

## **ARIHANT SUPERSTRUCTURES LIMITED DIVIDEND DISTRIBUTION POLICY**

### **Introduction & Objective:**

The Dividend Distribution Policy (Policy) has been framed in line with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder to the extent applicable.

The objective of this Policy is to strike the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the policy lays down parameters to be considered by the Board of Directors of the Company for declaration of dividend from time to time.

### **Dividend Payout:**

Interim dividends may be declared by the Board based on the review of profits earned during the current year to date. Declaration of final dividend based on review of profits as per the audited financial statements for the year are to be recommended by the Board of Directors to the shareholders' for approval.

The Company (for Final Dividend) / Board (for Interim Dividend) may declare & pay dividends out of:

- The Current year's profit after (a) transferring to the reserves such amount of profit as may be prescribed and (b) providing for depreciation in accordance with the applicable laws; or
- The profits for any previous financial year(s) that remain undistributed after providing for depreciation in accordance with applicable laws; or
- Combination of (i) and (ii) above.

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend.

### **Internal and External factors and financial parameters that shall be considered for declaration of dividend:**

The Board of Directors of the Company shall consider the following internal and external factors and financial parameters while declaring the dividend:

#### **Internal Factors and financial parameters**

- Ploughing back of profits i.e. for future capital expenditure for expansion programme; for acquisition of premises, if any and for renovation and major repairs and maintenance;
- Crystallization of contingent liabilities, if any;
- Existing and underlying financial performance;
- Cash Flow and Liquidity Position;
- Capital Expenditure and investment plans;
- Disposal of business;
- Restructuring activities;
- Stability of earnings and
- Liquidity of funds.

## **External Factors**

- Macro-economic environment;
- Market conditions and consumer trends;
- Changes in regulatory requirements tax rules, Government policies, statutory conditions or restrictions as may be provided under applicable laws.

## **Circumstances under which the Shareholders may or may not expect dividend:**

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

- Adverse market conditions and business uncertainty;
- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- Whenever it proposes to utilize surplus cash for buy-back of securities;
- In the event of inadequacy of profits or whenever the Company has incurred losses and
- In the event of any regulatory restriction imposed on the Company on declaration of dividend.

## **Utilisation of Retained Earnings:**

The Company believes in continuing a reasonable balance between cash retention and distribution of dividend to its members. The Company believes in the requirement of cash retention for expansion and diversification of the Company including acquisitions to be made by it, and also as a means to meet contingency.

The retained earnings of the Company may be used in any of the following ways-

- Capital Expenditure;
- Organic/inorganic growth;
- Investment in new business and/or additional investment in existing business;
- Declaration of dividend;
- Capitalisation of shares and
- Any other permitted usage as per the Companies Act, 2013.

## **Parameters adopted with regard to various Classes of Shares:**

The Company has only one class of shares referred to as equity shares of the Face value of Rs.10/- each, forming part of its issued, subscribed and paid-up share capital.

In future, if the Company issues multiple classes of shares, the parameters of the dividend distribution policy will be appropriately addressed.

## **Amendments to the Policy:**

The Company is committed to continuously reviewing and updating our policies and procedures. Therefore, the Board of Directors of the Company may, subject to applicable laws, amend, or rescind this Policy as and when any changes are to be incorporated owing to changes in the Listing Regulations or the Act as may be felt appropriate.

## **Disclosures:**

This Policy shall be disclosed on the Company's website and a web-link thereto shall be provided in the Annual Report.