



**METRO BRANDS LIMITED**

**DIVIDEND DISTRIBUTION POLICY<sup>1</sup>**

---

<sup>1</sup> As amended and adopted by the Board of Directors in its meeting dated 7<sup>th</sup> March, 2022

## **METRO BRANDS LTD.**

### **Dividend Distribution Policy**

---

This Dividend Distribution Policy (“the Policy”) establishes the principles to ascertain amounts that can be distributed to Equity shareholders as dividend by Metro Brands Limited (“**Company**”) as well as enable the Company to strike a balance between pay-out and retained earnings in order to address future needs of the Company. The Policy approved by the Board of Directors shall come into force with immediate effect.

Dividends are recommended by the Board every year generally in February / March on or after the announcement of the financial results for the nine months ended on December 31, 2021 as an interim dividend. Post audit of the annual accounts, the Interim Dividend, along with final dividend, if any, is recommended for confirmation / approval of the members in the Annual General Meeting. In future, the Company may increase the frequency of paying dividend in a year, on quarterly basis.

Subject to the provisions of the applicable law, the Company’s dividend payout is determined based on available financial resources, requirements of funds for Company’s growth plans and considering optimal shareholder’s returns. Within these parameters, the Company endeavors to maintain a minimum dividend pay-out ratio of 20% of the annual Profits after Tax (PAT) of the Company. The Company shall endeavour to maintain a consistency in dividend payout every year. The Company may also declare special dividend as and when there are exceptional gains by the Company. The Board shall finalize the rate of such special dividend.

#### **A. STATUTORY PROVISIONS REGARDING DISTRIBUTION OF DIVIDEND:**

The recommendation, declaration and payment of dividend by the Company is subject to the applicable provisions of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Dividend shall normally be paid out of current year’s profits. However, in the absence of or inadequate profits in any financial year, the Company may declare dividend out of balance in surplus in the Statement of Profit & Loss.

Further, in the event of absence or inadequate profits, the Company can also declare dividend out of reserves after complying with the provisions of the Companies (Declaration and Payment of Dividend) Rules, 2014 and other applicable laws.

#### **B. PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES**

## **METRO BRANDS LTD.**

### **Dividend Distribution Policy**

---

Dividend would continue to be declared on per share basis on the Equity Shares of the Company having face value ₹ 5/- each. The Company currently has no other class of shares. Therefore, dividend declared is distributed amongst all shareholders, based on their shareholding on the record date. In the event of the Company issuing any other class(es) of shares, the Board shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

#### **C. FACTORS CONSIDERED WHILE DECLARING DIVIDEND**

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would consider the following factors:

- **Internal Factors**

- a) Net Profits earned and free cash generated by the Company during the financial year as compared with:
  - previous years and
  - internal budgets.
- b) Projected future profits of the Company.
- c) Present and future Capital requirements of the Company, including working capital.
- d) Financial outlook considering future expansion plans of the Company, including Brand acquisitions, new product launches and long-term investments,
- e) Retention of sufficient profits to strengthen the Balance Sheet of the Company which can be leveraged at an appropriate time for supporting growth, if required.
- f) Liquidity available with the Company and cost and availability of funds from alternate sources of financing.
- g) Covenants of loan and other commercial agreements, if any.
- h) Track record of dividend distributed by the Company in the past.
- i) Any other factor as the Board may deem fit.

- **External Factors**

- a) Regulatory requirements,
- b) Business cycles,
- c) Economic environment,
- d) Cost of external financing,
- e) Applicable taxation policy with respect to distribution of dividend, including taxation in the

## **METRO BRANDS LTD.**

### **Dividend Distribution Policy**

---

hands of the members.

- f) Industry outlook for the future years,
- g) Inflation rate, and
- h) Changes in the Government policies, industry specific rulings and regulatory provisions.

The Company may transfer any amount to General Reserve before the declaration of dividend in any financial year as may be decided by the Board. The Company may consider capitalization of profits or reserves of the Company for issuing fully paid-up bonus shares, irrespective of declaration of dividend.

#### **D. MANNER OF DIVIDEND PAYOUT**

##### **a) In case of final dividend**

- (i) The Board shall recommend dividend to the shareholders which shall be paid subject to approval of the shareholders at Annual General Meeting of the Company.
- (ii) Dividends shall be paid only out of current profits or past profits after providing for depreciation and setting off losses, if any.
- (iii) The amount of the dividend shall be deposited in a scheduled bank in separate account within five (5) days from the declaration of dividend.
- (iv) The payment of dividends shall be made within thirty (30) days from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable law.

##### **b) In case of interim dividend**

- (i) Interim dividend, if any, shall be declared by the Board.
- (ii) Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- (iii) The amount of the dividend shall be deposited in a scheduled bank in separate account within 5 days from the declaration of dividend.

## **METRO BRANDS LTD.**

### **Dividend Distribution Policy**

- 
- (iv) The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable law.
  - (v) In case no final dividend is declared at the Annual General Meeting, interim dividend will be considered as the final dividend of the Company.

#### **Payment mode**

The Company shall use any of the electronic mode of payment facility approved by the Reserve Bank of India for the payment of dividend.

Where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques may be issued.

