

DIVIDEND DISTRIBUTION POLICY

(Effective date: November 10, 2021)

1	PREAMBLE	<p>The Company has formulated a Dividend Distribution Policy (hereinafter referred to as the “Policy”). The Policy is in accordance with the extant provisions of the Companies Act, 2013 and SEBI regulations.</p> <p>The Board of Directors (the “Board”) of Sansera Engineering Limited (the “Company”) has adopted the Policy of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) in its meeting held on November 10, 2021.</p> <p>Under Section 2(35) of the Companies Act, 2013, “Dividend” includes any interim dividend. In common parlance, “dividend” means the profit of a company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid-up on the shares held by them.</p>
2	EFFECTIVE DATE	<p>The Policy shall become effective from the date of its adoption by the Board i.e., November 10, 2021.</p>
3	DEFINITIONS	<p>In this policy, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate expressions shall be construed accordingly:</p> <p>“Board” or “Board of Directors” shall mean Board of Directors of Sansera Engineering Limited.</p> <p>“Companies Act or Act” shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended.</p> <p>“Dividend” shall mean dividend as defined under the Act.</p> <p>“Policy” means this Dividend Distribution Policy</p> <p>“SEBI” means the Securities and Exchange of India.</p> <p>“SEBI LODR” means the Securities and Exchange of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> <p>“SEBI Regulations” means the regulations made by SEBI in accordance with the Securities and Exchange of India Act, 1992 including amendments/ notifications etc.</p>
4	PURPOSE, OBJECTIVES AND SCOPE	<p>Regulation 43A of the Listing Regulations, mandates top 1000 listed entities, determined on the basis of their market capitalization calculated on March 31 of every financial year to formulate a Dividend Distribution Policy.</p>

		<p>As the Company is one of the top thousand companies post listing, the Board has laid down a broad framework for distribution of dividend to its shareholders and/ or retaining or plough back of its profits.</p> <p>The objective of the policy is to lay down the criteria and parameters that are to be considered by the Board of Directors of the Company, while deciding on the declaration / recommendation of dividend from time to time, to strike a balance between the dual objectives of rewarding shareholders and ploughing back earnings to support sustained growth of the Company.</p>
5	<p>GENERAL POLICY OF THE COMPANY AS REGARDS DIVIDEND</p>	<p>The general considerations of the Company for taking decisions with regard to dividend payout or retention of profits shall be as following:</p> <p>The Board of Directors will attempt to balance shareholders need for a reasonable and predictable return on their investment with the Company’s requirement to retain enough capital, for longer term sustainable growth.</p> <p>The Board shall determine the dividend payout in a particular year based on the parameter provided in this policy after taking the advice of executive management and other relevant factors.</p>
6	<p>PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDENDS</p>	<p>The Board shall consider the following, while taking decisions of a dividend payout during a particular year:</p> <p>Statutory Requirements</p> <p>The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve as provided in the Companies Act, 2013, which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.</p> <p>Agreements with Lending Institutions/ Bondholders/Debenture Trustees</p> <p>The restrictions and covenants with respect to payment of dividend contained in the agreements entered or to be entered into with the lenders of the Company from time to time.</p> <p>Other Agreements</p> <p>The decision of dividend pay-out shall also be affected by the restrictions and covenants contained in the agreements that the Company shall generally enter into during the course of business, if any.</p> <p>This provision shall apply mutatis mutandis to agreements already executed before the commencement of the Dividend Policy of the Company.</p>

		<p>Proposals for Major Capital Expenditures The Board shall also take into consideration the need for replacement or addition of capital assets in normal course of business, expansion, modernization or augmentation of capital asset including any major sustenance, improvement and growth proposals.</p> <p>Prudential Requirements The Company shall set aside funds for</p> <ul style="list-style-type: none"> • prospective projects and strategic expansion/diversifications sustaining healthy growth • augmenting long term strength • building a pool of internally generated funds to provide long-term resources as well as resource-raising potential for the Company; and • the needs for capital conservation and appreciation. <p>Extent of realised profits as a part of the IND AS profits of the Company The extent of realized profits out of its profits calculated as per IND AS shall be considered for determination of dividend for a particular year.</p> <p>Long Term Strategic Objectives of the Company as regards Financial Leverage The Board may exercise its discretion to change the percentage of dividend or to otherwise take decision of retention or distribution of profits where, the Company is planning to go for expansion, restructuring, reorganizing, diversification, investment, etc.</p> <p>Expectations of shareholders The Board, while considering the decision of dividend pay-out or retention of a certain amount or entire profits of the Company, shall consider the expectations of the shareholders of the Company who generally expects for a regular dividend payout.</p>
7	FINANCIAL PARAMETERS	<p>In addition to the aforesaid parameters the decision of dividend payout or retention of profits shall also be based on the following:</p> <p>Operating cash flow requirement of the Company: If the Company cannot generate adequate operating cash flow, it may need to rely on outside funding to meet its financial obligations and sometimes to run the day-to-day operations. The Board will consider the cash flow requirements of the Company while determining the dividend or retaining its profits.</p> <p>Magnitude of current year’s earnings of the Company: Since dividend is directly linked with the availability of earning over the long haul, the magnitude of earnings will significantly impact the dividend declaration decisions of the Company.</p>

