

DIVIDEND DISTRIBUTION POLICY

(Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

R K SWAMY LIMITED

(Formerly Known as 'R.K.SWAMY BBDO Private LIMITED' and 'R K Swamy Private Limited')

(Duly approved by board of Directors of the company through meeting held on July 21, 2023)

1. PREAMBLE:

Pursuant to the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (“**Listing Regulations**”) it is mandatory to have a Dividend Distribution Policy (the “**Policy**”) in place for the top thousand listed companies based on the market capitalization calculated as on March 31 of every financial year.

Accordingly, R K Swamy Limited has framed this Policy in compliance with the Listing Regulations.

2. PHILOSOPHY/OBJECTIVE:

The Policy of the Company aims to strike a balance between the dual objectives of rewarding shareholders through dividends and ploughing back earnings to support sustained growth.

3. DEFINITIONS:

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“**Board of Directors**” or “**Board**” means the collective body of the Board of Directors of the Company, as constituted from time to time.

“**Company**” shall mean R K Swamy Limited.

“**Final Dividend**” means the dividend recommended by the Board of Directors and approved by the shareholders at an annual general meeting.

“**Interim Dividend**” means the dividend declared by the Board of Directors.

“**Listing Regulations**” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

“**Free Reserves**” means such reserves which, as per the latest audited balance sheet of a Company, are available for distribution as dividend. However, the following amount shall not be treated as free reserves:

- (i) any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as reserve or otherwise, or
- (ii) any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value.

Words and expressions used and not defined herein shall have the meaning respectively assigned to them under the Listing Regulations, the Act or other applicable laws.

4. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities, cashflow requirements, present and future funding requirements other relevant factors for business survival and growth, before declaring dividend in any financial year.

In the following situations, the Board may consider it prudent to deploy internal funds for specific business needs as mentioned below and not consider it prudent to recommend a dividend:

- Inadequacy or absence of profits
- Need for an incremental Working Capital for operations.
- Business growth, development or expansion whether organic or inorganic.
- Developing Business Infrastructure
- Technological upgradation or Replacement for Obsolescence
- Acquisitions or investments

5. PARAMETERS FOR DECLARATION OF DIVIDEND:

In line with the philosophy stated above, the Board of Directors of the Company, shall consider the following parameters for declaration of dividend:

Financial Parameters / Internal Factors:

- Consolidated net operating profit after tax;
- Need for an incremental Working Capital for operations;
- Capital expenditure requirements;
- Cash flow requirements;
- Cost of Borrowings and headroom for borrowing;
- Past Dividend Trends; (whenever applicable)
- Proposed Business growth, development or expansion whether organic or inorganic;
- Major capital expenditure proposed to be incurred;
- Debt servicing obligations and covenants;
- Provision for Contingencies;
- Financial and Gearing ratios;

External Factors:

- Prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws;
- Dividend pay-out ratios of companies in the same industry.
- Industry Outlook for future years
- Economic Environment
- Political/Geographical situation

6. DIVIDEND PAYOUT (INCLUDING DIVIDEND DISTRIBUTION TAX):

The dividend pay-out in each financial year, including Interim Dividends, will be decided by the Board keeping in mind the above-mentioned criteria. Special dividends, if any, will be declared in addition to the regular dividend pay-out.

7. UTILISATION OF RETAINED EARNINGS:

Retained earnings shall be utilized in accordance with prevailing regulatory requirements, creating reserves for specific objectives, fortifying the balance sheet against contingencies, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and any other specific purpose as approved by the Board of Directors of the Company:

The Company shall endeavor to utilize retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders in the long run.

The decision of utilization of the retained earnings of the Company shall inter-alia be based on the following factors:

- Incremental working capital
- Business growth or expansion plans
- Creating a business infrastructure
- Technological upgradation or replacement for obsolescence
- Proposed capital expenditure in the business
- Acquisitions or investments
- Declaration of dividend;
- Capitalisation of shares;
- Buy-back of shares;
- General corporate purposes, including contingencies and provisions thereof; and
- Any other permitted usage as per the Act.

8. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES:

As of now, the Company has only equity shares. The Company has not issued any other classes of shares. Further in case of issue, the same parameters shall be taken into consideration for the other class of shares as taken into consideration for equity shares.

9. POLICY APPROVAL AND UPDATES:

Key management personnel or the person authorised by the Board may review this Policy from time to time. Any material changes to this Policy shall require prior approval of the Board.

10. CONFLICT IN POLICY:

In case of any inconsistency between the terms of this Policy, Listing Regulations & the Act, the provisions of the Listing Regulations & the Act shall prevail.

11. DISCLOSURE:

This Policy shall be disclosed on the Company's website www.rkswamy.com and the weblink shall also be included in the Company's annual reports. If the Company proposes to declare dividend on the basis of parameters in addition to the parameters laid out in this Policy, or proposes to change such additional parameters or the policy contained in any of the parameters, the Company shall disclose such changes along with the rationale for the same in its annual report and on its website.

12. AMENDMENTS:

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy. Any subsequent amendment/modification in applicable law in this regard shall automatically apply to the Policy.

13. DISCLAIMER:

- a) The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.
- b) Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in the Policy.
