

PURAVANKARA LIMITED

CIN: L45200KA1986PLC051571

DIVIDEND DISTRIBUTION POLICY

(Approved by Board of Directors on 14.11.2023)

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1. Objective of the Policy

The Policy aims to ensure that the Company makes prudent decisions with regard to quantum, timing, and type of dividend that may be declared by the it. Further, the policy also aims to achieve an optimum balance between creating long term shareholder value by distribution of dividend and retaining certain percentage of its profits for Company's growth and expansion.

2. Legal Framework

The Company believes in creating long term shareholder value through reinvestment of its earnings. However, the Company also recognizes that dividends should be paid to shareholders periodically, while keeping in mind its business needs. This Policy applies to the distribution and payment of dividend by the Company in accordance with the provisions of Companies Act 2013 and in line with the principles laid down in Regulation 43A of SEBI Regulations. (as amended)

SEBI Regulations further prescribes that the dividend distribution policy shall include the following parameters:

- i. the circumstances under which the shareholders of the listed entities may or may not expect dividend;
- ii. the financial parameters that shall be considered while declaring dividend;
- iii. internal and external factors that shall be considered for declaration of dividend;
- iv. policy as to how the retained earnings shall be utilized; and
- v. parameters that shall be adopted with regard to various classes of shares.

This Policy is effective from <<>>.

3. Scope of the Policy

The policy shall be applicable Company-wide on the declaration, distribution and payment of Dividend.

4. Amendments

The Board may at any time, amend this Policy either pursuant to any changes in applicable regulations or otherwise. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, such amendment(s), clarification(s), circular(s), etc. shall prevail over the provisions in this Policy.

5. Definitions

5.1 "**Board**" means the Board of Directors of the Company.

5.2 "**Companies Act 2013**" means the Companies Act, 2013 and rules made thereunder, as amended from time to time.

5.3 "**Company**" means Puravankara Limited.

5.4 "**Dividend**" means Dividend as defined under Companies Act 2013.

5.5 “**SEBI Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

5.6 “**Policy**” means this Dividend Distribution Policy as amended and approved by the Board from time to time.

Capitalised terms used in this Policy and not defined above shall have the same meaning as assigned to them under the Companies Act 2013 or SEBI Regulations or any other applicable law or guidelines.

6. Declaration and payment of Dividend

As per Section 51 of the Companies Act 2013, a company may pay dividend in proportion to the amount paid-up on each share. Further, Section 123 of the Companies Act 2013 provides the rationale for declaration of Dividend, the categories and the sources to be utilized for the payment and declaration of Dividend. The Company shall declare and pay dividend by following the processes laid down in the applicable sections of the Companies Act 2013 and / or relevant regulations of SEBI Regulations or any other law for the time being in force after considering the below:

a. Interim Dividend

The Board may declare interim dividend during the financial year or at any time during the period from closure of financial year till holding of the Annual General Meeting for the financial year. Further, the Board may declare interim dividend any number of times during a financial year.

b. Final Dividend

The Board shall have the power to recommend final dividend as a percentage of the face value of the shares and place the same before the shareholders for their approval in the Annual General Meeting of the Company.

Final dividend is recommended at the Pre-Annual General Meeting Board meeting and declared at the Annual General Meeting of the shareholders, based on recommendations of the Board.

Modes of Payment of Dividend

No dividend shall be paid by the Company in respect of any share except to the registered shareholder of such share or to his order or to his banker and shall not be payable except in cash. Any dividend payable in cash may be paid by cheque or warrant or in any electronic mode to the shareholder entitled to the payment of the dividend.

The Company shall issue ‘payable-at-par’ warrants or cheques where it is not possible to use electronic modes of payment and where the amount payable as dividend exceeds Rupees One Thousand and Five Hundred or such other amount as may be prescribed under SEBI Regulations or Companies Act 2013 or any other law for the time being in force, the ‘payable-at-par’ warrants or cheques shall be sent by speed post.

If a company receives a request for revalidation of a Dividend warrant, it should credit the proceeds of such Dividend to the bank account of the Member through electronic mode if requisite bank details for such electronic remittance are made available by the Member. If electronic remittance is not possible, the company should either revalidate the warrant or issue a fresh warrant or a demand draft in lieu thereof.

