

RSWM LIMITED

DIVIDEND DISTRIBUTION POLICY

Approved by Board of Directors at its meeting held on 28th May, 2021

1. Introduction and Background

The Securities and Exchange Board of India (SEBI) vide its Notification dated 5th May, 2021, have extended the requirement for formulation of dividend distribution policy to top 1000 listed entities on the basis of market capitalization in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which shall be disclosed in the Annual Report and on the Website of the Company.

The Board of Directors (“Board”) of RSWM Limited (“Company”) has adopted this Dividend Distribution Policy to comply with these requirements.

2. Objective of the Policy

The Company is committed to driving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

3. Dividend

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend. The Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

4. Circumstances under which shareholders can expect Dividend

The Board will assess the Company’s financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors (as mentioned elsewhere in this policy) and declare Dividend in any financial year.

Notwithstanding the above, the shareholders of the Company may not expect Dividend under the following circumstances:

- a. Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital
- b. Significantly higher working capital requirements adversely impacting free cash flow
- c. Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital
- d. In the event of inadequacy of profit or whenever the Company has incurred losses.

5. Interim and Final Dividend

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal will be considered, will be provided to the stock exchanges, as required by Listing Regulations

6. Dividend Distribution Policy

- Current year profits and outlook in line with internal and external environment
- Operating cash flows
- Liquidity and outstanding borrowing position
- Future business plans of the Company
- Cash to be retained for future investments and outlays
- Changes in the external environment impacting business
- Providing for unforeseen events and contingencies with financial implications.
- Any other relevant factor that the Board may deem fit to consider

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and Articles of Association of the Company, as in force and as amended from time to time.

In addition, the Board of Directors, based on the above parameters, may declare interim dividend(s) as and when they consider fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company.

7. General

- In case the Board of Directors proposes not to distribute the profit in any year; the grounds thereof shall be disclosed to the shareholders in the Annual Report of the Company.
- The retained earnings will be utilized towards funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, Buyback of shares subject to applicable limits, Payment of Dividend in future years, Issue of Bonus shares, Any other permissible purpose in accordance with applicable provisions of the Companies Act, 2013 the applicable Rules thereunder, SEBI regulations and Articles of Association of the Company.
- The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.
- The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

8. Disclaimer

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

In the event of any conflict between the Act or the SEBI Regulations or any other statutory enactments ("Regulations") and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment/modification in the Regulations, in this regard shall automatically apply to this policy.