Dividend Distribution Policy

Adopted by the Board of Directors of:

Rane Holdings Limited

CIN L35999TN1936PLC002202

Rane (Madras) Limited

CIN L65993TN2004PLC052856

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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.

The policy shall be effective from the date of its approval by the Board of Directors of the Company.

2. **Applicability:**

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 43A requires top five hundred 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.

(Proposal for top 1000 listed companies based on Market Capitalisation to formulate Dividend Distribution Policy vide SEBI Consultation paper dated September 11, 2020).

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.

(The listed entities other than top five hundred listed entities based on market capitalization may disclose their dividend distribution policies on a voluntary basis in their annual reports and on their websites.)

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

The Board of Directors shall consider the declaration of interim dividend depending upon the cash flow situation of the Company. The Final Dividend shall be recommended by the Board and shall be decided at the Annual General Meeting of the Company.

5. **Declaration and payment of Dividend**:

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.

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 provisons 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:**

Internal Factors:

- Company's cash flow
- Financial Policy of the Company
- Stability of earnings
- Profitability
- Growth Rate

External factors:

- State of capital market
- General state of economy.
- Change in Government policy and Industrial Regulation
- Inflation rate

Financial Parameters:

- Corporate Actions including merger/demerger
- Tax Implications on Dividend Distribution
- Payment of Interim Dividend, if any
- Financial performance of the Company
- Dividend Payout trends
- Availability of profits
- Liquidity Position
- Debt- Equity Ratio

Circumstances Under Which Shareholders May Or May Not Expect Dividend:

- The Board of Directors may or may not declare dividend if the Company believes that there is a need to conserve its profits for growth or to meet any other exigencies.
- If any of the external /internal factors refrain the company from paying dividend
- In case of inadequacy of profits

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.
- 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

7. 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.ranegoup.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.