



ESAAR (INDIA) Limited

DIVIDEND DISTRIBUTION POLICY

1. Background:

- 1.1. The Board of Directors of Esaar (India) Limited (**EIL / Company**) have adopted a progressive Dividend Distribution Policy (**Policy**) which endeavors for fairness, consistency, sustainability, future growth and long-term interests of the Company and its stakeholders while distributing profits to the shareholders.
- 1.2. In setting the Dividend Distribution Policy, the aim of Board of Directors is to continue to strike a balance between the interests of the business, financial creditors and shareholders. The annual dividend will reflect the Board of Directors view of the earnings prospects over the entirety of the investment cycle. The Board of Directors will have the flexibility to determine the level of dividend based on the considerations laid out in the policy and other relevant developments.
- 1.3. This Policy has been framed in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**SEBI Listing Regulations**), Companies Act, 2013, RBI Directions and amendments thereto.

2. Criteria and Approval:

2.1. Statutory and Regulatory requirements-

The Company shall declare dividend only after ensuring compliance with the provisions of Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, RBI Directions and amendments thereto.

2.2. Internal and Financial Parameters to be considered while declaring dividend-

- a. results of operations;
- b. earnings;
- c. capital requirements and surplus;
- d. current and future cash flow requirements;
- e. providing for unforeseen events and contingencies;
- f. general financial conditions;
- g. contractual restrictions;
- h. market conditions;
- i. competition intensity;
- j. applicable Indian legal restrictions;
- k. adherence to requirement of SEBI Listing Regulations, Companies Act, 2013 and Rules made thereunder, RBI Directions and as amended from time to time; and

- l. other factors as may be considered relevant by the Board of Directors.
- 2.3. Other external factors including, but not limited to:
 - a. Macro-economic environment;
 - b. Capital market conditions;
 - c. Dividend policy of competitors;
 - d. Shareholder expectations;
 - e. Regulatory changes.
- 2.4. Dividend will generally be paid once a year. Dividends for any financial year will generally be paid out of net profit earned during the said year. However, in special circumstances which include maintaining dividend rate, the Board of Directors may at its discretion, declare interim dividends and may also declare dividend out of retained earnings.

The Company shall endeavor to pay a dividend upto 60% of the net profit for the financial year. Such net profit shall be computed in accordance with Section 123 of the Companies Act, 2013, and Rules thereof. Further any exceptional item of income or expenses or unforeseen financial disruptions which could impact the profitability of the Company shall not be considered for the said purpose.

- 2.5. Dividend will continue to be accrued and payable with respect to shares held in abeyance.
- 2.6. The decision regarding dividend shall be taken only by the Board of Directors at its Meeting and not by a Committee of the Board of Directors or by way of a Resolution passed by circulation. Final dividend shall be paid only after the approval of shareholders at an Annual General Meeting (AGM) of the Company. Shareholder approval is not required for payment of interim dividend.

3. Circumstances under which shareholders may or may not expect dividend:

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board of Directors.

4. Utilization of Retained Earnings:

- 4.1. The Company shall endeavor to utilize the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.
- 4.2. The Company may utilize the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the

shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

4.3. Retained earnings will generally be used to strengthen the financial position of the Company and will be used for declaration of dividends in special circumstances including maintenance of dividend rate.

5. Dividend for different classes of shares:

Presently, the issued and paid-up share capital of the Company comprises of only one class of shares, viz. equity, for which this policy is applicable. The Policy is subject to review and amendments as and when the Company issues different classes of shares.

6. Review / Amendments to Policy:

The Policy would be reviewed on an annual basis by the Board of Directors. In case, there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended with due approval from the Board of Directors. However, the amended regulatory requirements will supersede the existing Policy till the time Policy is suitably amended.

7. Disclosure:

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

8. Effective Date

The policy shall be effective from the date of its approval from the Board of Directors.

For **Esaar (India) Limited**



Bipin D. Varma
Whole -Time Director
DIN: 05353685

