<u>DIVIDEND DISTRIBUTION POLICY</u>

SODHANI CAPITAL LIMITED
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1. **Background-** Dividend distribution forms an integral part of the Company's capital allocation framework and reflects its commitment to enhancing shareholder value while maintaining financial prudence. This Policy has been framed in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), Companies Act, 2013 and amendments thereto.

2. **Scope and Objective-** This Policy seeks to lay down a broad framework for the distribution of dividend by the Company whilst appropriately balancing the need of the Company to retain resources for the Company's growth & sustainability. Through this policy, the Company also endeavors to maintain fairness and consistency while considering distributing dividend to the shareholders.
   The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking a decision on distribution or retention of profits, in the interest of providing transparency to the shareholders.

3. **Statutory Requirements-** The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Companies Act, 2013, read with applicable rules framed thereunder, as may be in force for the time being ("Act") in particular Sections 2(35), 24, 51, 134(3)(k), 123, 124, 125, 126 and 127 of the Act and the Companies (Declaration and Payment of Dividend) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), such other applicable provisions of law and the Articles of Association of the Company as amended.

4. **Parameters to Be Considered Before Recommending Dividend -**

   The Board of Directors of the Company shall consider the following financial / internal parameters while declaring or recommending dividend to shareholders:
   - Profits earned during the financial year
   - Retained Earnings
   - Earnings outlook for next three to five years
   - Expected future capital / liquidity requirements
   - Any other relevant factors and material events.

5. **Declaration of Dividend-** The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI directions, if any and other legislation governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.
   Dividends will generally be paid once a year and will generally be paid out of net profit earned during the said year. However, the Board of Directors may, at its discretion, declare interim dividends and may also declare dividend out of retained earnings. The Board may as and when they consider it fit and recommend final

dividends to the shareholders for their approval in the annual general meeting of the Company.

The decision regarding dividend shall be taken only by the Board of Directors at its Meeting and not by a Committee of the Board of Directors or by way of a Resolution passed by circulation. Dividend will continue to be accrued and payable in respect of all the eligible shares.

6. **Circumstances Under Which the Shareholders May or May Not Expect Dividend-**

   The decision regarding dividend pay out 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 Capex requiring high capital allocation, working capital, repayment of loans taken in the past;
   c) inadequate availability of cash; and
   d) higher cost of raising funds from alternate sources It may be noted that declaration of dividend shall be subject to the provisions of Companies Act, 2013, SEBI Regulations, Guidelines issued by Ministry of Corporate Affairs/Ministry of Finance/Department of Investment and Public Asset Management or any other authority.

7. **Utilisation of Retained Earnings-** The Company shall endeavour to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

   The Company may utilise the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

8. **Conflict in Policy-**In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the Regulations shall prevail.

9. **Amendments-**The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and Listing Regulations or as deemed fit on a review.