

## **DIVIDEND DISTRIBUTION POLICY**

### **1. Background and applicability**

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Regulations**”) require the top 1000 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy in the annual report and on the corporate website.

The Board of Directors (“**Board**”) of Pokarna Limited (“**Company**”) has adopted this Dividend Distribution Policy to comply with these requirements.

This Dividend Distribution Policy has been framed in terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **2. Dividend distribution philosophy**

The Company is deeply committed to driving superior value creation for all its stakeholders. The focus will continue to be future growth and long term interests of the Company as well as its shareholders. Accordingly, the Board would continue to adopt a progressive dividend policy, ensuring the immediate as well as long term needs of the business.

### **3. Dividend**

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend.

The Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

### **4. Circumstances under which shareholders can expect Dividend**

The Board will assess the Company’s financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors (as mentioned elsewhere in this policy) and declare Dividend in any financial year.

Notwithstanding the above, the shareholders of the Company may not expect Dividend under the following circumstances:

- a. Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- b. Significant cash flow requirements towards higher working capital requirements / tax demands / or other, adversely impacting free cash flows;

- c. An impending / ongoing capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capita;
- d. In the event of inadequacy of profit or whenever the Company has incurred losses;
- e. Allocation of cash required for buy-back of securities;
- f. Any of the internal or external factors restraining the Company from considering dividend.

## **5. Interim and Final Dividend**

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal will be considered, will be provided to the stock exchanges, as required by Listing Regulations.

## **6. Financial parameters and other internal and external factors that would be considered for declaration of Dividend**

The Board will consider various parameters as mentioned below before arriving at a decision on declaration of dividend:

- Current year's Profit/ Inadequacy of profit
- Accumulated reserves
- Distributable surplus available as per the various Acts and Regulations
- The Company's liquidity position and future cash flow needs
- Track record of Dividends distributed by the Company
- Capital expenditure requirements considering the expansion and acquisition opportunities
- Cost and availability of alternative sources of financing
- Funds requirement for contingencies and unforeseen events with financial implications
- Capital market scenario
- Shareholders expectations
- Government Policies
- Macro- economic conditions
- Stipulations/ Covenants of loan agreements
- Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution
- Payout ratios considering probabilities of its consistency in coming time
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

## **7. Utilization of retained earnings**

Retained earnings shall be utilized in accordance with prevailing regulatory requirements, creating reserves for specific objectives, fortifying the balance sheet against contingencies, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and any other specific purpose as approved by the Board of Directors of the Company. The Company shall endeavor to utilize retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders.

## **8. Parameters with regard to various classes**

Presently, the issued and paid-up share capital of the Company comprises of equity shares only. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.

## **9. Conflict in policy**

In the event of a conflict between this policy and the existing statutory regulations, the statutory regulations will prevail.

## **10. Modification of the Policy**

The Board is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, SEBI and other Regulations, etc.

## **11. Review and Disclosure of Policy**

The Board may review the Dividend Distribution Policy of the Company periodically. The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website, [www.pokarna.com](http://www.pokarna.com).

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