

DIVIDEND DISTRIBUTION POLICY

MITCON has voluntarily adopted the Revised Dividend Distribution Policy” (“the policy”) w.e.f 4th August, 2022

The Policy enshrines the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. Currently company has issued only “Ordinary Equity Shares”. Therefore, dividend declared shall be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act. The Board may also declare interim dividends as may be permitted by the Companies Act.

The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

The Company’s dividend pay-out shall be determined on the basis of available financial resources, investment requirements and taking into account optimal shareholder return as per the provisions of the applicable laws.

Within these parameters, the Company would endeavour to have a dividend pay-out ratio of 20% of Annual Standalone PAT subject to such dividend pay-out being a minimum of Rs. 1 crore in any given financial year.

While determining the nature and quantum of the dividend pay-out, including amending the suggested pay-out range as above, the Board would take into account the following factors:

- **INTERNAL FACTORS:**

- a) Profitable growth of the Company and specifically, profits earned during the financial year as compared with Previous year’s Profit and Internal budgets,
- b) Cash flow position of the Company,
- c) Accumulated reserves
- d) Earnings stability
- e) Future cash requirements for organic growth/expansion and/or for inorganic growth,
- f) Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
- g) Deployment of funds in short term marketable investments,
- h) Long term investments,
- i) Capital expenditure(s), and
- j) The ratio of debt to equity (at net debt and gross debt level).

- **EXTERNAL FACTORS:**

- a) Business cycles,
- b) Economic environment,
- c) Cost of external financing,
- d) Applicable taxes including tax on dividend,
- e) Industry outlook for the future years,
- f) Inflation rate, and
- g) Changes in the Government policies, industry specific rulings & regulatory provisions.

Besides the aforementioned factors the Board also considers past dividend history and sense of shareholders’ expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

The Board may consider not declaring dividend or may recommend a lower pay-out for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment and if board decides not to recommend dividend then it shall use.

The retained earnings of the Company may be used in any of the following ways:

- Investment in Capital Project where ROI shall be greater than Rate of Interest
- Capital expenditure for working capital,
- Organic and/ or inorganic growth,
- Investment in new business (es) and/or additional investment in existing business (es),
- Declaration of dividend,
- Capitalisation of shares,
- Buy back of shares,
- General corporate purposes, including contingencies,
- Correcting the capital structure,
- Any other permitted usage as per the Companies Act, 2013.

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

The policy is also available on the website of the company <https://www.mitconindia.com/policies/>
