

DIVIDEND DISTRIBUTION POLICY OF MILLTEC MACHINERY LIMITED

1. POLICY STATEMENT

The board of directors of MILLTEC Machinery Limited (the “**Company**”) is committed to a policy of providing a consistent pay-out of dividend to the Company’s shareholders, while ensuring that the Company maintains a strong balance sheet which retains flexibility to meet such financial needs of the Company, as may arise from time to time.

2. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS CAN EXPECT TO RECEIVE DIVIDEND

- (i) In declaring dividend, the Company shall strive to comply with relevant statutory requirements. Further, the board of directors of the Company (the “**Board**”), shall determine the dividend for a particular period, only after taking into consideration the financial performance of the Company, the advice of its audit committee, and other parameters as described in this policy.
- (ii) While declaring dividend, the Company shall comply with relevant statutory requirements, including the Companies Act, 2013, and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Under this dividend policy, the Company is permitted to declare dividend (i) out of the profits for the financial year after providing for depreciation in accordance with law, and transferring such prescribed amounts to reserves, or otherwise considered appropriate by the Board, at its discretion, or (ii) out of the profits for the previous financial years, after providing for depreciation, and which have remained undistributed, or (iii) out of (i) and (ii) above.
- (iii) Further, the Board may, at its absolute discretion, declare interim dividend during any financial year, or at any time during the period from closure of a financial year, till holding of the annual general meeting out of (i) the surplus in the Company’s profit and loss account, or (ii) the profits of the financial year for which such interim dividend is sought to be declared, or (iii) the profits generated in the financial year till the quarter preceding the date of declaration of interim dividend. Such declaration of interim dividend shall remain subject to provisions of applicable law, and the terms and conditions set out under this policy.
- (iv) As per this dividend policy, the Board will endeavour to maintain a total dividend pay-out ratio of 30% to 40% (either interim or final, when put together) of its distributable profit after tax (on a standalone basis, and after accounting for depreciation) (the “**Pay-out Range**”).
- (v) The Pay-out Range may be amended by the Board, whenever considered appropriate by it, keeping in mind such internal and external factors that may have a bearing on the payment of dividend. These factors, *inter alia*, include the following:

INTERNAL FACTORS

- (a) Annual operating plan and budget of the Company;
- (b) Capital budget of the Company;
- (c) Quarterly and annual performance results of the Company;
- (d) Investments by the Company (including mergers and acquisitions);
- (e) Strategic decisions of the Company;
- (f) Funding requirements of the Company; or
- (g) Any other matters as may be deemed appropriate by the Board, on receiving a recommendation from its audit committee.

EXTERNAL FACTORS

- (a) Macroeconomic environment;
 - (b) Competition;
 - (c) Legislations impacting the Company's business;
 - (d) Market related risks;
 - (e) Seasonality of the Company's business; or
 - (f) Any other matters as may be deemed appropriate by the Board, on receiving a recommendation from its audit committee.
- (vi) While the Board shall be empowered to recommend final dividend to the Company's shareholders, such pay-out of final dividend shall be subject to the approval of the Company's shareholders at a general meeting. It is clarified that the Board shall have the absolute power to declare interim dividend during a financial year, as and when it considers fit, at its discretion.

3. UTILISATION OF RETAINED EARNINGS

The Company's retained earnings shall first be utilised towards furthering the Company's business priorities. Accordingly, in any given financial year, the Board may abstain from declaring any dividend, or may recommend the declaration of a lower quantum of dividend. It may be noted that the retained earnings of the Company may be utilised in one or more of the following ways:

- (i) Expansion of the Company's existing business and operations;

- (ii) Organic or inorganic growth opportunities;
- (iii) Introduction of a new product or line of business;
- (iv) Issue of bonus shares or buyback of the Company's equity shares; or
- (v) Any other purposes as the Board may deem fit, in accordance with applicable law.

4. POLICY REVIEW

The Board may review this policy from time to time. The Board may, subject to applicable laws, amend any provisions, substitute any of the provisions, add new provisions, or reinstate this policy in its entirety, as it may deem fit. It may be noted that no such amendment or modification to this dividend policy shall be inconsistent with the applicable provisions of any law, for the time being in force.

5. WEBSITE

This dividend policy, as amended, shall be made available for access on the Company's website, www.milltecmachinery.com.