

SOMANY HOME INNOVATION LIMITED			
SUBJECT: DIVIDEND DISTRIBUTION POLICY			
CURRENT EFFECTIVE DATE	11 FEBRUARY 2020	VERSION NO.	SHIL/VERSION I

SOMANY HOME INNOVATION LIMITED

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

Pursuant to the provisions of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), Somany Home Innovation Limited ("**Company**") has adopted and approved this Dividend Distribution Policy. The Company is committed to being open and transparent with all stakeholders and distributing its dividends in a fair and timely manner for the purpose of maximization of wealth of shareholders and enhancement of long term shareholders' values.

2. DEFINITIONS AND INTERPRETATION

2.1 *Definitions*

- (i) "**Act**" shall mean Companies Act, 2013 along with the rules and regulations framed therein, as amended, modified, supplemented or re-enacted from time to time.
- (ii) "**AGM**" shall mean the annual general meeting held by the Company as required under Section 96 of the Act.
- (iii) "**Annual Report**" shall mean the annual report of the Company, prepared and submitted in compliance with the Act and the Listing Regulations.
- (iv) "**Board**" or "**Board of Directors**" shall mean the board of directors of the Company as constituted from time to time.
- (v) "**Distributable Profits**" shall mean such part of the Net Profits of the Company available for distribution to the Shareholders by the Company as defined in applicable laws from time to time post, *inter alia*, transferring certain amount of the profits to the reserves of the Company as may be decided by the Board from time to time.
- (vi) "**Dividend**" shall mean a share of the Distributable Profits of the Company distributed to the Shareholders out of profits or reserves available for the purpose and, in the context of this Policy, includes Interim Dividend, if any.
- (vii) "**Financial Year**" shall mean the financial year of the Company commencing from April 1st of a calendar year and ending on March 31st of the subsequent calendar year.
- (viii) "**Net Profit**" shall mean profit after taxes as determined by the Board and in accordance with applicable accounting standards & after providing for the depreciation in accordance with the provisions of Section 123 (2) of the Act.
- (ix) "**Policy**" shall mean the dividend distribution policy of the Company as provided herein, as amended from time to time.



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- (x) “Shareholder” shall mean any person who holds the equity shares of the Company and whose name is entered either in the register of equity Shareholders of the Company or in the records of the depository as a beneficial owner in respect of the shares of the Company held by him/it.

2.2 Interpretation

Unless the context of this Policy otherwise requires:


- (i) words and expressions used in this Policy and not defined herein but defined in the Act or the Regulations shall have the meaning respectively assigned to them in the Act and/or the Regulations, as the context may require;
- (ii) words using the singular or plural number also include the plural or singular number, respectively;
- (iii) words of any gender are deemed to include the other gender;
- (iv) reference to the word “include” shall be construed without limitation; and
- (v) reference to any legislation or law or to any provision thereof shall include references to any such legislation or law as it may, after the date hereof, from time to time, be amended, supplemented, re-enacted, replaced or superseded, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

3. SCOPE

This Policy reflects the intent of the Company to reward its Shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, dividend which shall be consistent with the performance of the Company over the years.

A. PARAMETERS FOR DECLARATION OF DIVIDEND

FINANCIAL PARAMETERS AND INTERNAL FACTORS

- i. Cash Balances and Operating cash flow of the Company
 - ii. Profit of the year and Trend of Profit
 - iii. Earnings Per Share (EPS)
 - iv. Working capital requirements
 - v. Capital expenditure requirement
 - vi. Business expansion and growth
 - vii. Expected rate of return
 - viii. Additional investment in subsidiaries of the company
 - ix. Technology up-gradation and infrastructure
 - x. Creation of contingency fund or future requirement
 - xi. Acquisition of brands and business
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- xii. Cost of Borrowing
- xiii. Repayment of Loans
- xiv. Past dividend payout ratio/ trends

EXTERNAL FACTORS

- i. Economic environment
- ii. Capital markets (Favorable Market, Unfavorable Market)
- iii. Global Conditions
- iv. Statutory provisions and guidelines (Government Policies, Taxation Policy, Legal Requirements)
- v. Dividend payout ratio of competitors

B. THE CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among Shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. Decision to undertake any acquisitions, amalgamation, merger, joint ventures etc. which requires significant capital outflow
- ii. Requirement of higher working capital for the purpose of business of the Company
- iii. The Company proposes to utilize surplus cash in entirety for alternative forms of distribution such as buy-back of securities; or
- iv. The Company has incurred losses or inadequacy of profits.

C. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earnings in order to gain competitive advantage by increasing sales or profit margin, make better use of the available funds, and increase the value of the stakeholders in the long run. The grounds thereof and details regarding utilization of the retained earnings of the Company will be provided to the Shareholders at the AGM and in the Annual Report. The decision of utilization of retained earnings of the Company shall be based on the following factors:

- i. Market expansion plan;
- ii. Product expansion plan;
- iii. Increase in production capacity;
- iv. Modernization plan;
- v. Diversification of business;
- vi. Long term strategic plans;
- vii. Replacement of capital assets;

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- viii. High financial leverage;
- ix. Where the cost of debt is expensive;
- x. Other such criteria as the Board may deem fit from time to time

D. PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has issued only one class of equity shares with equal voting rights. All the members of the Company are entitled to receive the same amount of dividend per share.

E. POLICY REVIEW AND AMENDMENTS

This Policy would be subject to modification in accordance with the guidelines/ clarifications as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this Policy.

4. COMPANY'S ENDEAVOR

The Company will endeavor to make timely and adequate payment of Dividends based on the recommendations of the Board made as per this Policy and/or as approved by Shareholders.

5. PUBLICATION

This Policy, including any amendments made to it shall be disclosed on the website of the Company and a link thereto shall be provided in the Annual Report published by the Company.

6. APPLICABLE LAWS

In case the provisions of this Policy are in conflict with the provisions of the applicable law (including provisions of the Act or the Regulations), the provisions of the applicable law shall supersede the provisions of this Policy and the Company shall be entitled to act in accordance with such provisions of this Policy. All actions taken by the Company in accordance with such applicable laws shall be deemed to be in consonance with this Policy.

On behalf of the Board of Directors of
Somany Home Innovation Limited



Sandip Somany
Chairman and Non-executive Director