



# **DENTA WATER AND INFRA SOLUTIONS LIMITED**

## **DIVIDEND DISTRIBUTION POLICY**

**CIN:** U70109KA2016PLC097869

**Registered Office:** # 40, 3rd Floor, Sri Lakshminarayana Mansion, South End Road,  
Basavanagudi Bangalore, South Bangalore, Karnataka 560 004, India

## **DIVIDEND DISRIBUTION POLICY**

### **A. APPLICABILITY:**

Regulation 43A of the SEBI(LODR) Regulations, 2015 requires the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed on the website of the listed entity and a weblink shall also be provided in their annual reports. The other listed companies may disclose their dividend distribution policies on a voluntary basis on their websites and provide a web-link in their annual reports.

The Board of Directors (“**the Board**”) of Denta Water and Infra Solutions Limited (“**the Company**”) has adopted the following policy voluntarily and the Board may amend this policy from time to time.

### **B. OBJECTIVES OF POLICY:**

This policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in regard to distribution of dividend to its shareholders and/or retention of profits and also to provide clarity to the stakeholders on the dividend distribution strategies of the Company.

### **C. DEFINITIONS:**

- a) “**Listed Entity / The Company**” means “Denta Water and Infra Solutions Limited”.
- b) “**Policy**” means Dividend Distribution Policy.
- c) “**Board**” shall mean the Board of Directors of the Company.
- d) “**Act**” shall mean the Companies Act, 2013 and Rules thereunder (including any statutory modification or amendment or re-enactment thereof for the time being in force).
- e) “**Dividend**” shall have the meaning as defined under the Act and includes any interim Dividend.
- f) “**Stock Exchange**” shall mean a recognized Stock Exchange as defined under Securities and Exchange Board of India Act, 1992 (including any statutory modification or amendment or re-enactment thereof for the time being in force).

Words and Expressions used and not defined in this Policy but defined in the Act or Applicable Laws shall have the same meaning respectively assigned to them in those Acts/Applicable Laws

### **D. PREAMBLE:**

Dividend is the payment made by a Company to its shareholders, in the form of distribution of its profits. The profits earned by the Company can either be retained in business or utilized for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as Dividend. This Policy aims to reconcile between all these needs.



The Policy establishes the principles to ascertain amounts that can be distributed to shareholders as Dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. It lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of Dividend to its shareholders.

## **E. CATEGORY OF DIVIDENDS**

The Companies Act, 2013 provides for two forms of Dividend i.e. Interim & Final. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

### **i. Final Dividend**

The Board of Directors of the Company has the power to recommend the payment of a Final Dividend to the shareholders in a general meeting, which shall be paid once for the financial year after the annual accounts is prepared. The declaration and payment of such Final dividend shall be subject to the approval of shareholders of the Company and shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

### **ii. Interim Dividend**

The Board of Directors of the Company, in accordance with Article of Association of the Company, can declare an interim dividend during the any current financial year, as and when considered appropriate, in line with this policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts.

## **F. DECLARATION AND PAYMENT OF DIVIDEND**

Subject to the provisions of the Companies Act, Dividend shall be declared or paid only out of-

### **I. Current financial year's profit:**

- a. after providing for depreciation in accordance with law; and
- b. after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

### **II. The profits for any previous financial year(s):**

- a. after providing for depreciation in accordance with law; and
- b. remaining undistributed; or

### **III. Out of i) & ii) both.**

The Board may, at its discretion, declare a Special Dividend under certain circumstances such as extraordinary profits from sale of investments.

#### **G. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND**

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and SEBI(LODR) Regulations, 2015. The shareholders of the Company may expect Dividend only if the Company is having adequate profits after complying with all other statutory requirements under the Applicable Laws.

Subject to the discretion of the Board, the shareholders of the Company may not expect dividend in the following circumstances.

- i. in case of inadequacy of profits or whenever the Company has incurred losses;
- ii. whenever the Company undertakes or proposes to undertake any significant business expansion/ investment /acquisitions;
- iii. significant working capital requirement affecting free cash flow;
- iv. whenever the Company proposes to utilize surplus cash for buy- back of securities or setting off of previous year losses or losses of its subsidiary/ies; and
- v. whenever declaration of dividend is prohibited by any regulatory body.

#### **H. THE FINANCIAL/INTERNAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND**

The financial/internal factors which shall be considered by the Board of Directors while recommending/ declaring dividend to the shareholders:

- i. Financial performance of the Company for the year for which dividend is recommended;
- ii. Operating cash flow of the Company;
- iii. Working capital requirements;
- iv. Capital expenditure requirements;
- v. Past dividend payout ratio / trends;
- vi. Such other factors and/or material events which the Company's Board may consider.

#### **I. THE EXTERNAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND**

The external factors which shall be considered by the Board of Directors while recommending/ declaring dividend to the shareholders:

- i. Statutory provisions and guidelines;
- ii. Cost of financing;
- iii. Any other factor that has a significant influence / impact on the Company's working / financial position of the Company

#### **J. UTILISATION OF RETAINED EARNINGS**

The Company shall endeavor to utilize retained earnings in a manner which is beneficial to the interests of the Company and also its shareholders. 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. The decision of utilization of the retained earnings of the Company shall be based on the following factors:



- Long term strategic plans
- Augmentation/ Increase in production capacity
- Market expansion plan
- Product expansion plan
- Modernization plan
- Diversification of business
- Replacement of capital assets
- Balancing the Capital Structure by de-leveraging the company
- Any acquisition or Takeover plan
- Other such criteria as the Board may deem fit from time to time.

**K. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

Dividend would continue to be declared on the face value of the Equity Shares and on per share basis of the Company. 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 laws and will be determined, if and when the Company decides to issue other classes of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

**L. REVIEW AND AMENDMENT**

This Policy will be reviewed periodically by the Board, from time to time and the Board can amend this Policy, as and when deemed fit.

**M. DISCLOSURE OF THE POLICY**

The Policy shall be disclosed on the website of the Company and the web-link of the same shall be provided in their annual reports.

*Effective Date: 2<sup>nd</sup> November, 2023*

