

Dividend Distribution Policy

Adopted by the Board of Directors of:

Rane Holdings Limited

CIN L35999TN1936PLC002202

Rane (Madras) Limited

CIN L65993TN2004PLC052856

Rane Brake Lining Limited

CIN L63011TN2004PLC054948

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Rane Group of Companies- Dividend Distribution Policy

1. Background:

This Policy is formulated in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015.

2. Applicability:

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 43A requires top one thousand listed entities based on market capitalisation (calculated as on 31st of March every financial year) to formulate a dividend distribution policy, which shall be disclosed in their annual reports and on their websites.

Further, the listed entities other than top one thousand listed entities based on market capitalization may disclose their dividend distribution policies on a voluntary basis in their annual reports and on their websites.

Rane Group of Companies being amongst the top 1000 listed entities based on market capitalisation for the Financial Year ended March 31, 2021 has formulated this policy on dividend distribution with a view to inform the shareholders about how it aims to utilise extra profits and the parameters that shall be adopted for dividend payment.

3. Requirement under the Regulation:

To disclose the policy in Annual Report and on the Website of the Company.

4. Objective:

The objective of the policy is to specify:

- The external and internal factors that shall be considered while declaring dividend.
- The financial parameters that shall be considered at the time of dividend declaration.
- The circumstances under which the shareholders of the Company may or may not expect dividend.
- Utilisation of retained earnings

Further, the intent of the policy is to inform stakeholders of the policy of the Company with regard to declaration and distribution of dividend and to comply with statutory and regulatory requirements, to the extent applicable.

The Board of Directors may consider the declaration of interim dividend depending upon the profits for the period and cash flow situation of the Company. The final dividend may be recommended by the Board and shall be decided at the Annual General Meeting of the Company.

5. Declaration and payment of Dividend:

Dividend, other than interim dividend, for a financial year shall be paid after the annual financial statements of the Company are finalised and the distributable profits is available.

The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Companies Act, 2013.

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Pursuant to the provisions of Section 123 of the Act, dividend shall be declared:

- (a) out of the profits of the Company for that year arrived after providing for depreciation in accordance with the provisions of the Act;
- (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- (c) out of both (a) and (b).

6. Factors to be considered for Dividend Declaration:

Dividend Payout Ratio:

The Board of Directors shall strive to maintain a Dividend Payout Ratio taking into consideration various internal as well as external factors including those mentioned below, in the interest of all stakeholders:

Internal Factors:

- Profitability
- Cash available through extraordinary gains Company's cash flow
- Present & future capital requirements
- Investment requirements of subsidiaries/associates of the Company

External factors:

- Economic performance
- Business Conditions
- Industry performance

7. Circumstances Under Which Shareholders May Or May Not Expect Dividend:

The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue declaring in future as well. The shareholders may not expect dividend if the Company:

- If it is constrained not to declare dividend due to insufficient profits.
- Due to any of the External/Internal factors listed above.
- Other factors such as significant capital expansion, unplanned capex/ working capital requirements, debt reduction, acquisitions or joint ventures requiring capital allocation, etc.

8. Utilisation of Retained Earnings:

The Company would utilise the retained earnings in a manner which is beneficial to the interest of the Company and its stakeholders. It shall be for any of the following:

- For meeting future growth/ expansion or any strategic plans
- Increase the productive capacity
- Investment in new business
- Buy back of shares and capitalisation of shares
- Such other reasons as the Board may deem fit from time to time.

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

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9. Modifications/ deviations to the policy:

The Board of Directors or the Chairman is authorized to approve any minor modifications/ deviations to the policy and will be the competent authority for any interpretation regarding the policy. The modifications in the policy if any, authorized by the Chairman, shall be placed at the ensuing/ next meeting of the Board of Directors for noting/ ratification.

10. Parameters to be adopted with regard to various classes of shares

At present the Company has only one class of equity share i.e. ordinary equity shares of Rs.10/- each, fully paid up. The company shall suitably amend the policy in the event the authorised capital is divided into various classes.

11. Effective Date:

The Policy shall become effective from April 1, 2021.

12. Disclosure and Amendments to the Policy:

The policy shall be disclosed in each of the Company's Annual Report and on the website of the Group Companies, www.ranegroup.com.

The policy shall be reviewed periodically by the Board. Any amendments or changes made to it subsequent to the changes in the provisions of any Act or Regulations shall be consequently published on the website of the Company.

The amendments made shall be disclosed in the Annual Report of each of the respective company and on the website of the group companies.