

## **DIVIDEND DISTRIBUTION POLICY**

### **Preamble**

This Dividend Distribution Policy is made pursuant to the applicable provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as the 'Listing Regulations') the Company is required to formulate and disclose its Dividend Distribution Policy to top one thousand listed entities based on market capitalization (calculated as on March 31 of every financial year). The Board of Directors of Shanti Educational Initiatives Limited (the "Company"), hereinafter referred as "the Board", has approved the Dividend Distribution Policy of the Company ("the Policy") and shall disclose the same in the annual reports and on the website of the Company. This Policy sets out the general parameters adopted by the Company for declaration of dividend for guidance purposes.

### **Objective**

The Company aimed at maximisation of shareholders' value and believes that this can be attained by driving growth. The policy endeavours to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient profits are retained for growth of the Company and other needs. The objective of the policy is to lay down a consistent approach to dividend declaration.

### **Effective Date**

Dividend Distribution Policy shall be effective from the financial year 2022-23.

### **Dividend**

The dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount of the paid-up shares they hold. Dividend includes Interim Dividend.

### **CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE LISTED ENTITIES MAY OR MAY NOT EXPECT DIVIDEND;**

The decision regarding dividend payout is a vital decision, as it determines the amount of the profit to be distributed among its shareholders and the amount of the profit to be retained in business for the future growth and modernization expansion plan of the Company. The Company would continue to adopt a progressive and dynamic dividend distribution policy to ensure its immediate and long term requirements along with rewarding the Shareholders of the Company. Dividend for the financial year shall be decided / recommended by the Board, considering, statutory, economic, market, industry, external and internal factors.

The Company may not declare dividend or declare dividend at a lower rate under the following circumstances:

- (a) in the event of the Company making losses or the profits are inadequate;
- (b) where the Company is having requirement of funds for working capital, repayment of loans taken in the past;
- (c) inadequate availability of cash; and
- (d) higher cost of raising funds from alternate sources

### **THE FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND;**

☑The Board while considering payment of dividend for a financial year may, inter alia, consider the following factors:

- ✓ Profit for the financial year as well as general reserves of the Company.
- ✓ Projections of future profits and cash flows;
- ✓ Borrowing levels and the capacity to borrow including repayment commitments;
- ✓ Present and future Capital expenditure plans of the Company;
- ✓ Applicable taxes including tax on dividend;

- ✓ Compliance with the provisions of the Companies Act or any other statutory guidelines including guidelines issued by Government of India;
- ✓ Past dividend trend for the Company and the industry;
- ✓ Any other factor as may be deemed fit by the Board.

#### **INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND;**

1. Cash flow – 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 same before its decision whether to declare dividend or retain its profits.

2 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 options in terms of cost of raising necessary funds from external sources such as bankers, lending institutions or by issuance of debt securities or plough back its own funds.

3 Taxation and other regulatory concern - Dividend distribution tax or any tax deduction at source as required by tax regulations in India, as may be applicable at the time of declaration of dividend and its impact on the finances of Shanti Educational Initiatives Limited.

4 Macroeconomic conditions - Considering the state of economy in the Country, the Policy decisions that may be formulated by the Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

5 Past performance/ Dividend history and reputation of the Company - The standing of the company in the business space, its dividend payment history and the impact of the decision on overall reputation of the Company.

6 Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.

#### **POLICY AS TO HOW THE RETAINED EARNINGS SHALL BE UTILIZED**

The company is committed to continuous growth and has plans requiring significant capital outlay. The Retained Earnings after distribution of dividend shall primarily be utilized towards this purpose.

#### **PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

The Company has only one class of shares i.e. Equity shares and, hence, the parameters disclosed hereunder apply to the same.