		<p>Net sales of the Company: To increase its sales in the long run, the Company will need to expand its manufacturing capacity as well as increase its sales, marketing, advertising expenses, etc. The amount outlay in such activities will influence the decision of declaration of dividend.</p> <p>Return on invested capital: The efficiency with which the Company uses its capital.</p> <p>Cost of borrowings: The Board will analyze the requirement of necessary funds considering the long term or short term projects proposed to be undertaken by the Company and the viability of the raising funds from alternative sources viz a viz plough back its own funds.</p> <p>Debt Parameters / Obligations to lenders: The Company should be able to repay its debt obligations without difficulty. The decision to pay dividend shall be done after considering outstanding debts, obligations of repayment (amount & period) and debt parameters such as Debt to EBITDA, Debt to Equity etc.</p> <p>Inadequacy of profits: If during any financial year, the Board determines that the profits of the Company are inadequate considering the above parameters, the Board may decide not to declare dividends for that financial year.</p>
8	<p>FACTORS THAT MAY AFFECT DIVIDEND PAYOUT</p>	<p>While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:</p> <p><input type="checkbox"/> Internal Factors:</p> <ul style="list-style-type: none"> i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with: <ul style="list-style-type: none"> a. Previous years and b. Internal budgets, ii. Cash flow position of the Company, iii. Accumulated reserves iv. Earnings stability v. Future cash requirements for organic growth/expansion and/or for inorganic growth, vi. Brand acquisitions, vii. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities, viii. Deployment of funds in short term marketable investments, ix. Long term investments, x. Capital expenditure(s), and xi. The ratio of debt to equity (at net debt and gross debt level).

		<p>□ External Factors:</p> <ol style="list-style-type: none"> i. Business cycles, ii. Economic environment, iii. Cost of external financing, iv. Applicable taxes including corporate tax on dividend, v. Industry outlook for the future years, vi. Inflation rate, and vii. Changes in the Government policies, industry specific rulings & regulatory provisions. <p>Apart from the above, the Board may also consider past dividend history and sense of shareholders' expectations while determining the quantum of dividend. The Board may decide not to declare dividends for a financial year. Alternatively, the Board may additionally recommend special dividend in some special circumstances.</p>
9	DIVIDEND	Subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavor to maintain a total dividend pay-out ratio in the range to be decided by the Board of Directors of the annual consolidated Profits after Tax (PAT) of the Company.
10	CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS CAN OR CANNOT EXPECT DIVIDEND	The Board shall consider the factors provided in this Policy, before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.
11	MANNER OF DIVIDEND PAYOUT	The process of declaration and payment of dividends, shall be subject to applicable regulations and Act.
12	POLICY AS TO HOW THE RETAINED EARNINGS WILL BE UTILIZED	<p>The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run.</p> <p>The retained earnings of the Company may be utilized for:</p> <ul style="list-style-type: none"> • Capital expenditure • Organic and / or inorganic growth • Long term strategic plans • New acquisitions & Strategic Investments • Product development and technological enhancements in order to grow the business; • Increase in production capacity • Diversification of business • Replacement/up-gradation/modernization of capital assets; • To retire expensive debt, if any;

		<ul style="list-style-type: none"> • Leveraging requirements • General Corporate purposes including contingencies • Other requirements as the Board may deem fit from time to time.
13	PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES	<p>a. The Company has only one class of equity shareholders and does not have any issued preference share capital. However, in case Company issue different class of equity shares at any point in time, the factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.</p> <p>b. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.</p> <p>c. The dividends shall be paid out of the Company’s distributable profits and/or general reserves and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.</p>
14	REPORTING AND DISCLOSURE	As prescribed by Regulation 43A of the Listing Regulation, this Policy shall be disclosed on the Company’s website www.sansera.in .
15	AMENDMENT	The Chairman & Managing Director, Joint Managing Director and the Group Chief Executive Officer of the Company shall be jointly/severally authorized to review and amend the Policy to the extent of any change/amendment required in terms of any applicable law. Such amended Policy shall be placed before the subsequent Board Meeting for noting and necessary ratification immediately after such changes.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
S SEKHAR VASAN
CHAIRMAN & MANAGING DIRECTOR

Date: November 10, 2021
Place: Bengaluru