



METRO BRANDS LIMITED

DIVIDEND DISTRIBUTION POLICY

(As adopted by the Board of Directors on 23rd August, 2018)

METRO BRANDS LTD.

Dividend Distribution

This Dividend Distribution Policy ("the policy") establishes the principles to ascertain amounts that can be distributed to Equity shareholders as dividend by the **Metro Brands Ltd.** ("the Company") as well as enable the Company strike balance between pay-out and retained earnings, to address future needs of the Company. The policy approved by the Board of Directors shall come into force with immediate effect.

Dividends are recommended by the Board every year generally in February / March or on or after the announcement of the nine months Financial results, as an interim dividend. Post Audited Annual Accounts, the Interim Dividend, along with final dividend, if any, is recommended for confirmation / approval of the members in the Annual General Meeting. In future the Company may increase the frequency of paying dividend in a year, on quarterly basis.

Subject to the provisions of the applicable law, the Company's dividend payout is determined based on available financial resources, requirements of funds for Company's growth plans and considering optimal shareholder return. Within these parameters, the Company endeavors to maintain a minimum dividend pay-out ratio of 25% of the annual Profits after Tax (PAT) of the Company.

A. STATUTORY PROVISIONS REGARDING DISTRIBUTION OF DIVIDEND:

The Company must comply with the provisions of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014 before declaring any dividend. Dividend shall normally be paid out of current year's profits. However, in the absence of or inadequate profits in any financial year, the Company may declare dividend out of balance in surplus in the Statement of Profit & Loss.

Further, in the event of absence or inadequate profits, the Company can also declare dividend out of reserves after complying with the provisions of the Companies (Declaration and Payment of Dividend) Rules, 2014.

B. PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES

Dividend would continue to be declared on per share basis on the Equity Shares of the Company having face value 5/- each. The Company currently has no other class of shares. Therefore, dividend declared is distributed amongst all shareholders, based on their shareholding on the record date. In the event of the Company issuing any other class(es) of shares, the Board shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

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C. FACTORS CONSIDERED WHILE DECLARING DIVIDEND

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would consider the following factors:

- **Internal Factors**

- a) Net Profits earned and free cash generated by the Company during the financial year as compared with:
 - Previous years and
 - Internal budgets,
- b) Projected future profits of the Company.
- c) Present and future Capital requirements of the Company, including working capital.
- d) Financial outlook considering future expansion plans of the Company, including Brand acquisitions, new product launches and long-term investments,
- e) Retention of sufficient profits to strengthen the Balance Sheet of the Company which can be leveraged at an appropriate time for supporting growth, if required.
- f) Liquidity available with the Company and cost and availability of funds from alternate sources of financing.
- g) Covenants of loan and other commercial agreements, if any.
- h) Track record of dividend distributed by the Company in the past.
- i) Any other factor as the Board may deem fit.

- **External Factors**

- a) Regulatory requirements,
- b) Business cycles,
- c) Economic environment,
- d) Cost of external financing,
- e) Applicable taxation policy with respect to distribution of dividend, including taxation in the hands of the members.
- f) Industry outlook for the future years,
- g) Inflation rate, and
- h) Changes in the Government policies, industry specific rulings & regulatory provisions.

The Company may transfer any amount to General Reserve before the declaration of dividend in any financial year as may be decided by the Board. The Company may consider capitalization of profits or reserves of the Company for issuing fully paid-up bonus shares, irrespective of declaration of dividend.

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D. MANNER OF DIVIDEND PAYOUT

a) In case of final dividends

- i. The Board shall recommend dividend to the shareholders, which shall be paid subject to approval of the shareholders at Annual General Meetings of the Company.
- ii. Dividends shall be paid only out of current profits or past profits after providing for depreciation and setting off losses, if any.
- iii. The amount of the dividend shall be deposited in a scheduled bank in separate account within 5 days from the declaration of dividend.
- iv. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable law.

b) In case of interim dividend

- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. In case no final dividend is declared at the Annual General Meeting, interim-dividend will be considered as the final dividend of the Company.

Payment mode

Dividend shall be paid by Pay Order / Demand Draft / or in any electronic mode (**NEFT, RTGS, Fund Transfer**) to the shareholders entitled to the payment of the dividend. The Dividend payment intimation shall be delivered to the shareholders through e-mail/ordinary post/registered post/speed post/courier.

E. UNPAID/UNCLAIMED DIVIDEND

- a) Where a dividend has been declared by the Company but has not been paid or claimed within thirty days from the date of the declaration to any shareholder entitled to receive such dividend, the Company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company in any scheduled bank to be called as Unpaid Equity Dividend Account.

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b) Any person claiming to be entitled to any money transferred to the Unpaid Dividend Account of the company may apply to the Company for payment of the money claimed.

c) Any money transferred to the Unpaid Equity Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the Investor Education and Protection Fund (IEPF).

d) The Company shall inform at the latest available address, the shareholder concerned regarding transfer of dividend to IEPF, three months before the due date of transfer of dividend and also simultaneously publish a notice in the leading newspaper in English and local / regional language having wide circulation and, on their website, giving details of such shareholders and dividend due for transfer.

e) Statement of amount of dividend credited to the IEPF, Statement of unclaimed and unpaid amounts due to be credited in coming years, Statement of shares transferred to the IEPF and Statement of shares and unclaimed and unpaid dividend not transferred to IEPF due to specific order of Statutory Authority, shall be filed with MCA in prescribed form.

F. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats, various financial parameters, cash flow position or in the event of challenging circumstances such as regulatory and financial environment, insufficient profits or the requirements to retain profits for its business needs or because of any external or internal factors listed above. In such event, the Board will provide rationale in the Annual Report.

G. RETAINED EARNING UTILIZATION

The Company firmly believes that consistent growth will maximize shareholders value. Thus, the Company will endeavor to utilize retained earnings in the best interest of the Company and its stakeholders in any of the following ways:

- a) Capital expenditure,
- b) Long term working capital requirement
- c) Organic and/ or inorganic growth,
- d) Investment in new business(es) and/or additional investment in existing business(es),
Market expansion plan and modernization plan,
- e) Declaration of dividend,
- f) Capitalization of shares,
- g) Buy back of shares,

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- h) General corporate purposes, including contingencies,
- i) Any other permitted usage as per the Companies Act, 2013.

H. REPORTING / DISCLOSURE

If the Company proposes to declare dividend based on parameters in addition to those mentioned in the policy, it shall disclose such changes alongwith the rationale for the same in its Annual Report.

I. OVERALL

This Policy is prepared considering the present system and for meeting the present requirements of the Company and shall be subject to suitable changes / modifications in case of any changes in the business processes of the Company.

In case of any doubt about any provision of the policy and in respect of matters not covered herein, a reference should be made to Board of Directors of the Company. In all such matters, the interpretation & decision of the Board of Directors shall be final.

All provisions of this Policy shall be subject to revision/ amendment to ensure conformity with the subsequent amendments in the Act, Rules, Regulations and Notifications issued by various Statutory Authorities, from time to time.

The Company reserves the right to modify, cancel, add, or amend this Policy to adopt the best practices in the Industry and in the interest of the stakeholders of the Company.
