

**SUTLEJ TEXTILES
AND
INDUSTRIES LIMITED**

**DIVIDEND DISTRIBUTION
POLICY**

[Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015] as amended

Introduction

The Dividend Distribution Policy (the Policy) shall apply to the distribution of dividend by Sutlej Textiles and Industries Limited (the “Company”) in accordance with the provisions of the Companies Act, 2013 (“Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations).

SEBI has, through its notification dated 05th May, 2021, released the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, thereby expanding the applicability of Regulation 43 A requiring top one thousand listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be disclosed on the website of the Company with a web-link to be provided in the Annual Report of the Company.

Definitions

The terms referred to in this Policy will have the same meaning as defined under the Act, the Rules made thereunder and the Listing Regulations.

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 and sustainability. Through this Policy, the Company also endeavors to maintain fairness and consistency while considering distributing dividend to the shareholders.

This Policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and / or retaining profits earned by the Company.

The Policy is not an alternative to the decision of the Board of Directors for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board of Directors.

Parameters to be considered while recommending / declaring dividend

The Board of Directors while declaring or recommending dividend to the shareholders, will consider the following financial parameters and / or internal and external factors:

- a) Relevant financial years profit arrived at after providing for depreciation in accordance with the provisions of Section 123 and other applicable provisions, if any, of the Act read with the Rules issued thereunder; and / or
- b) Profits from any of the previous financial year(s) arrived at after providing for depreciation in accordance with the provisions of Section 123 and other applicable provisions, if any, of the Act read with the Rules issued thereunder and remaining undistributed;
- c) Fund requirements to finance the working capital needs of the business;
- d) Funds required to service any outstanding loans;
- e) Liquidity and return ratios;
- f) Opportunities for investing the funds of the Company to capture future growth in the industry, e.g. capital expenditure, business expansion plans, etc.;
- g) Funding requirements for any organic and inorganic growth opportunities to be pursued by the Company;
- h) Optimal free cash to fund any exigencies, if any;
- i) Prevailing legal requirements, regulatory conditions or restrictions laid down under any applicable laws including tax laws; and
- j) Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients.

Policy as to how the retained earnings shall be utilised

The Board of Directors may retain its earnings in order to make better use of the available funds and increase stakeholders value in the long run. The consolidated profits earned by the Company can be retained in the business and used for various purposes as outlined above.

Dividend Payout

The Company shall strive to declare a steady stream of dividends to the shareholders that is in the best long-term interest of the shareholders and growth of the Company. The Company's Policy shall ensure that returns on investments made by shareholders in the Company are maximised over the long-term.

Dividend will be declared in compliance with the applicable laws. The Board may also consider utilising retained earnings for declaration of dividends, subject to applicable legal provisions, in case of inadequacy of profits in any financial year.

Disclaimer

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board of Directors to use its discretion in the recommendation of the Dividend to be distributed in any year and the Board of Directors reserves the right to depart from the Policy as and when circumstances so warrant.

Given the uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward - looking statements in the Policy.

Effective Date

This Policy has been adopted by the Board of Directors of the Company at its meeting held on 30th July, 2021, being the effective date of this Policy.