



**METRO BRANDS LIMITED**

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

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<sup>1</sup> As amended and adopted by the Board of Directors in its meeting dated March 07, 2022 and January 27, 2026.

## **INTRODUCTION**

This Dividend Distribution Policy (“the **Policy**”) shall at all times be read in conjunction with the applicable provisions of the Companies Act, 2013 (“**Companies Act**”), the rules framed thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), as amended from time to time. The Policy establishes the principles to ascertain amounts that may be distributed to equity shareholders as dividend by Metro Brands Limited (“the **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 as approved by the Board of Directors shall come into force with immediate effect. This Policy does not restrict the Board’s powers to declare dividend, including special dividend, in any manner permitted by applicable law, even if not specifically contemplated herein.

Dividends may be recommended by the Board every year generally on or after the announcement of the financial results for the nine months ended on 31<sup>st</sup> December, 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.

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 the framework of applicable law and subject to the factors set out in Section C and the circumstances described in Section F of this Policy, the Company shall endeavor, on a best-effort and non-binding basis, to maintain a minimum dividend pay-out ratio of 20% of the annual profits after tax (PAT) of the Company. The Company shall endeavor to maintain a level of consistency in dividend payout every year. The Company may, at its discretion, also declare special dividend upon achievement of significant milestones. The Board shall have the discretion to declare the rate of such special dividend.

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

The recommendation, declaration and payment of dividend by the Company shall be governed by the provisions of the Companies Act, the Companies (Declaration and Payment of Dividend) Rules, 2014, Listing Regulations and other applicable laws, including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force. Dividend shall normally be paid out of current year’s profits. However, in the absence of profits 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 free 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**

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 (including Financial Parameters)**

- 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, but not limited to 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, including any share buy-back plans.
- f) Minimum cash required for contingencies or unforeseen events;
- g) Liquidity available with the Company and cost and availability of funds from alternate sources of financing.
- h) Funds required for servicing of loans, including obligations arising from loan covenants and other commercial agreements, if any.
- i) Dividend(s) distributed by the Company in the past.
- j) Any other significant developments or corporate actions that require cash investments.
- k) 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 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.
- (iv) The payment of dividends shall be subject to deduction of taxes, as applicable, in accordance with the provisions of the Income-tax Act, 1961 and other applicable laws and 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.

**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.
- (iv) The payment of dividends shall be subject to deduction of taxes, as applicable, in accordance with the provisions of the Income-tax Act, 1961 and other applicable laws and 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 in the manner specified in Schedule I of Listing Regulations for the payment of

dividend.

**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, Listing 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 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 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 dividend has not been paid or claimed for seven (7) consecutive years or more shall be transferred to IEPF by the Company in accordance with the provisions of the Companies Act, Listing Regulations and the rules made thereunder.
- e. The Company shall inform at the latest available address, the shareholder concerned regarding transfer of dividend/shares to IEPF, three (3) 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. Necessary documents prescribed under the Companies Act shall be filed with MCA.

**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 EARNINGS UTILIZATION**

The Company firmly believes that consistent growth will maximize value to all the stakeholders in a balanced manner. 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, modernization plans and long-term sustainability initiatives,
- e) Declaration of dividend
- f) Capitalization of shares
- g) Buy back of shares
- h) General corporate purposes, including contingencies
- i) Any other permitted usage as per the Companies Act.

**H. REPORTING / DISCLOSURE**

Disclosures relating to Board meetings at which the declaration or recommendation of dividend is proposed, outcome at such meetings including details of the record date, shall be made in compliance with Listing Regulations and applicable law.

The Policy will be disclosed in the Annual Report and on the website and any changes in the Policy will also be disclosed along with the rationale, as required by Regulation 43A of the Listing Regulations.

**I. COMPLIANCE RESPONSIBILITY**

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

**J. OVERALL**

This Policy does not restrict the Board's powers to declare dividend, including special dividend, in any manner permitted by applicable law, even if not specifically contemplated herein.

In case of any doubt about any provision of this 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 amendments in the Companies Act, Rules, Listing 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 the provisions of the Companies Act or Listing Regulations or any other applicable statutory enactments or rules, the provisions of such applicable law 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.

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