

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 capitalization) to formulate and disclose a Dividend Distribution Policy on website of the listed entity and a web-link of the same shall also be provided in their annual reports.

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

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

2. Dividend distribution philosophy-

The Company is committed to driving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic 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) Significantly higher working capital requirements adversely impacting free cash flow;
- c) Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- d) In the event of inadequacy of profit or whenever the Company has incurred losses.

5. Interim and Final Dividend-

The Board may declare one or more interim dividend 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. Parameters for declaration of Dividend-

 Financial parameters / Internal factors:

- Consolidated net operating profit after tax;
- Working capital requirements;
- Capital expenditure requirements;
- Resources required to fund acquisitions and/or new businesses;
- Cash flow required to meet contingencies;

- Outstanding borrowings;
- Past Dividend Trends (Whenever applicable).

 **External Factors:**

- Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- Dividend pay-out ratios of companies in the same industry.

7. Utilization of retained earnings-

Subject to applicable regulations, the Company's retained earnings shall be applied for:

- a) Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- b) Buyback of shares subject to applicable limits
- c) Payment of Dividend in future years
- d) Issue of Bonus shares
- e) Any other permissible purpose

8. Modification of the Policy

The Board of Directors 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, the regulations, etc.

9. Effective Date

The Policy as approved by Board of Directors shall be effective from June 14, 2021.

10. Disclaimer

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

Last updated on June 14, 2021