#### **E. UNPAID/UNCLAIMED DIVIDEND**

- a. Where a dividend has been declared by the Company but has not been paid or claimed within thirty (30) days from the date of the declaration to any shareholder entitled to receive such dividend, the Company shall, in compliance with the provisions of Companies Act, 2013, SEBI Regulations and the rules made thereunder transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company in any scheduled bank to be called as Unpaid Equity Dividend Account.
- b. Any person claiming to be entitled to any money transferred to the Unpaid Dividend Account of the company may apply to the Company for payment of the money claimed.
- c. Any money transferred to the Unpaid Equity Dividend Account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer shall be transferred by the Company to the Investor Education and Protection Fund (IEPF).
- d. All such shares in respect of which unpaid or unclaimed dividend has been transferred to IEPF shall also be transferred by the Company in accordance with the provisions of the Companies Act, 2013, SEBI Regulations and the rules made thereunder.

## **METRO BRANDS LTD.**

### **Dividend Distribution Policy**

- e. The Company shall inform at the latest available address, the shareholder concerned regarding transfer of dividend/shares to IEPF, three months before the due date of transfer of dividend and also simultaneously publish a notice in the leading newspaper in English and local / regional language having wide circulation and, on their website, giving details of such shareholders and dividend due for transfer.
- f. Statement of amount of dividend credited to the IEPF, statement of unclaimed and unpaid amounts due to be credited in coming years, statement of shares transferred to the IEPF and statement of shares and unclaimed and unpaid dividend not transferred to IEPF due to specific order of Statutory Authority, shall be filed with MCA in prescribed forms.

### **F. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

Apart from the above, the Board shall also consider past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats, various financial parameters, cash flow position or in the event of challenging circumstances such as regulatory and financial environment, insufficient profits or the requirements to retain profits for its business needs or because of any external or internal factors listed above. In such event, the Board will provide rationale in the Annual Report.

### **G. RETAINED EARNING UTILIZATION**

The Company firmly believes that consistent growth will maximize shareholders value. Thus, the Company will endeavor to utilize retained earnings in the best interest of the Company and its stakeholders in any of the following ways:

- a) Capital expenditure,
- b) Long-term working capital requirement
- c) Organic and/ or inorganic growth,
- d) Investment in new business(es) and/or additional investment in existing business(es),  
Market expansion plan and modernization plan,
- e) Declaration of dividend,
- f) Capitalization of shares,
- g) Buy back of shares,

## **METRO BRANDS LTD.**

### **Dividend Distribution Policy**

---

- h) General corporate purposes, including contingencies,
- i) Any other permitted usage as per the Companies Act, 2013.

#### **H. THE FINANCIAL PARAMETERS THAT WOULD BE CONSIDERED WHILE DECLARING DIVIDEND:**

The Board of the Company would consider the following financial parameters while declaring dividend or recommending dividend to shareholders:

- a) Capital allocation plans or growth plans (both, organic and inorganic) including expected cash requirements of the Company towards working capital, capital expenditure in technology and Infrastructure etc.; Investments required towards execution of the Company's strategy; Funds required for any acquisitions that the Board of Directors may approve and any share buy-back plans.
- b) Financial performance of the Company for the year for which dividend is recommended
- c) Dividend payout trends (the dividend payout ratio will be calculated as a percentage of dividend (including dividend tax, as applicable) recommended for the year to the net profit for that year);
- d) Tax implications if any, on distribution of dividends;
- e) Cost of raising funds from alternate sources of capital;
- f) Any interim dividend paid;
- g) Minimum cash required for contingencies or unforeseen events;
- h) Funds required to service any outstanding loans;
- i) Liquidity and return ratios;
- j) Cash flows;
- k) Earning stability;
- l) Any other significant developments or corporate actions (including but not limited to capital restructuring, debt reduction and capitalization of shares) that require cash investments.

#### **I. REPORTING / DISCLOSURE**

The Company shall disclose the outcome of Board meeting conducted for declaration of dividend within thirty minutes of the conclusion time of the Board meeting.

The Company shall intimate the record date for declaration of dividend by giving notice in advance of atleast seven working days (excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date.

**METRO BRANDS LTD.**

**Dividend Distribution Policy**

---

The Company shall recommend or declare all dividend atleast five working days (excluding the date of intimation and the record date) before the record date fixed for the purpose.

If the Company proposes to declare dividend based on parameters in addition to those mentioned in the Policy, it shall disclose such changes along with the rationale for the same in its Annual Report.

The Company shall recommend or declare all dividend atleast five working days (excluding the date of intimation and the record date) before the record date fixed for the purpose.

**J. COMPLIANCE RESPONSIBILITY**

Compliance of this Policy shall be the responsibility of the Chief Financial Officer of the Company.

**K. OVERALL**

This Policy is prepared considering the present system and for meeting the present requirements of the Company and shall be subject to suitable changes / modifications in case of any changes in the business processes of the Company.

In case of any doubt about any provision of the policy and in respect of matters not covered herein, a reference should be made to Board of Directors of the Company. In all such matters, the interpretation and decision of the Board of Directors shall be final.

All provisions of this Policy shall be subject to revision/ amendment to ensure conformity with the subsequent amendments in the Act, Rules, Regulations and Notifications issued by various Statutory Authorities, from time to time.

In the event of any conflict between the provisions of this policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this policy

The Company reserves the right to modify, cancel, add, or amend this Policy to adopt the best practices in the industry and in the interest of the stakeholders of the Company.

\*\*\*\*\*