

DELTA CORP LIMITED - DIVIDEND DISTRIBUTION POLICY

This Policy aims to regulate the process of dividend declaration and its pay-out by the Company in accordance with the provisions of Companies Act, 2013 (“the Act”) read with the applicable rules framed thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (“Listing Regulations”), as may be in force for the time being.

Preamble:

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of profits generated by the Company. The profits earned by the Company can either be retained in business to use for acquisitions, expansion or diversification or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to balance between dividend payout and profits to be retained.

Objective:

The objective of this policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company and to strike the right balance between the quantum of dividend and amount of profits to be retained in the business for future requirements. The Board of Directors will refer to the policy while declaring/recommending dividends on behalf of the Company. Through this policy, the Company would endeavor to maintain a consistent approach towards payment of dividend but various factors having impact on the profits and operations of the Company will be required to be considered before recommending / declaring dividends.

The Company operates in the high potential and fast growing business segment which offers huge investment opportunities. Therefore, the retention of surplus funds for future growth will override considerations of returning cash to the shareholders. However, considering the consistent and impressive generation of profits year on year, there is a need to provide greater clarity on the dividend payout philosophy of the Company.

Category of Dividends:

The Act provides for two forms of Dividend i.e. Final & Interim. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in Annual General Meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

I. **Final Dividend**

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the shareholders in Annual General Meeting. The declaration of Final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

Process for approval of Payment of Final Dividend:

- Consider distributable profits arrived at, as per the audited financial statements;
- The Board to recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy;
- Shareholders to approve in Annual General Meeting;
- Payment to be made to shareholders within stipulated period;

II. **Interim Dividend**

This form of dividend can be declared by the Board of Directors for such number of time in a financial year as it may be deemed fit. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this policy. Normally, the Board would consider declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts. This would be in order to supplement the annual dividend or in exceptional circumstances.

Process for approval of Payment of Interim Dividend:

- Board may declare Interim Dividend at its complete discretion in line with this Policy;
- Based on profits arrived at as per quarterly (or half- yearly) financial statements including exceptional items;
- Payment to be made to shareholders within stipulated period;

PARAMETERS AS PER LISTING REGULATIONS

[A] Circumstances under which the shareholders may or may not expect dividend:

In case of inadequacy of profit and/or sudden change in global and domestic business environment, political situation, volatility in the market, unfavourable market conditions or such other factors which the Board considers having impact on the operations and/or margins of the Company, the Board would likely refrain from recommending any dividend till the time market and such other factors become conducive for the business of the Company.

[B] Financial parameters for declaration of dividend:

Subject to the provisions of the Companies Act, 2013, Dividend shall be declared or paid only out of-

- i) Current financial year's profit:
 - a) after setting off carried over previous losses;
 - b) after providing for depreciation in accordance with the provisions of Schedule II of the Act;
 - c) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

- ii) The profits for any previous financial year(s):
 - a) after setting off carried over previous losses;
 - b) after providing for depreciation in accordance with law;
 - c) remaining undistributed; or

- iii) Average profit of last three years within a range of 25% to 35%
 - a) after setting off carried over previous losses;
 - b) after providing for depreciation in accordance with law;
 - c) remaining undistributed;

- iv) out of i) or ii) or iii) or all of the above or at the discretion of the Board of Directors as it thinks best.

In computing the above, the Board may at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary and exceptional income, generated from activities other than regular business (ii) one off charges on account of change in law or rules or accounting policies or accounting standards (iii) provisions or write offs on account of impairment in investments (long term or short term) (iv) non-cash charges pertaining to amortization or ESOP or resulting from change in accounting policies or accounting standards.

[C] Factors to be considered while declaring Dividend:

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in the Company. The Board of Directors will endeavor to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding payout is subject to several factors and

hence, any optimal policy in this regard may be far from obvious.

The Dividend pay-out decision of be decided after consideration of factors, such as:

(i) **External Factors:-**

State of Economy- in case of uncertain or recessionary economic and business conditions, Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks.

Capital Markets- when the markets are favourable, dividend payout can be liberal. However, in case of unfavorable market conditions, the Board may resort to a conservative dividend pay-out in order to conserve cash outflows.

Statutory Restrictions- The Board will keep in mind the restrictions imposed by Companies Act, 2013, as amended from time to time, with regard to declaration of dividend.

(ii) **Internal Factors:-**

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which inter alia will include-

- i) Profits earned during the year;
- ii) Present & future Capital requirements of the existing businesses;
- iii) Brand/ Business Acquisitions;
- iv) Expansion/ Modernization of existing businesses;
- v) Additional investments in subsidiaries/associates of the Company;
- vi) Fresh investments into external businesses;
- vii) Any other factor as deemed fit by the Board.

[D] **Utilization of Retained Earnings:**

The Board may utilize the retained earnings for investing in the growth of the Company by way of expansion or capital investments or acquisition and joint ventures.

[E] **Parameters for distribution of dividends for various classes of shares:**

Presently the Company has only issued one class of Equity Share . However, as and when the Company plans to issue any other classes/types of shares, the dividend policy will be applicable to other class/type of shares based on the terms and conditions attached to that class/type of shares.

[F] Dissemination of Policy:

The Company shall make appropriate disclosure of this policy as provided under Listing Regulations.

[G] Review and amendment :

The Board may monitor, review and amend the Policy from time to time as also whenever necessitated due to amendments in any Act, Rules or applicable Regulations.