



REDINGTON LIMITED
POLICY ON DIVIDEND DISTRIBUTION

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| Policy approved by | : | Board of Directors of Redington Limited <i>(Formerly known as Redington (India) Ltd)</i> |
| Date of approval of current version | : | February 6, 2020 |
| Policy effective from | : | February 6, 2020 |
| Version No. | : | RL/Dividend/01-2020 |

Policy on Dividend Distribution

Purpose

The Company's dividend policy is to increase the shareholders' return by way of declaring increased dividends, considering two primary factors i.e Earnings and the financial needs of the Company

This policy is drafted in Compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The parameters set out in the policy are applicable for declaration of both Interim Dividend and Final Dividend.

Process for declaration and distribution of Dividend

The Board of Directors recommend/declare dividend as per the provisions of Companies Act, 2013. Interim Dividend will be paid on declaration of the same by the Board and the final dividend will be paid on the approval of shareholders at the Annual General Meeting. The company pays the dividend within 30 days of approval of shareholders / declaration by the Board.

Parameters to be considered for declaration of Dividend

- 1) Financial Parameters
 - a. Quantum of Standalone and Consolidated Net Profits
 - b. An Acceptable debt level and debt to equity ratio
 - c. Adequate Cash flow
- 2) Internal and external factors
 - a) Budget and forecast of future – Plans for any fund requirements eg., investment in new business verticals, expansion of business to new areas, Mergers & Acquisitions and downstream investment etc.
 - b) Liquidity Position – If the Company has negative cash flow on year to date basis then the Company may choose to declare dividend or not.
 - c) Business and Regulatory contingencies – If the Company expects any liabilities including statutory liabilities, non-performance of business verticals, then company need to save cash instead of paying out as dividend.

The Company may utilize its Retained earnings after paying dividends for building strong reserves for future expansion plans and for contingencies.

The Company has only a single class of shares (Equity) and this policy shall be applicable only in this respect.

This Policy is subject to regulations such as the Companies Act, 2013, the SEBI (LODR) Regulations, 2015 and other provisions that govern the declaration and distribution of dividend applicable to the Company and shall stand amended in line with any regulatory amendments, modifications as the case maybe.

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The following is not part of the Dividend Policy

Guidance Note

(To be considered while declaring Dividend under the aforesaid policy)

- As per the Companies Act, 2013, Dividend can be declared only out of Profits of the Company i.e the Standalone Profits of the Company. For this purpose, 'Profits' include Dividend received **(not on accrual basis)** from the investment made by the Company.
- The Company's dividend payout will be determined based on available financial resources, investment requirements and optimal shareholder return.
- Board should finalize dividend, considering the parameters, determining factors, range stipulated in the policy and the instant guidance note, post approval of Annual Consolidated Financial Statements.
- Within these parameters, the Company would endeavor to maintain a total dividend pay-out ratio in the range of 20% to 35% of the annual Consolidated Profits after Tax (PAT) of the Company, subject to the maximum dividend permissible under the Companies Act, 2013 and other applicable legislations.
- Board shall strive to maintain a consistent dividend declaration policy with a broad objective that Dividend declared in a year shall not be less than dividend declared in the previous year.

Determining the Dividend Quantum

While determining the Dividend Quantum, Board shall consider the following factors:

| Parameters | Determining factor |
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| Quantum of Standalone and Consolidated Net Profits | Delivering profitable growth |
| Debt Equity ratio | Less than 0.7:1, both on a Standalone and Consolidated basis |
| Cash Flow | Delivering positive cash flow |

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| Reserves position | Adequate Cash Reserves for Working capital and downstream investments for acquisition and other inorganic growth prospects |
| Dividend history of the company | Dividend declared in a year shall not be less than dividend declared in the previous year |
| Tax | Impact of declaration of higher dividend from a deferred tax perspective and impact on the P&L account |
| Credit ratings | Dividend quantum and its impact on the ratings |

Declaration of Final Dividend:

The process for determination of Dividend to be declared would be as under:

- a) Ascertain the Consolidated profits for the previous financial year
- b) Determine the Total Dividend payable on Consolidated basis after considering the aforesaid factors (Dividend Quantum)
- c) Determine the Dividend payable based on the Standalone Profits after considering the aforesaid factors (Statutory Dividend)
- d) Identify the gap between the Dividend Quantum and Statutory Dividend
- e) If there is no gap between the two, Final Dividend would be declared on the standalone profits of the previous year.
- f) It is possible that the Statutory Dividend would be lower than the Dividend Quantum, possibly due to non-receipt of Dividend income from the subsidiaries.
- g) In such a scenario, restrict the Dividend payable to the Statutory Dividend. This will be declared as the Final Dividend of the previous year.

Declaration of Interim Dividend – The Board shall consider declaration of Interim Dividend whenever there is a very good financial performance and adequate fund available after considering the parameters mentioned above. In such case, the Company shall ensure receipt of the Dividend from the subsidiaries and thereafter reckon this quantum for declaration of the Interim Dividend, while considering the financial results of the immediate subsequent period.

Dividend from Subsidiaries - The Company may recommend to the Wholly Owned Subsidiary (WOS) Companies to adopt a dividend policy similar to that of the Parent company (in line with the instant policy) after considering tax efficiency. The dividend policy approved by the Board of WOS and amendments thereto shall be placed before the Board of the Company for its noting.