



Dividend Distribution Policy

Background:

The Securities and Exchange Board of India vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, introduced Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which required top five hundred listed entities based on market capitalisation (calculated as on March 31 of every financial year) to formulate a dividend distribution policy, which shall be disclosed in their annual reports and on their websites.

SEBI extended the coverage of Companies from top five hundred to top one thousand listed entities based on market capitalisation (calculated as on March 31 of every financial year) vide Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)(Second Amendment) Regulations, 2021, notified on May 5, 2021.

The Company being amongst top 100 listed entities based on aforesaid criteria for the year ended March 31, 2022 is required to formulate a Dividend Distribution Policy.

Objective:

Objective of the policy is to define the following for the benefit of the shareholders:

- (a) the circumstances under which the shareholders of the Company may or may not expect dividend;
- (b) the financial parameters that shall be considered while declaring dividend;
- (c) internal and external factors that shall be considered for declaration of dividend;
- (d) policy as to how the retained earnings shall be utilized; and
- (e) parameters that shall be adopted with regard to various classes of shares:

The Board of Directors will refer to the policy while declaring/recommending dividends

Definitions:

- (i) "Act" means the Companies Act, 2013 and Rules made thereunder, including any statutory amendment(s) or modification(s) thereof for the time being in force.
- (ii) "Dividend" includes final and interim dividend.
- (iii) "Dividend Payout ratio" means a fraction of net income a company pays to its shareholders as dividend.
- (iv) "Market capitalisation" means the aggregate value of the company based on its current market price and the total number of outstanding shares of the company.
- (v) "Paid-up Share Capital" means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called.
- (vi) "Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, from time to time and as notified by the Securities and Exchange Board of India.



Terms used in this policy and not defined above will have the meaning attributed to it as per the Act and the Regulations.

Declaration and payment of Dividend:

In compliance with Section 51 of the Act, the Company shall pay dividend proportionately, i.e., in proportion to the amount paid-up on each share. Dividend for a financial year shall be paid after the annual financial statements of the Company are finalised and the amount of distributable profits is available. 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:

1. out of the profits of the Company for that year arrived after providing for depreciation; or
2. out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
3. out of both (a) and (b).

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 while recommending /approving dividend.

(i) Financial parameters

- (a) Availability of profits;
- (b) Financial feasibility of the Company;
- (c) Debt and Liquidity position of the Company
- (d) Funds need for expansion, capex, acquisitions etc.
- (e) Adequacy of free cash flow

(ii) External Factors

- (a) Shareholders' expectations;
- (b) Uncertain or recessionary economic and business conditions;
- (c) Restrictions imposed under the Act with regard to declaration of dividend;
- (e) Future uncertainties and industrial downturn;
- (f) Government policy;

(iii) Internal Factors

- (a) Growth rate;
- (c) Expansion and modernisation of existing business;
- (d) Investment in research and development;
- (e) Working capital requirements;
- (f) Mergers and Acquisitions;



(iv) Utilisation of retained earnings

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

- (a) Acquisition/Diversification of business;
- (b) Long term strategic plan;
- (c) Cost of debt
- (d) Market or product development/expansion plan;

(v) Classes of Shares

The Company has issued only one class of shares viz., equity shares. There are no other class of shares issued or proposed to be issued by the Company. In case of issue of new class of shares in the future, the policy will be reviewed accordingly.

Publication of Policy:

This Policy, as approved by the Board, shall be disclosed in the Annual Report and on the website of the Company at www.jagsonpal.com.

Amendment:

In case of any subsequent changes in the provisions of the Act or Regulations or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws.

Any such amendments shall be disclosed along with the rationale for the same in the Annual Report and on the website of the Company.

Review:

This Policy is subject to review / revision by the Board of Directors whenever felt necessary.



**Dividend Distribution Policy
Version Control**

| Version No. | Approved by the Board of Directors on |
|-------------|---------------------------------------|
| 1 | August 9, 2022 |