

ANANDRATHI
Wealth Management. uncomplicated

**Anand Rathi Wealth Services
Limited**

Dividend Distribution Policy

1. Objective

This policy has been adopted by the Board of Directors of the Company pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to determine the parameters and factors which are to be considered for declaration of dividend. This Policy applies to both interim and final Dividend declared or recommended by the Board of Directors of the Company in compliance with Section 123 of the Companies Act 2013 read with the Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The Policy shall broadly 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 objective of this Policy is to ensure 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

2. Forms of Dividends

Final Dividend: The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the general meeting of the Company.

Interim Dividend: This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, in line with this policy and subject to the provisions of the Companies Act, 2013, the Rules thereunder and any other applicable regulations or stipulations, as the case may be.

3. Regulatory Framework

The Securities Exchange Board of India ("SEBI") on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

4. Policy

(i) Frequency of payment of dividend:

The Board of Directors under ordinary circumstances recommends dividend once in a year at the Board Meeting held for adoption of annual financial statements. The Board may also consider declaring interim dividend when there is significant exceptional/extra-ordinary income/event (i.e., Amalgamation, Sale of Brands,

change in business model, etc.)

(ii) **Circumstances under which shareholders may or may not expect dividend:**

In the ordinary circumstances the Board of Directors may consider recommending dividend on an annual basis. The Board will take into account, the Company's profitability, cash needs for working capital and capital expenditure and other relevant factors like dividend pay-out ratio, etc. while recommending dividend for any financial year. However, in the event where the Company's profits are inadequate or the Company suffers losses, the Board may consider recommending a lower dividend than the normal rate of dividend or may not recommend dividend.

(iii) **The financial parameters that shall be considered while declaring dividends:**

- a. Profits for the current year, future outlook for the Company
- b. Working Capital needs and operating cash flow
- c. Dividend pay-out ratio
- d. Company's investment plans and related cash utilization, which has potential to create greater value for the shareholders
- e. Any other relevant factors that the Board may deem fit to consider before declaring dividend

(iv) **Internal and external factors that shall be considered for declaration of dividend:**

Following are the Factors that would be considered before declaration or recommendation of Dividend:

- a. The Internal Factors to be considered includes reserves & surplus and estimated profit for the following year, capital expenditure plans, working capital requirements, provision for unforeseen material events/contingencies and other business plans/projects
- b. The External Factors to be considered includes, regulatory constraints impacting business, bank interest rate on surplus funds, dividend pay-out ratios of the peer companies, macro-economic factors and general business environment, etc.

(v) **Utilization of retained earnings:**

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

5. Amendments/Review

The Board may, subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

6. Scope and Limitation

In the event of any conflict between the provisions of this Policy and the Listing Agreement; Companies Act, 2013; Regulations or any other statutory enactments, rules,

the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

7. Disclosure

This Policy shall be hosted on the website of the Company www.rathi.com and address of such web link thereto shall be provided in the Annual Report of the Company.


.....
Chairman