



S P APPARELS LIMITED

DIVIDEND DISTRIBUTION POLICY

1. Background and applicability

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) require the top 500 listed companies (by market capitalization) to disclose a Dividend Distribution Policy in the annual report and on the corporate website. Although there is no statutory requirement, the Board of Directors (“Board”) of S P Apparels Limited has voluntarily adopted this Dividend Distribution Policy to comply with these requirements. Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend also includes Interim Dividend.

2. Dividend distribution philosophy

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

3. Statutory and Regulatory Parameters

The Company shall declare dividend only after ensuring compliance with the requisite regulations and directions as stipulated under the provisions of the Companies Act, 2013 and rules made there under, SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and other regulations as may be applicable from time to time.

4. Circumstances under which shareholders may or may not expect Dividend

The Board will assess the Company’s financial requirements, including present and future organic and inorganic growth opportunities, government policies & regulations and other relevant factors (as mentioned elsewhere in this policy) and accordingly declare dividend in any financial year. 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. The shareholders of the Company may not expect dividend under certain circumstances including the following,:

- In the event of inadequacy of profits or whenever the Company has incurred losses;

- Significant cash flow requirements towards higher working capital requirements / tax demands / or others, adversely impacting free cash flows;
- An impending / ongoing capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- Allocation of cash required for buy-back of securities;
- Any of the internal or external factors restraining the Company from considering dividend.

5. Financial parameters and other internal and external factors that would be considered for declaration of dividend:

The Board will consider various parameters as mentioned below before arriving at a decision on declaration of dividend:

- Current year's Profit/ Inadequacy of profit
- Accumulated reserves
- Distributable surplus available as per the various Acts and Regulations
- The Company's liquidity position and future cash flow needs
- Track record of Dividends distributed by the Company
- Capital expenditure requirements considering the expansion and acquisition opportunities
- Cost and availability of alternative sources of financing
- Funds requirement for contingencies and unforeseen events with financial implications
- Capital market scenario
- Shareholders expectations
- Government Policies
- Macro- economic conditions
- Stipulations/ Covenants of loan agreements
- Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution
- Payout ratios considering probabilities of its consistency in coming time
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

6. Utilization of retained earnings

Retained earnings shall be utilized in accordance with prevailing regulatory requirements, for

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- Buyback of shares subject to applicable limits
- Payment of Dividend in future years
- Issue of Bonus shares
- Any other permissible purpose

7. Conflict in policy

In the event of a conflict between this policy and the existing statutory regulations, the statutory regulations will prevail.

8. Modification of the Policy

The Board is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, SEBI and other Regulations, etc.

9. 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.
