DAMODAR INDUSTRIES LIMITED

DIVIDEND DISTRIBUTION POLICY

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A. APPLICABILITY:

Regulation 43A of the SEBI(LODR) Regulations, 2015 requires the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution

policy which shall be disclosed on the website of the listed entity and a weblink shall also be provided in their annual reports. The other listed companies may disclose their dividend distribution policies on a voluntary basis on their websites and provide a web-link in their annual reports.

The Board of Directors ("**the Board**") of Damodar Industries Limited ("**the Company**") vide its resolution has voluntarily resolved to adopt the following policy on dividend distribution with a view to inform the shareholders about how it aims to utilize extra profits and the parameters that shall be adopted with regard to the equity shares.

B. OBJECTIVES OF POLICY:

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc. The Board of Directors may consider a declaration of interim dividend depending upon the cash flow situation of the Company.

The dividend distribution shall be as per the recommendations of the Board and final dividend shall always be decided at a Annual general meeting of the company. Depending on the long term growth strategy of the Company and the prevailing circumstances, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained for growth of the Company.

C. DEFINITIONS:

a) "**The Company**" means "Damodar Industries Limited".

b) "**Policy**" means Dividend Distribution Policy.

c) "**Board**" shall mean the Board of Directors of the Company.

d) "**Act**" shall mean the Companies Act, 2013 and Rules thereunder (including any statutory modification or amendment or re-enactment thereof for the time being in force).

e) "**Dividend**" shall have the meaning as defined under the Act and includes any interim Dividend.

f) "**SEBI**" shall mean Securities Exchange Board of India.

g) "**SEBI (LODR) Regulations, 2015"** shall mean Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("**Listing Regulations**").

h) "**Stock Exchange**" shall mean a recognized Stock Exchange as defined under Securities and Exchange Board of India Act, 1992 (including any statutory modification or amendment or re-enactment thereof for the time being in force).

Words and Expressions used and not defined in this Policy but defined in the Act or Applicable Laws shall have the same meaning respectively assigned to them in those Acts/Applicable Laws.

D. PREAMBLE:

Dividend is the payment made by a Company to its shareholders, in the form of distribution of its profits. The profits earned by the Company can either be retained in business or utilized for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as a Dividend. This Policy aims to reconcile between all these needs.

The Policy establishes the principles to ascertain amounts that can be distributed to shareholders as Dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. It lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of Dividend to its shareholders.

E. CATEGORY OF DIVIDENDS

The provisions of the Companies Act, 2013, as amended ("**Companies Act**") provide for two forms of Dividend i.e., Interim & Final. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividends during the financial year, as and when they consider it fit.

i. Final Dividend

The Board of Directors of the Company has the power to recommend the payment of a Final Dividend to the shareholders in a general meeting, which shall be paid once for the financial year after the annual accounts is prepared. The declaration and payment of such Final dividend shall be subject to the approval of shareholders of the Company and shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

ii. Interim Dividend

The Board of Directors of the Company, in accordance with Article of Association of the Company, can declare an interim dividend during the any current financial year, as and when considered appropriate, in line with this policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts.

F. DECLARATION AND PAYMENT OF DIVIDEND

Subject to the provisions of the Companies Act, Dividend shall be declared or paid only out of-

I. Current financial year's profit:

a. after providing for depreciation in accordance with law; and
b. after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

II. The profits for any previous financial year(s):

a. after providing for depreciation in accordance with law; and
b. remaining undistributed; or

III. Out of i) & ii) both.

The Board may, at its discretion, declare a Special Dividend under certain circumstances such as extraordinary profits from sale of investments.

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

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The shareholders of the Company may expect Dividend only if the Company is having adequate profits after complying with all other statutory requirements under the Applicable Laws.

Subject to the discretion of the Board, the shareholders of the Company may not expect dividend in the following circumstances.

i. in case of inadequacy of profits or whenever the Company has incurred losses;
ii. whenever the Company undertakes or proposes to undertake any significant business expansion/ investment /acquisitions;
iii. significant working capital requirement affecting free cash flow;
iv. whenever the Company proposes to utilize surplus cash for buy- back of securities or setting off of previous year losses or losses of its subsidiary(ies); and
v. whenever declaration of dividend is prohibited by any regulatory body.
vi. Distributable surplus available as per the Companies Act, 2013 and Listing Regulations

H. DECLARATION AND PAYMENT OF DIVIDEND

The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board shall recommend dividend for any financial year subject to the following: (a) out of the profits of the Company for that year arrived after providing for depreciation; or (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or (c) out of both (a) and (b).

I. PARAMETERS FOR DECLARATION OF DIVIDEND

The Board shall consider the following various circumstances like current year's profit, future outlook, reinvestment opportunities of the Company, tax benefits, Company's present and future performance for declaration and payment of dividend.

Financial parameters

i. Availability of profit;
ii. Financial performance of the Company for the year for which dividend is recommended;
iii. Operating cash flow of the Company;
iv. Working capital requirements;
v. Capital expenditure requirements;
vi. Past dividend payout ratio / trends;
vii. Liquidity position;
viii. Such other factors and/or material events which the Company’s Board may consider.

External factors

The external factors which shall be considered by the Board of Directors while recommending/ declaring dividend to the shareholders:

i. Shareholders’ expectations;
ii. Statutory provisions and guidelines; Restrictions imposed under the Act with regard to declaration of dividend;
iii. Sectoral performance;
iv. Future uncertainty and industrial downturn;
v. Government policy;
vi. Cost of financing;
vii. Global conditions
viii. Applicable taxes
ix. Any other factor that has a significant influence / impact on the Company’s working / financial position of the Company.

Internal factors

i. Growth rate of past earnings;

ii. Growth rate of predicted earnings;
iii. Expansion and modernization of existing business;
iv. Investment in research and development;
v. Working capital requirements;
vi. Any proposed mergers and acquisitions;
vii. Approach adopted – residual, stability or hybrid.

Utilisation of retained earnings

The decision of utilization of retained earnings of the Company shall be based on the following factors

i. Acquisition/ Diversification of business;
ii. Long term strategic plan;
iii. High cost of debt;
iv. Market or product development/ expansion plan;
v. Increase in production capacity;
vi. Modernisation Plan;
vii. Replacement of Capital intensive assets.

J. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Dividend would continue to be declared on the face value of the Equity Shares and on a per share basis of the Company. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable laws and will be determined, if and when the Company decides to issue other classes of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

K. REVIEW AND AMENDMENT

This Policy will be reviewed periodically by the Board, from time to time and the Board can amend this Policy, as and when deemed fit.

L. DISCLOSURE OF THE POLICY

The Policy shall be disclosed on the website of the Company and the web-link of the same shall be provided in their annual reports.