

# **ADDI INDUSTRIES LIMITED**

## **DIVIDEND DISTRIBUTION POLICY**

## **PREAMBLE**

This Dividend Distribution Policy is made pursuant to the applicable provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as the 'Listing Regulations'). The Board of Directors of Addi Industries Limited (the "Company"), herein after referred as "the Board", has approved the Dividend Distribution Policy of the Company ("the Policy") and shall disclose the same on a voluntary basis in the annual reports and on the website of the Company. This Policy sets out the general parameters adopted by the Company for declaration of dividend for guidance purposes.

## **OBJECTIVE**

The Company aimed at maximization of shareholders' value and believes that this can be attained by driving growth. The Policy endeavors to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient profits are retained for growth of the Company and other needs. The objective of the Policy is to lay down a consistent approach to dividend declaration.

## **EFFECTIVE DATE**

This Policy has been amended and adopted by the Board of Directors of the Company at its meeting held on 11th August, 2023, being the effective date of this Policy.

## **POLICY FRAMEWORK**

The Policy has been formulated in line with the provisions of the Companies Act, 2013, Regulations issued by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other guidelines, to the extent applicable on the Company. Any subsequent amendments in these provisions would, ipso-facto, apply to this Policy. The Policy is not an alternative to the decision taken by the Board regarding declaration/recommendation of dividend after considering the various relevant factors.

## **DIVIDEND**

Dividend is the amount paid by the Company out of profits, to its Shareholders in proportion to the amount paid up on the shares held by the shareholders. As per the provisions of the Companies Act, 2013, the dividend can be paid as interim or final.

### **Interim Dividend**

- a) The Board of Directors of the Company shall declare the interim dividend during the financial year, as and when they consider it fit to so declare.
- b) The interim dividend can be declared by the Board of Directors one or more times in a financial year and normally, the Board may consider the declaration of interim dividend after the finalization of the quarterly/half yearly financial statements of the Company.
- c) The interim dividend, if declared, shall be paid to the eligible shareholders, as per provisions of the Companies Act, 2013, SEBI Regulations and other laws, to the extent applicable. First interim dividend, if any, may be declared in the Board Meeting convened for approving financial statements for the 2nd quarter/half –year, and 2<sup>nd</sup> interim dividend, if any, may be declared at the time of approving financial statements for the 3rd quarter of the financial year.
- d) In case no final dividend is declared by the Company, interim dividend paid during the financial year, if any, shall be considered as final dividend at the Annual General Meeting of the Company.

### **Final Dividend**

- a) The final dividend, if any, is paid once in a financial year after the preparation of the annual financial statements.
- b) The Board of Directors shall recommend the final dividend to the Shareholders for their approval in the Annual General Meeting of the Company. The declaration of final dividend, if any, shall be included in the ordinary business items to be transacted at the Annual General Meeting of the Company.
- c) The final dividend shall be paid to the eligible shareholders subject as per provisions of the Companies Act, 2013, SEBI Regulations and other laws, to the extent applicable.

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

The decision regarding dividend payout is a vital decision, as it determines the amount of the profit to be distributed among its shareholders and the amount of the profit to be retained in business for the future growth and modernization expansion plan of the Company. The Company would continue to adopt a progressive and dynamic dividend distribution policy to ensure its immediate and long term requirements along with rewarding the Shareholders of the Company. Dividend for the financial year shall be decided/recommended by the Board, considering, statutory, economic, market, industry, external and internal factors.

The Company may not declare dividend or declare dividend at a lower rate under the following circumstances:

- (a) in the event of the Company making losses or the profits are inadequate;
- (b) where the Company is having requirement of funds for Capex requiring high capital allocation, working capital, repayment of loans taken in the past;
- (c) inadequate availability of cash; and
- (d) higher cost of raising funds from alternate sources

It may be noted that declaration of dividend shall be subject to the provisions of Companies Act, 2013, SEBI Regulations, Guidelines issued by Ministry of Corporate Affairs/Ministry of Finance/Department of Investment and Public Asset Management or any other authority.

#### **PARAMETERS FOR DIVIDEND DISTRIBUTION**

The Company has only one class of shares i.e. Equity shares and, hence, the parameters disclosed here under apply to the same.

The Board while considering payment of dividend for a financial year may, inter alia, consider the following financial parameters and / or internal and external factors:

- Profit for the financial year as well as general reserves of the Company.
- Projections of future profits and cashflows;
- Borrowing levels and the capacity to borrow including repayment commitments;
- Present and future Capital expenditure plans of the Company including organic/inorganic growth avenues;
- Optimal free cash to fund any exigencies, if any;
- Liquidity and return ratios;
- Prevailing legal requirements, regulatory conditions or restrictions laid down under any applicable laws including tax laws;
- Compliance with the provisions of the Companies Act or any other statutory guidelines including guidelines issued by Government of India;
- Past dividend trend for the Company and the industry;

- Additional investment in subsidiary of the Company
- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients.; and
- Any other factor as may be deemed fit by the Board.

#### **UTILISATION OF RETAINED EARNINGS**

The Board of Directors may retain its earnings in order to make better use of the available funds and increase stakeholders value in the long run. The consolidated profits earned by the Company can be retained in the business and used for various purposes as outlined above.

#### **DIVIDEND PAYOUT**

The Company shall strive to declare a steady stream of dividends to the shareholders that is in the best long-term interest of the shareholders and growth of the Company. The Company's Policy shall ensure that returns on investments made by shareholders in the Company are maximised over the long-term.

Dividend will be declared in compliance with the applicable laws. The Board may also consider utilising retained earnings for declaration of dividends, subject to applicable legal provisions, in case of inadequacy of profits in any financial year.

#### **POLICY AMENDMENT**

The Company reserves its right to alter, modify, add, delete or amend any or all of the provisions of the Policy as it may deem fit or in accordance with the guidelines and regulations as may be issued by Securities and Exchange Board of India, Government of India or any other regulatory authority. The change in the policy shall, however, be disclosed along with the justification thereof on the Company's website and in the ensuing annual report of the Company in accordance with the extant regulatory provisions.

#### **DISCLAIMER**

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board of Directors to use its discretion in the recommendation of the Dividend to be distributed in any year and the Board of Directors reserves the right to depart from the Policy as and when circumstances so warrant.

Given the uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward - looking statements in the Policy.