The Company shall follow the procedure and requirements prescribed under the Companies Act 2013 with respect to computation, declaration and payment of dividend and treatment of unpaid/unclaimed dividend.

7. Internal Factors (including financial parameters) and External Factors to be considered for declaration of dividend

The decision regarding dividend pay-out is crucial to the Company as it determines the amount of profits to be retained in the Company and the profits to be distributed to the shareholders of the Company while maintaining stable market growth. This decision of the Board will be based on several internal factors (including financial parameters) and external factors, few of which have been illustrated below:

a. Internal Factors

- i. Current and Projected Profit after Tax (PAT) available for distribution in the financial statements;
- ii. Current and Projected Cash Flow position of the Company;
- iii. Accumulated reserves or surplus in the Profit and Loss account of the Company;
- iv. Current and Projected Debt-raising plans, if any;
- v. Committed and projected cash flow needs owing to forecast capital expenditure, anticipated investments in M&A and working capital requirements for current and projected periods;
- vi. Corporate actions resulting in significant cash outflow for the Company;
- vii. Minimum cash required for contingencies or exceptional circumstances;
- viii. Funds required to service any outstanding debt;
- ix. Liquidity and return ratios;
- x. Brand / business transfer / acquisition, expansion plans and strategies;
- xi. Such other factors and/or material events deemed relevant by the Board.

In addition to the above, the Board of Directors while preparing the financial results for declaration of interim dividend, shall consider:

- i. depreciation for the full year;
- ii. tax on profits of the company including deferred tax for full year
- iii. other anticipated losses for the financial year;
- iv. Dividend that would be required to be paid at the fixed rate on preference shares, if any
- v. the losses incurred, if any, during the current financial year upto the end of the quarter, immediately preceding the date of declaration of Interim Dividend.

b. External Factors

- i. The macro-economic factors and the general business environment;
- ii. Compliance with prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws and any political changes;
- iii. Changes in the regulatory requirements, which significantly affect the businesses in which the Company is engaged;
- iv. Inflation rates;
- v. Shareholder expectations;
- vi. Cost of raising funds from external sources;
- vii. Dividend pay-out ratios of companies in the same industry;
- viii. Competition or client related risks.

8. Circumstances when Shareholders may not expect Dividend Distribution

The Board of Directors of the Company will endeavor to declare dividend when feasible. However, in the following circumstances, the shareholders may not expect distribution of dividend:

- i. In the event Company is incurring losses or has inadequate profits;
- ii. Significant cash flow requirements towards higher working capital requirements / project completion deadlines, adversely impacting free cash flows;
- iii. An impending / ongoing Capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- iv. Allocation of cash required for any corporate actions such as buy-back of securities, redemption of redeemable securities;
- v. Any of the above referred internal or external factors restraining the Company from considering dividend distribution;
- vi. Regulatory constraints whereby the company is prohibited to distribute any dividend;
- vii. Higher cost of raising funds from external resources;
- viii. Inadequacy of the profits after providing for all expenses, depreciation, and any other necessary deductions as may be required under any law for the time being in force;
- ix. Any other circumstances as may be determined by the Board.

9. Other parameters to be considered for declaration of dividend for various classes of shares

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

10.Utilization of the retained earnings

The Company shall make an informed decision for utilization of the retained earnings for one or more of the following purposes:

- i. Capital expenditure or for general working capital and business purposes;
- ii. Securing a competitive position / advantage in the market;
- iii. Maintenance of an optimum level of capital adequacy as required under any law for the time being in force;
- iv. Meeting Company's future growth/expansion plans;
- v. Capitalization and issue of shares, buyback, declaration of dividend or any other purpose permitted under the Companies Act 2013;
- vi. Investment in new business(es) and/or additional investment in existing business(es)
- vii. Retained Earnings may be used for corporate actions in accordance with applicable law. The declaration and payment of dividend shall be subject to applicable laws and Secretarial Standards issued from time to time;
- viii. Such other purposes as the Board may consider in the best interest of the Company and its stakeholders.

11.Website Disclosures

This Policy will be uploaded on the website of the Company and the weblink will be provided in the Annual Report of the Company.