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# **Credo Brands Marketing Limited**

## **Dividend Distribution Policy**

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## DIVIDEND DISTRIBUTION POLICY

### PREAMBLE

In terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (“**SEBI LODR Regulations**”), every listed entity based on the market capitalization, shall formulate a Dividend Distribution Policy.

This Policy is formulated by the Board of Directors (the “**Board**”) of Credo Brands Marketing Limited (“the Company”), which comes into effect from the date of adoption by the Board at its Meeting held on June 26, 2023.

### DEFINITIONS

The terms referred to in this policy (“**Policy**”) will have the same meaning as defined under the Companies Act, 2013 (the “**Act**”) and the rules made thereunder and the SEBI LODR Regulations.

### OBJECT

The object of this Policy is to establish the parameters to be considered by the Board before declaring or recommending dividend. The Policy aims to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient funds are retained for the growth of the Company.

### DECLARATION OF DIVIDEND

In line with the object described above, the Board would review the operating performance every quarter and shall strive to distribute optimum and appropriate level of profits in the form of interim / final dividends, from time to time. All dividends are subject to statutory regulations and approvals, as applicable. Overall, the dividend payout in each year will depend upon business performance, investment requirements of the annual operating plan for the year and any other strategic priorities identified by the Company. The Policy covers the following:

**a. Dividend to Equity Shareholders of the Company:**

At present the Company has only one class of equity shares. However, if at any point of time, the Company has multiple classes of equity shares, the dividend will be distributed equally among all the equity shareholders based on their shareholding on the record date. Parameters for dividend payments

in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

**b. Interim Dividend:**

Interim Dividend(s), if any, shall be declared by the Board. Before declaring Interim Dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.

In case no final dividend is declared for any particular financial year, interim dividend paid during that year, if any shall be regarded as final dividend for the year in the Annual General Meeting (“AGM”).

**c. Final Dividend:**

Recommendation of Final Dividend, if any, shall be made by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.

The dividend as recommended by the Board shall be approved/declared in the AGM of the Company.

**d. Per share basis:**

The dividend will be declared on per share basis only.

**PARAMETERS TO BE CONSIDERED**

The Board shall consider following parameters, factors and circumstances while declaring or recommending dividend:

**Internal Factors:**

- Company’s Liquidity position including its present and expected obligations.
- Profits earned by the Company.
- Present and Future Capital expenditure plans of the Company including organic / inorganic growth opportunities.
- Financial commitments with respect to the outstanding borrowings and

interest thereon.

- Financial requirement for business expansion and/or diversification, acquisition etc. of new businesses.
- Past dividend trend of the Company and the industry.
- Cost of borrowings.
- Other Corporate Action options (For ex. Bonus issue, Buy back of shares).
- Additional investments in subsidiaries/ associates of the Company.
- Overall financial position of the Company and any other relevant or material factor as may be deemed fit by the Board.

**External Factors:**

- State of economy and capital markets.
- Applicable taxes including dividend distribution tax.
- Uncertainty in economic conditions
- Regulatory Changes: Introduction of new or changes in existing tax laws or regulatory / statutory requirements (including dividend distribution tax) having significant impact on the Company's operations or finances.
- Any other relevant or material factor as may be deemed fit by the Board.

**CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

The Board may not recommend / declare dividends in the following circumstances:

- Inadequate profits: If during any financial year, the profits of the Company are inadequate.
- Important strategic priorities such as significant expansion project, acquisitions or restructuring or joint ventures, which require large investments that would deplete the Company's cash reserves

- Significant higher working capital requirements adversely impacting free cash flows.
- Whenever it proposes to utilise surplus cash for buy- back of securities.

#### **ENTITLEMENT AND TIMELINES FOR DIVIDEND PAYMENTS**

- a. Entitlement: The dividend shall be paid to the shareholders entitled to receive dividend on the record date / book closure date as per applicable laws.
- b. Timelines: The payment of dividend shall be made within the time prescribed under the Act or the rules made thereunder. Presently, dividend is to be paid within 30 days from the date of declaration by the Board in case of Interim Dividend and within 30 days from the declaration by the shareholders in the AGM in case of Final Dividend.

#### **MANNER OF UTILISATION OF RETAINED EARNINGS**

The retained earnings shall be deployed in line with the objects of the Company as detailed in Memorandum of Association of the Company. The Company shall endeavour to utilize its retained earnings in a manner which shall be beneficial to the interest of the Company and also its shareholders. The decision of utilization of the retained earning shall be based on the factors like strategic and long-term plans of the Company, future acquisitions, diversification opportunities or any other criteria that may be considered relevant by the Board in this regard.

#### **AMENDMENT**

The Board may, from time to time, make amendment(s) to this Policy to the extent required due to change in applicable laws and / or regulations or as deemed fit on a review.

#### **DISCLOSURE**

The Policy shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company. The policy will also be disclosed in the Company's annual report.