



DIVIDEND DISTRIBUTION GUIDELINES / POLICY

1. Background

The Board of Directors (the “Board”) of Subros Limited (the “Company”) recognizes the need to lay down a set of broad guidelines / policy (the “Guidelines / Policy”) for considering distribution of dividend to its shareholders with the strive to enhance stakeholders value and instituting good corporate governance.

2. Objective

- a) Maximizing returns of stakeholders considering long term value creation.
- b) Establishing the parameters to be considered by the Board of the Company before declaring or recommending dividend.
- c) Endeavoring to pay sustainable returns in terms of dividend, in consonance with the dynamics of business environment, Company long term growth, internal cash accruals and future capex requirements.
- d) Providing shareholders with greater visibility & transparency.

3. Effective Date

These Guidelines / Policy shall come into effect from the date of approval of the Board.

4. Parameters for Dividend Payout

The Board of Directors of the Company shall consider the following financial/internal/external parameters while declaring or recommending dividend to shareholders:

Financial Factors/Internal Factors	External Factors
<ul style="list-style-type: none">• Profits & Free Cash flows position from business operation excluding Exceptional/Extraordinary/onetime gains• Accumulated reserves• Debt obligations/Financial Ratios of the Company• Cost of borrowing of the Company• Return on Capital and Earnings per Share• Dividend Payout ratio History• Business Forecast – Earnings• Future capital expenditure• Working Capital Requirements• Business Expansion / Diversification Plans• Provision for Contingent Liabilities	<ul style="list-style-type: none">• Prevailing macro-economic environment• Regulatory Changes domestic & global• Shareholders EVA• Re-investment opportunities• Prevailing industry scenario/Market conditions

5. Circumstances under which the shareholders of the Company may or may not expect dividend

- a) The circumstances under which shareholders **may expect dividend**:-
- Availability of surplus funds considering the present & future business needs;
 - Statutory requirements governing dividend payouts.
- b) The circumstances under which shareholders **may not expect dividend**, subject to the discretion of the Board of Directors:-
- Inadequacy of profits for the Financial Year;
 - Proposal to undertake significant business expansion;
 - Higher working capital requirement affecting free cash flows;
 - The Company is prohibited to recommend/declare dividend by any regulatory requirements.

6. Manner of Utilization of Retained Earnings

The retained earnings of the Company may, inter alia, be utilized for the following purposes:

- Towards organic/inorganic strategic growth plans of the Company;
- Towards investment in new/existing business, diversification opportunities / capital expenditure;
- Towards general corporate purposes including contingencies;
- Dealing with the possible downturn in the business;
- Declaration of dividend under any special circumstances, as permitted by law.

7. Dividend Recommendation

Considering the parameters and circumstances as stated above, the Company shall endeavor to declare dividend (including dividend distribution tax as applicable) payout-out up to 30% of its annual standalone profit after tax (PAT) excluding exceptional/extraordinary/one time gain accrued/realized.

8. Provisions with Regard to Various Classes of Shares

The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue. Presently the Company has issued only one class of shares i.e. equity shares with equal voting rights. Therefore all the members of the Company are entitled to receive the same amount of dividend per share as approved by Board and shareholders.

In the event of the Company issues any other class(es) of shares, the Board shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.



9. Amendment

The Guidelines / Policy shall be reviewed periodically by the Board and may, at their discretion revise, amend or modify these Guidelines / Policy as and when deemed fit in consideration with Company's growth, investment plans, prevailing economic scenario or any regulatory amendments.

10. Disclaimer

- a) The Guidelines / Policy do not constitute a commitment regarding future dividends of the Company.
- b) The Guidelines / Policy do not solicit investment in the Company's shares nor is it an assurance of guaranteed returns (in any form), for investments in the Company's shares.