

DIVIDEND DISTRIBUTION POLICY

VERSION NO. - 01

Adopted on 21st June, 2021

KAMDHENU LIMITED

Corporate Identity Number: L27101HR1994PLC092205

Regd. Office: 2nd Floor, Tower-A, Building No. 9, DLF Cyber City, Phase-III, Gurugram - 122 002

Website: www.kamdhenulimited.com Phone: 0124-4604500

DIVIDEND DISTRIBUTION POLICY

BACKGROUND

This Policy is formulated in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

APPLICABILITY

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") notified on July 08, 2016 read with SEBI notification dated May 05, 2021 effective from May 06, 2021, as amended from time to time, requires top one thousand listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy (hereinafter referred as "Policy") which shall be disclosed on the website of the listed entity and a web-link thereof shall be provided in their annual reports. Now as per the amendment, once the provisions of Listing Regulations become applicable to a listed entity on the basis of market capitalisation, it shall continue to apply irrespective of change in the market capitalization.

Accordingly, in adherence of the stated parameters of Regulation 43A of the Listing Regulations, Kamdhenu Limited ('the Company') had adopted this Policy. The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.

OBJECTIVE & SCOPE

The objective of this Policy is to:

- (i) specify the parameters (including internal and external factors) that shall be considered while declaring the dividend;
- (ii) lay down the circumstances under which the shareholders of the Company may or may not expect dividend; and
- (iii) provide for the manner of utilization of retained earnings

The Policy, however, is not an alternative to the decision making process of the Board for recommending Dividend and the Board may take into consideration other factors as well in addition to the ones enumerated in this policy.

DEFINITIONS

- I. **“Act”** shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time and any statutory amendment(s) or modification(s) or circular(s) or notification(s) or order(s) thereof, for the time being in force..
- II. **“Applicable Laws”** shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of dividend.
- III. **“Company”** shall mean Kamdhenu Limited.
- IV. **“Board”** or **“Board of Directors”** shall mean Board of Directors of the Company.
- V. **“Dividend”** shall mean Dividend which includes Interim Dividend as defined under Section 2(35) of the Companies Act, 2013.
- VI. **“Listing 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 modification(s) or re-enactment(s) thereof for the time being in force.
- VII. **“Policy or this Policy”** shall mean the Policy on Dividend Distribution.

Words and Expressions used and not defined in this Policy but defined in the Act, Listing Regulations, Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996 shall have the same meaning respectively assigned to them in those Acts/Regulations.

CONCEPT OF DIVIDEND

Dividend is the share of the profit that a company decides to distribute among its shareholders. The profits earned by the company can either be retained in the business or can be distributed among the shareholders as dividend.

1. **TYPES OF DIVIDEND** - The Act deals with two types of dividend - Interim and Final.

- **Interim Dividend**

Interim dividend is the dividend declared by the Board between two Annual General Meetings as and when considered appropriate. The Board shall have the absolute power to declare interim dividend during the financial year, as and when deemed fit. The Act authorizes the Board to declare interim dividend during any financial year or at any time during the period

from closure of financial year till holding of the annual general meeting out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend.

In case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during the immediately preceding three financial years.

- **Final Dividend**

Final dividend is recommended for the financial year at the time of approval of the Annual Financial Statements. The final dividend is declared at the Annual general meeting of the shareholders on the basis of recommendations of the Board.

2. DECLARATION OF DIVIDEND

Subject to the provisions of the Act, dividend shall be declared and paid out of:

- A. Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);
- B. Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.
- C. Out of A and B both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

In the event of inadequacy or absence of profits in any financial year, a company may declare dividend out of free reserves subject to the compliance with the Act.

PARAMETERS/FACTORS TO BE CONSIDERED BEFORE DECLARING DIVIDEND

In line with the philosophy stated above, the Board of Directors shall consider the following parameters for declaration of dividend:

I. Financial Parameters

- Magnitude of current year's earnings of the Company;
- Working Capital requirements;
- Capital expenditure requirements;
- Likelihood of crystallization of contingent liabilities, if any;
- Resources required to fund acquisition of brands/business(es);

- Cash flow required to meet contingencies;
- Outstanding borrowings, including debt to equity ratio;
- Past dividend trends;
- Inadequacy of profits

II. Internal Factors

- Future outlook and profitability;
- Potential opportunities available for growth/expansion;
- Mergers & Acquisition;
- Expectation of major shareholders;
- Prudential requirements for cash conservation;
- Any other factor as deemed appropriate by the Board

III. External Factors

- Macro economic conditions: In the event of uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances;
- Statutory Requirements: Statutory requirements, regulatory conditions or restrictions as applicable including tax laws, The Companies Act, 2013 and SEBI regulations etc. or any other law for the time being in force;
- Capital Markets: In favourable market scenarios, the Board may consider for liberal pay-out. However, it may resort to a conservative dividend pay-out in case of unfavourable market conditions
- Agreements with Lenders - The decision of dividend pay-out may also be affected by the restrictions and covenants contained in the agreements entered into with the lenders of the Company from time to time.
- Other Factors - Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

IV. Any other factor which has a significant influence/impact on the Company's working/ financial position.

Post consideration of the above factors, the Board shall take an informed decision about the dividend pay-out ratio and shall strive to maintain the same in the range of 10% to 30% of the Profit after Tax (PAT) on Standalone Financials for the concerned Financial Year.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND:

The Board of Directors shall consider the factors provided in this policy before determination of any dividend payout.

The shareholders of the Company may not expect Dividend under the following circumstances:

- In the event of inadequacy of profits or whenever the Company has incurred losses,
- Whenever the company undertakes or proposes to undertake a significant expansion Project or any acquisition or joint venture, requiring significant allocation of funds;
- Due to the factors listed above.

UTILIZATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Product/Service expansion plan;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive;
- Such other criteria as the Board may deem fit from time to time.

PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES

- I. The Company has only one class of equity shareholders and does not have any issued preference share capital. However, in case Company issue different class of equity shares any point in time, the factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.
- II. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
- III. The dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held. Dividend when declared shall be first paid to the preference shareholders of the Company, if any as per the terms and conditions of their issue.

AMENDMENT(S) TO THE POLICY:

The Policy may be amended, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

DISCLOSURES

The Company shall disclose this policy on the Company's website & a web-link thereto shall be provided in the Annual Report of the Company.

EFFECTIVE DATE

The Board of Directors of the Company at its meeting held on 21st June, 2021 has adopted the Dividend Distribution Policy of the Company as required in terms of the Regulation 43A of the Listing Regulations. The effective date of the dividend distribution policy is on or after 21st June, 2021 and all dividends declared on or after the effective date will conform to the Policy.