

MAHARASHTRA SEAMLESS LIMITED

DIVIDEND DISTRIBUTION POLICY

1. Introduction

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as notified by the Securities Exchange Board of India vide its Notification No. SEBI/LAD-NRO/GN/2016-17/008 dated July 08, 2016, the Company is required to formulate a Dividend Distribution Policy inter alia covering the parameters prescribed therein.

2. Objective

The objective of this policy is to identify and articulate the financial parameters, external and internal factors that will be considered while considering and declaring the dividend for various classes of shares, circumstances under which the shareholders of the Company may or may not expect dividend, utilization of retained earnings etc. The policy has been framed broadly in line with the provisions of the Listing Regulations, the Companies Act, 2013 with regard to declaration and distribution of dividend to its shareholders.

3. Circumstances under which Dividend may or may not be declared

3.1 The Company has been consistently paying dividend to its shareholders for several years. Payment of dividend will depend on the financial performance of the Company and profit earned by it in a particular financial year. The Board of Directors (the Board) of the Company shall consider payment of dividend to the shareholders considering the financial parameters, internal and external factors, etc. set out in this policy while declaring dividend. The Board may, at its sole discretion, declare interim dividend for any financial year depending on the financial performance of the Company.

3.2 The Company may not declare dividend due to inadequacy of profits, retaining of profit to undertake expansion of business, CAPEX / working capital requirements, reducing debt, creating reserves, acquisitions, joint ventures requiring substantial investment of capital, utilization of surplus funds for buy-back of securities, embargo placed by any law, etc. In the event the Board decides not to recommend dividend in a financial year, the grounds thereof and utilization of undistributed profit, if any, will be disclosed to the shareholders in the Annual Report of the Company.

4. Financial parameters to declare a Dividend

4.1 Following financial parameters will be considered for declaration of dividend:

- Profit after Tax;
- Working capital requirement;
- Capital expenditure requirement;
- Resources for acquisition/ expansions; and
- Cash flow required to meet contingencies;
- Operating cash flows and treasury position keeping in view the total debt to equity ratio.
- Pay-out ratio to be decided by the Board.

4.2 The Board shall also consider following internal and external factors for declaration of dividend

4.2.1 External Factors

- Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend.
- The tax on distributed profit paid by the Company would be treated as the final payment of tax in respect of dividend.
- Any restrictions on payment of dividends by virtue of any regulation, specific order of Court or Tribunal or Statutory Authority, as may be applicable to the company at the time of declaration of dividend.

4.2.2 Internal Factors

The internal factors shall be as mentioned in Para 3.2 and 4.1.

5. Utilization of retained earnings

The earnings retained by the Company will be utilized for the earmarked purposes only in compliance with applicable laws. The earnings may be retained by the Company for the following purposes.

- Capacity expansion / modernization;
- Brand expansion / new launches;
- Long term strategy plans;
- Partly funding acquisitions;
- Working capital/ capital expenditure requirement; and
- Such other purposes as the Board may deem fit from time to time.

6. Provisions for 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 issued share capital of the Company comprises of equity shares only. However, in future, if the Company issues any preference shares, dividend shall be first paid on the preference shares and then on equity shares. The Board may revise this policy as and when the Company will allot preference shares.

7. Declaration and distribution of dividend

Declaration and distribution of dividend shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, Listing Regulations, Articles of Association of the Company and other applicable laws as in force and as amended from time to time.

8. Policy Review/Amendment

This policy is subject to review from time to time. Any amendment to this policy shall be subject to approval of the Board.