

DHAMPUR SUGAR MILLS LIMITED

DIVIDEND DISTRIBUTION POLICY

Objective:

The Company shall strive to drive growth and thereby maximise shareholder's value. The object of the policy is to strike a balance between dividend payout and need to retain earnings for future growth. This policy broadly specifies the external and internal factors that shall be considered while declaring dividend.

General Policy of the Company with respect to Dividend:

The general considerations of the Company for taking decisions with regard to dividend payout or retention of profits shall be as following:

- Subject to other considerations as provided in the Policy, the Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management and other relevant factors.
- The Board may also, where appropriate, aim at distributing dividends in the form of fully or partly paid shares or other securities, subject to applicable law.

Parameters:

The Board shall consider the following parameters:

- Circumstances under which the shareholders of the Company may or may not expect dividend:

Shareholders may expect Dividend when the Company is having adequate surplus funds after providing all expenses, depreciation, etc, and complying all other statutory requirements of the Act.

Shareholders may not expect dividend:

1. When the Sugar Industry Scenario is uncertain, even if the Company has earned profits in the year.
2. When there are regulatory restrictions.
3. Whenever it is proposed to utilise the surplus cash for buy back of securities.

Financial Parameters/Internal Factors:

In Addition to the aforesaid parameters , the decision of dividend payout or retention of profits shall also be based on the followings :

1. Operating Cash Flows
2. Long Term Strategic Plans
3. Debt Repayment schedules and contractual constraints such as dividend restrictions in debt contracts and the current degree of financial leverage.
4. Such other criteria as deemed fit by Board.

External Factors:

The various legal rules and constraints such as paying dividends that would impair capital and policy decisions that may be formulated by the Government or in case of uncertain or recessionary economic and business conditions, the Company will endeavor to retain larger part of profits to build up reserves to absorb future shocks.

Further, tax implications, if any, on distribution of dividend will also have bearing as it will affect net outflow of funds.

Policy to utilise retained earnings with regard to dividend:

Subject to general conditions and parameters as mentioned in this policy, the board shall endeavor to recommend/pay dividend (including dividend distribution tax) in the range of 20% - 40% of profit after tax every year. However, any buy back of securities may require revisit of dividend payout.

The Company may declare dividend out of the profits of the Company for the year or out of profits for any previous year(s) or out of free reserves , in accordance with the provisions of the Act, after due regard to the parameters laid down in this policy.

Parameters adopted with regard to various classes of shares:

The factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above. Additionally, the following shall be considered:

- i. The dividend will be paid to the shareholders based on the terms of the issue of shares.
- ii. The dividend shall be paid out of the Company's distributable profits and/or profits of earlier year(s) (subject to applicable law), and shall be allocated among shareholders on a pro- rata basis according to the number of each type and class of shares held.

Review:

The Board may review and amend the policy, from time to time , as it may deem fit and/or to give effect to any amendment in any applicable law.