



## DIVIDEND DISTRIBUTION POLICY

### **1. INTRODUCTION & SCOPE**

The Securities Exchange Board of India (SEBI) vide its Notification No. SEBI/LAD-NRO/GN/2016-17/008 dated July 08, 2016, inserted Regulation 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') mandating the formulation of a Dividend Distribution Policy for the top 500 listed entities based on their market capitalisation calculated on March 31 of every financial year which shall also be disclosed in the Annual Report and on the website of the Company. In compliance with the said Regulation, the Company is required to frame a Dividend Distribution Policy ('the/this Policy').

This policy will regulate the process of dividend declaration and pay-out by Skipper Limited (the Company) in accordance with the provisions of the Companies Act, 2013 and Rules made there under and the Listing Regulations.

The policy specifies the external & internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend.

The policy is a reference for the Board and not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration of all relevant factors and circumstances. This Policy endeavours to attain fairness, consistency and sustainability while distributing profits to the shareholders.

### **2. CATEGORIES OF DIVIDEND AND PROCESS FOR APPROVAL**

The Companies Act provides for two types of Dividend namely Interim Dividend and Final Dividend. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company.

#### **a. Interim Dividend**

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. 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 considers declaring an interim dividend after finalization of quarterly (or half yearly) financial statements. 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, one or more times in a financial year in line with this Policy based on profits arrived at as per quarterly (or half- yearly) financial statements including exceptional items.
- Payment of dividend to the eligible shareholders shall be made within 30 days from the date of declaration or within such time as may be prescribed under applicable law.
- Interim dividend paid during the year shall be confirmed in the annual general meeting, held after the payment of the same.

**b. 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 a 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:**

- Board shall recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy based on the profits arrived at as per the audited financial statements
- Dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company, by the shareholders.
- Payment of dividend to the eligible shareholders shall be made within 30 days from the date of declaration or within such time as may be prescribed under applicable law.

**3. FACTORS WHICH DETERMINE DIVIDEND AND CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

**A. GENERAL FACTORS**

Dividends are the Company's earnings that the Company passes on to their shareholders. When the Company increases its earnings and makes profits, the Board of Directors may decides to keep aside some of the profits as retained earnings and distribute some of its earnings as dividends to the shareholders. The circumstances under which the Company may or may not declare dividend depends on the financial status of the Company, nature of industry the Company is in, the need of the Company for ploughing back its profits, the consideration of past losses, statutory requirements, agreements with lending institutions etc.

The Company aims to pay progressive dividend which shall be consistent with the performance of the Company. However the Board may decide not to declare dividend or to declare special dividend under certain circumstances as deemed appropriate by the Board of Directors.

The Company may not declare dividend when there is inadequacy or absence of profit in any financial year. The shareholders of the Company should not expect dividend when the Company faces loss in that financial year unless the Company decides to pay dividend out of accumulated profits of previous years or out of the reserves of the Company.

The Company shall declare dividend in accordance with the provision of Companies Act, 2013 and rules made there under.

The Board shall consider the following, while taking decisions of dividend payout during a particular year:

## **B. INTERNAL FACTORS INCLUDING FINANCIAL PARAMETERS**

The following Internal factors shall be considered while declaring dividend:

i. Profit earned during the year

The decision of dividend depends on the profit earned during the year.

ii. Past performance

The trend of performance that has been during the past years determine the expectation of the shareholders. The Board shall consider the same while taking decision on declaration of dividend.

iii. Working capital requirements

The working capital requirement of the Company will be taken into consideration while taking decision on declaration of dividend.

iv. Operating cash flow of the Company

The cash flow position of the Company shall be considered before decision on declaration of dividend is taken.

v. Cost of borrowings

The Board will consider the requirement of short term and long term fund requirements of the Company and will analyze the viability of the options in terms of cost of raising of funds from banks/financial institutions or to plough back its own funds.

vi. Repayment of loans

The Board will consider its ability to repay the debt obligation over a period of time and considering the volume of such obligation the decision of dividend declaration shall be taken.

vii. Proposal of major capital expenditure

The Board will consider the need of funds for replacement of capital assets, expansion and modernization before taking decision on declaration of dividends.

viii. Brand/ Business acquisitions/ buy backs

Acquisition of brands and businesses, increasing expenditure on marketing, advertising and brand building in the long-run will also influence the Board's decision of declaration of dividend. Any share buy back plans will also influence the Board's decision of declaration of dividend.

ix. Additional investments in subsidiaries/associates of the Company

The Company may in future have subsidiaries/ associates. Capital requirements of these entities for expansion and operations also need to be assessed by the Board.

x. Post dividend EPS

Post dividend EPS tends to have substantial impact on market capitalisation and the same also needs to be considered before declaring dividend.

xi. Expansion plans

Future expansion and modernization plans will be considered while taking decision on dividend.

xii. Contingencies/ Unforeseen events

The Board shall also consider any cash requirements for contingencies or unforeseen events.

xiii. Expectations of major stakeholders

The Board shall, as far as possible, consider the expectations of the major stakeholders including the retail shareholders of the Company.

**C. EXTERNAL FACTORS**

i. Statutory compliances

The Board will follow any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.

ii. Capital markets

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

iii. State of economy

In case of uncertain economic conditions, Board will endeavor to retain larger part of profits to build up reserves to have good financial health in case of exigencies.

iv. Taxation and statutory restrictions

The Board shall consider the tax regulations in respect of Dividend distribution together with restrictions imposed by any statute, including the Companies Act, with regard to declaration of dividend as may be applicable at the time of declaration of dividend. Changes in policies of the Government with respect to dividend may also impact dividend distribution.

v. Changes in technological/ business environment

The Board shall also consider any significant changes in the business or technological environment in which the Company operates.

**D. MANNER OF UTILISATION OF RETAINED EARNING**

The retained earnings are the part of the surplus profits which the Company does not distributes as dividend to the shareholders. This amount may be used by the Company in various forms to increase stakeholders value.

The Board may at its discretion use the funds for various purposes which may include:

- i) Market/ Product expansion
- ii) Investing in new plants and equipments for enhancing production capacity
- iii) Modernization plan
- iv) Diversification of business
- v) Replacement of capital assets
- vi) To gain competitive advantage over others.

**E. PARAMETERS FOR VARIOUS CLASSES OF SHARES**

The factor and parameters for declaration of dividend shall be same for all classes of shares of the Company, subject to any regulatory requirement for any particular class. Since the Company has only one class of equity shares with equal voting rights, all the members are entitled to receive the same amount of dividend per share.

The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.

Dividend when declared shall be first paid to the preference shareholders, if any, of the Company as per the terms and conditions of their issue. This policy shall not apply to determination and declaration of dividend on preference shares as the same will be governed as per the terms of issue approved by the Board and the shareholders of the Company.

**F. REVIEW AND AMENDMENTS**

This policy will be reviewed by the Board as and when required. The Board of Directors are authorized to make alterations/ amendments to this policy as considered appropriate from time to time, however such alterations/ amendments shall not be inconsistent with the provisions of Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any

other regulatory provisions. Any subsequent modification/ amendment in the Act or the Listing Regulations or any other regulatory provisions in this regard shall automatically apply to this policy.

In case the Company proposes to declare dividend on the basis of parameters in addition to the aforementioned parameters or proposes to make an alteration thereto, it shall disclose such changes along with the rationale in its Annual Report and on its website.

#### **G. LIMITATIONS**

In the event of any conflict between the Act or the Listing Regulations or any other statutory enactments (“Regulations”) and the provisions of this Policy, the Regulations shall prevail over this policy