



DIVIDEND DISTRIBUTION POLICY

aarvee engineering consultants limited



CONTENTS

1. PREFACE
2. OBJECTIVE
3. EFFECTIVE DATE
4. FORMS OF DIVIDENDS
5. PARAMETERS FOR DIVIDENT DISTRIBUTION
6. POLICY ON UTILIZATION OF RETAINED EARNINGS
7. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASS OF SHARES
8. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS OF THE COMPANY MAY NOT EXCEPT DIVIDEND
9. MODIFICATIONS TO THE POLICY
10. REVIEW & DISCLOSURE
11. DISCLAIMER
12. COMMUNICATION



DIVIDEND DISTRIBUTION POLICY

1. PREFACE

- 1.1. In compliance with the provisions of the Companies Act, 2013 and rules made thereunder, as amended from time to time and Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“**SEBI LODR Regulations**”) as amended from time to time, the Dividend Distribution Policy (this “**Policy**”) provides guidance for declaration of dividend and its pay-out by the Company. The Board of Directors (the “**Board**”) of Aarvee Engineering Consultants Limited (the “**Company**”) will consider this Policy while declaring / recommending dividend on behalf of the Company.

2. OBJECTIVE

- 2.1. The objective of this Policy is to maintain guidelines for the Board to follow when declaring or recommending the amount of dividend (interim or final) per share.
- 2.2. This Policy aims to reward its shareholders by sharing a portion of its profits / earnings, while also ensuring that enough funds are retained to meet the Company's future needs.
- 2.3. The Board may consider declaration of dividend depending upon the cash flow situation of the Company. The final dividend, as may be recommended by the Board, shall be approved at the Annual General Meeting of the Company.
- 2.4. Further, the Board may consider dividend payout ratio keeping in perspective the Company's long term growth strategy, prevailing circumstances. The intent of the Policy is to cover the following parameters:-
- 2.4.1. The circumstances when shareholders may/may not expect dividend;
 - 2.4.2. The financial parameters to be considered while declaring dividend;
 - 2.4.3. The internal and external factors to be considered on dividend;
 - 2.4.4. Utilization of retained earnings; and
 - 2.4.5. Parameters to be adopted regarding various classes of shares.

3. EFFECTIVE DATE

This policy shall be effective upon the date of approval by the Board of Directors.



4. FORMS OF DIVIDENDS

The Companies Act provides for two forms of Dividend:

4.1. Final Dividend

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the general meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

4.2. Interim Dividend

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, in line with this policy. The Board should consider declaring an interim dividend after finalization of quarterly/half yearly financial results. This would be in order to supplement the annual dividend to reward shareholders in exceptional circumstances.

5. PARAMETERS FOR DIVIDEND DISTRIBUTION

The parameters falling within the following categories shall be considered while taking decision on dividend distribution. This is an illustrative list of parameters and is not exhaustive.

5.1. Financial/Internal Parameters:

- 5.1.1. Profitable growth of the Company and specifically, profits earned during the financial year
- 5.1.2. Earning stability and outlook
- 5.1.3. Cash flow position of the Company
- 5.1.4. Capital expenditure to be incurred by the Company
- 5.1.5. Post Dividend EPS
- 5.1.6. Accumulated reserves
- 5.1.7. Statutory requirements like transfer to statutory reserve fund etc.
- 5.1.8. Liquidity position of the company including its working capital requirements and debt servicing obligations
- 5.1.9. Future cash requirements for organic growth/expansion



- 5.1.10. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities
- 5.1.11. Deployment of funds in short term marketable investment
- 5.1.12. Long term investments
- 5.1.13. Strategic acquisitions and decisions
- 5.1.14. Research and development
- 5.1.15. Investment in Group Companies viz. subsidiaries, joint ventures, associates
- 5.1.16. The ratio of debt to equity (at net debt and gross debt level)
- 5.1.17. Any other factor as deemed fit by the Board or as may be required to be considered under applicable laws.

5.2. External Parameters

- 5.2.1. Economic environment
- 5.2.2. Changes in the Government policies, industry specific rulings & regulatory provisions
- 5.2.3. Industry outlook for the future years
- 5.2.4. Inflation rate
- 5.2.5. Capital Markets
- 5.2.6. Global conditions
- 5.2.7. Natural Calamities

6. POLICY ON UTILIZATION OF RETAINED EARNINGS

The Company shall endeavor to utilize the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. The Company may utilize the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

7. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASS OF SHARES

The parameters disclosed above apply to the Equity Shares only. 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.

8. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS OF THE COMPANY MAY NOT EXPECT DIVIDEND

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all the expenses, depreciation, etc., and after complying with the statutory requirements under the Applicable Laws:

- 8.1. in case of inadequacy of profits or whenever the Company has incurred losses.
- 8.2. dividend for any particular financial year shall be recommended or paid out of the Profit of that financial year and the Board shall not declare or recommend any dividend out of the reserves, except for reasons to be expressly laid down. Any decision in this regard shall be reflected in the Annual Report and website of the Company while declaring/recommending dividend.
- 8.3. whenever the Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital.
- 8.4. whenever the Company undertakes any acquisitions or joint arrangements requiring significant allocation of capital.
- 8.5. significantly higher working capital requirement affecting free cash flow.
- 8.6. whenever the Company proposes to utilize surplus cash for buy-back of securities or setting off of previous year losses or losses of its subsidiary/ies.
- 8.7. in case being prohibited to recommend/declare dividend by any regulatory body.

9. MODIFICATIONS/ DEVIATIONS TO THE POLICY

The Board of Directors is authorized to approve any modifications/ deviations to the Policy and will be the competent authority for any interpretation regarding the Policy.

10. REVIEW & DISCLOSURE

This Policy is subject to revision / amendment on a periodic basis by the Board of Directors of the Company. This Policy (as amended from time to time) will be available on the Company's website and in the annual report, as per Regulation 43A of the SEBI (listing obligations and disclosures requirements Regulations, 2015.)



11. DISCLAIMER

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding this policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the dividend to be distributed in the year and the Board reserves the right to depart from this Policy as and when circumstances so warrant.

12. COMMUNICATION

Any questions or clarifications relating to this Policy should be addressed to the Company Secretary at cs@aarvee.net.

---X---