

INTRODUCTION

Dividend is the financial return for a shareholder's investment in the company in its share capital. Declaration of dividend is one of the most important decisions for the company. The company exists for the benefit of its shareholders. It is the company's endeavour to maximise returns on shareholders' investments. The company has been maintaining a dividend policy that balances the dual objectives of appropriately rewarding shareholders through dividends and retaining capital in order to maintain a healthy capital adequacy ratio to support future growth.

PURPOSE

This purpose of this policy is to set the guidelines to be followed while deciding the amount of dividend to be paid out to the shareholders. The company needs to adhere to the dividend policy while deciding the proportion of earnings to be distributed and the frequency of the distribution.

DIVIDEND POLICY

The Company's dividend policy is based on making the minimum explicit while leaving the discretion for a higher pay-out recommendation to the Board. And at the same time, tying this minimum to the performance of the company in a given year.

According, a minimum of 20% of profits available after tax shall be paid as dividend on equity shares, including all taxes Profits of the standalone operations alone will be considered for the recommendation of dividend. The Board may recommend a buy-back of shares in lieu of dividend in any given year. This would be based on the assessment of the long terms outlook in terms of cash requirement for the business.

The Board may recommend interim dividend depending upon the cash flow situation of the company.

During periods of losses, the Board will use its discretion to recommend to distribute dividend from reserves based on the expected future outlook at those times.

The dividend distribution, as per recommendation of the Board of Directors, shall always be decided at the general meeting of shareholders, taking into account the then current law and other regulations applicable to the company.

PARAMETERS TO BE ADOPTED FOR VARIOUS CLASSES OF SHARES

As far as dividend is concerned, all classes of equity shareholders would be treated equally. In case of other than equity shareholders, the dividend would be based on the terms on which such shares were issued.

INTERNAL AND EXTERNAL FACTORS THAT WILL BE CONSIDERED FOR DECLARING DIVIDEND

The stated minimum dividend would be recommended by the Board as long as there are profits made by the company. Any additional dividend over this minimum would be considered for recommendation, based on funds required for future growth of the company and any abnormal expenses anticipated in the future for which some provisions have to be made.

HOW RETAINED EARNINGS WILL BE USED

Retained earnings would be used to fund the growth of the company and thus to enhance its future value. This funding could be capital expenses for capacity enhancement, new product development, new market development and working capital expenses to support growth in revenue.