

DIVIDEND DISTRIBUTION POLICY

Purpose

The distribution policy defines the Company's philosophy of sharing its earnings with the shareholders.

Policy

The Board has adopted a progressive dividend distribution policy, based on the principle that the total dividend distributed should be in line with the earnings trend, while taking into account the Company's financial position as well as future capital expenditure needs for machinery replacement and incremental working capital. In addition changes in macro environment including taxation and regulatory changes will also be considered.

The above factors should be considered by the Board before making any recommendations for the dividend and are subject to the provisions of the Companies Act, 2013.

The Company's payout ratio is around 70% of Company's net profit before extraordinary/exceptional item. Based on the financial position and funds requirement of the Company, the dividend distribution to the shareholders could be enhanced or on the other hand, in periods of uncertainty a lower dividend ratio could be appropriate.

Dividends are declared at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may also declare an interim dividend.

The retained earnings after distribution of dividend shall be utilized by the Company to meet its capital expenditure plan, working capital requirements and other business expansion plans.

Therefore, in setting the dividend policy, the Board's aim is to continue to strike a balance between the interests of the business and its shareholders.