declared by the Members at an Annual General Meeting.



**“Interim Dividend”** means the Dividend declared by the Board of Directors.

**“Free Reserves”** means such reserves which, as per the latest audited balance sheet of a Company, are available for distribution as Dividend. However, the following amount shall not be treated as free reserves:

- a. any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as reserve or otherwise, or
- b. any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value.

**“Policy”** means this Dividend Distribution Policy.

**“SEBI Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

The terms referred to in this policy will have the same meaning as defined under the Companies Act, 2013 (the “Act”) and the rules made there under and the SEBI Listing Regulations.

In this Policy, unless the contrary intention appears:

- i. the clause headings are for ease of reference only and shall not be relevant to interpretation;
- ii. a reference to a clause number includes a reference to its sub-clauses;
- iii. words in singular number include the plural and vice versa.

#### **FORMS OF DIVIDEND:**

- I. Final Dividend:** Final dividend is paid once in a financial year after the annual accounts are prepared and adopted by the members of the Company. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the members in the Annual General Meeting which is further declared . And the declaration shall be done by the members at the Annual General Meeting.
- II. Interim Dividend:** Interim dividend may be declared by the Board of Directors one or more times in a financial year as may be deemed fit by the Board. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this Policy.

Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend along with all the compliances to be taken care of as per the statutory requirements.

The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.



Interim dividends will be declared before the end of the financial year:

- i. out of the surplus in the profit and loss account
- ii. out of the profits of the financial year in which interim dividend is sought to be declared
- iii. In case, the company has incurred loss or has inadequate profits during the current financial year up to the end of the quarter immediately preceding the date of declaration of the dividend, such dividend shall not be declared at a rate higher than the average dividends declared during three preceding financial years or any other criteria as provided under the Companies Act, 2013 or the rules made thereunder.

**FACTORS FOR CONSIDERING DIVIDEND:**

In line with the philosophy stated above, the Board of Directors of the Company may consider inter-alia the following factors/ parameters:

**Financial Parameters and Internal factors that would be considered for declaration of dividend:**

- ✓ Consolidated net operating profit after tax;
- ✓ Accumulated reserves;
- ✓ Working capital requirements;
- ✓ Capital expenditure requirements;
- ✓ Resources required to fund acquisitions and/or new businesses;
- ✓ Cash flow required to meet contingencies;
- ✓ Outstanding borrowings;
- ✓ Past Dividend Trends (Whenever applicable);
- ✓ Earnings outlook;
- ✓ Expected future capital / liquidity requirements;
- ✓ Distributable surplus available as per the Act and Regulations;
- ✓ The Company's liquidity position and future cash flow needs;
- ✓ Cost and availability of alternative sources of financing;
- ✓ Any restrictive / conservative covenants with lenders;
- ✓ Any other relevant factors and material events.

**Financial Parameters and External factors that would be considered for declaration of dividend:**

- ✓ Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- ✓ Dividend pay-out ratios of companies in the same industry;
- ✓ Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or of its clients;
- ✓ Macroeconomic and business conditions in general;
- ✓ Any political, tax and regulatory changes in the geographies in which the Company operates;
- ✓ Technological Changes which necessitate significant investment in the business of the Company;
- ✓ Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- ✓ Any changes in the competitive environment requiring significant investment;



- ✓ Inflation rate;
- ✓ Cost of external financing;
- ✓ Any other relevant factors and material events.

#### **MANNER OF DIVIDEND PAYOUT:**

The dividend payout in each financial year, including interim dividends, will be decided by the Board keeping in mind the above factors along with the criteria mentioned below.

#### **In case of final dividend:**

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

#### **In case of interim dividend:**

- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

#### **DIVIDEND ELIGIBILITY:**

The Policy shall not apply to:

- i. Dividend to Preference Shareholders;
- ii. Distribution of cash or other assets to Equity Shareholders pursuant to buyback of shares;
- iii. Issue of fully paid up bonus shares or other securities to Equity Shareholders or converting partly paid-up equity shares to fully paid-up shares.

#### **UTILIZATION OF RETAINED EARNINGS:**

The Company may declare dividend out of the profits of the Company for the year or out of the profits of any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy. Profits retained in the business will be invested in the business / operations of the Company and may be used for augmenting working capital, repayment of borrowings, funding capital expenditure / acquisition(s) and for all other corporate purposes.



#### **PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES:**

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

#### **CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY NOT EXPECT DIVIDEND:**

The Board of Directors, while determining the dividend to be declared or recommended, shall take into consideration the advice of the executive management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board, including but not limited to:

- ✓ Due to losses incurred by the Company and the Board considers it appropriate not to declare dividend for any particular year;
- ✓ Due to any restrictions and covenants contained in any agreement as may be entered with the Lenders;
- ✓ The availability of opportunities for reinvestments of surplus funds;
- ✓ Significant cash flow requirements towards higher working capital requirements / tax demands / or others, adversely impacting free cash flows;
- ✓ An impending / ongoing capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- ✓ Allocation of cash required for buy-back of securities;
- ✓ Due to operation of any other law in force;
- ✓ Any of the above referred internal or external factors restraining the Company from considering dividend;
- ✓ For any other reason as the Board may deem fit from time to time.

#### **DISCLOSURES:**

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at [www.dcwlimited.com](http://www.dcwlimited.com).

#### **POLICY REVIEW AND AMENDMENTS:**

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority and other relevant external factors.

The Board may modify, add, delete or amend any of the provisions of this Policy. Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board of Directors.



Any changes or revisions to the policy will be communicated to shareholders in a timely manner. In the event of any amendment(s), clarification(s), circular(s), provision(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then the same shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly.

**CONFLICT IN POLICY:**

In the event of any conflict between this Policy and the provisions contained in the SEBI Regulations, the Regulations shall prevail.