



Dividend Distribution Policy

The Dividend Distribution Policy (“the policy”) establishes the principles to ascertain amounts that can be distributed to equity 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. The policy shall come into force for accounting periods beginning from 1st April, 2016.

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value of Rs.10 each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, out of the profits of the Company for current year or out of profits of the Company for any previous financial years or out of both, as may be permitted under the Companies Act, 2013 (“the Act”).

In the event of inadequacy or absence of profits in any year, the Board may recommend to declare dividend out of the accumulated profits earned by the Company in any previous financial years and transferred to free reserves, provided such declaration of dividend shall be in accordance with the provisions of the Act and Rules framed thereunder.

The Board may also declare interim dividend as may be permitted by the Act.

The Company’s dividend policy aims to balance the objective of appropriately rewarding shareholders through dividends and to support the future growth.

As in the past, subject to the provisions of the applicable laws, the Company’s dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavor to maintain a total dividend pay-out ratio in the range of 20% to 40% of the annual standalone Profits after Tax (PAT) of the Company.



While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

- Internal Factors:

- Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - Previous years and
 - Internal budgets,
- Cash flow position of the Company,
- Accumulated reserves
- Earnings stability
- Future cash requirements for organic growth/expansion and/or for inorganic growth,
- Brand acquisitions,
- Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
- Deployment of funds in short term marketable investments,
- Long term investments,
- Capital expenditure(s), and
- The ratio of debt to equity (at net debt and gross debt level).

- External Factors:

- Business cycles,
- Economic environment,
- Cost of external financing,
- Applicable taxes including tax on dividend,
- Industry outlook for the future years,
- Inflation rate, and
- Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.



The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board will provide rationale in the Annual Report.

The retained earnings of the Company may be used in any of the following ways:

- i. Capital expenditure or working capital,
- ii. Organic and/ or inorganic growth,
- iii. Investment in new business(es) and/or additional investment in existing business(es),
- iv. Declaration of dividend,
- v. Capitalisation of shares,
- vi. Buy back of shares,
- vii. General corporate purposes, including contingencies,
- viii. Correcting the capital structure,
- ix. Any other permitted usage as per the Act.

Information on dividends paid in the last 5 years is provided in the Annual Report.

This policy may be reviewed periodically by the Board.

The policy will be available on the Company's website and the link to the policy is <http://www.clubmahindra.com/about-us/policies>.

The policy will also be disclosed in the Company's Annual Report.
