

DIVIDEND DISTRIBUTION POLICY



Epigral Limited

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OBJECTIVE

- The objective of this Dividend Distribution Policy ("the Dividend Distribution Policy") is to ensure a clear dividend distribution policy giving adequate returns to the shareholders which inter-alia will ensure the right balance between the quantum of dividend paid and profits retained in the business for various purposes. In addition, this Policy will also ensure that the distribution of dividend is implemented pursuant to the applicable legislation in the interests of the shareholders.
- The Dividend Distribution Policy is formulated as per the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

PHILOSOPHY

The philosophy of the Company is to maximize shareholders' wealth in the Company through various means. The Company believes that driving growth along with the right quantum of dividends distributed creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing high cost debt, earmarking reserves for inorganic growth opportunities and thereafter declare and distribute profits in the form of Dividend to the shareholders.

PARAMETERS FOR DECLARATION OF DIVIDEND

The Board of Directors may elect to declare dividends (including dividend tax) considering the pay-outs of upto 15% of the profit after tax. The board of directors will consider the following financial parameters, internal and external factors while recommending or declaration of the Dividend or buyback.

- **Financial parameters / Internal factors**
 - Profit earned during the financial year and available for distribution (including reserves)
 - Company's liquidity position and future cash flow need
 - Working capital requirements
 - Capital expenditure requirements
 - Resources required to fund acquisition and / or new businesses
 - Cost and availability of alternative sources of financing
 - Cash requirement to meet contingencies
 - Quantum of outstanding debt
 - Stipulation/Covenants in loan agreements
 - Buyback of shares or any such alternate profit distribution measure
 - External factors
 - Government policies
 - Economic environment and outlook for growth
 - Dividend rates of companies in the same industry
 - Any other factor having impact on the business of the company

- Regulatory conditions or restrictions laid down under the applicable laws including tax laws
- Expectations of major stakeholders including minority shareholders

Circumstances under which the shareholders may not expect dividend

- Whenever the company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow; Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital; Whenever it proposes to utilise surplus cash for buy-back of securities
- In the event of inadequacy of profits or whenever the Company has incurred losses.

The Board may consider not declaring Dividend or may recommend a lower pay out for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. The Board will provide rationale in the Annual Report in the event Dividend is not declared.

Utilization of retained earnings

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Expansion plans;
- Modernization plans;
- Mergers and acquisitions;
- Long term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive;
- Set aside cash for expected and unexpected expenditure
- Payment of debt
- Buyback
- Dividend
- Other such criteria as the Board may deem fit from time to time.

PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

As of now, the Company has only Equity shares. The Company does not have any other classes of Shares. Further in case of issue, the same parameters shall be taken into consideration for the other class of shares as which shall be taken into consideration for Equity shares.

PROCEDURE

- I. The CMD of the Company shall recommend any amount to be declared/ recommended as Dividend or buyback to the Board of Directors of the Company.

- II. The agenda of the Board of Directors where Dividend or buyback declaration or recommendation is proposed shall contain the rationale of the proposal.
- III. Pursuant to the provisions of applicable laws and this Policy, interim Dividend will be approved by the Board of Directors and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders' approval, at the ensuing Annual General Meeting of the Company.

The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

POLICY REVIEW

This policy will be reviewed and amended as and when required by the Board of Directors

WEBSITE

The policy shall be disclosed on the website of the Company.
