CANTABIL RETAIL INDIA LIMITED

DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy of Cantabil Retail India Limited ("the Company") endeavors to maintain a consistent approach towards dividend payment to its shareholders and regulate the process of dividend declaration and its payout by the Company in accordance with the applicable Sections of the Companies Act, 2013, the rules made there under, and the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended) and any other law as applicable for the time being in force.

As per Regulation 43 A of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), 2015 top 1000 listed entities based on market capitalization shall mandatory to have a dividend distribution policy.

Legal Framework

The Companies Act, 2013 lays down certain provisions for declaration of dividend (both interim and final), which are as follows:

a. Section 51 permits companies to pay dividends pro-rata, in proportion to the amount paid-up on each share when all shares are not uniformly paid up.

b. No dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with Section 123 (2) of the Act or out of profits of the Company for any previous financial year/years arrived at after providing for depreciation in accordance with the provisions of above sub-Section and remaining undistributed or out of both or out of moneys provided for by the Central Government or State Government for payment of dividend in pursuance of a guarantee given by the concerned Government [Section 123(1)].

c. Section 123(6) prohibits a company violating provisions as regards acceptance or repayment of deposits from declaring dividend on its equity shares, as long as such failure continues.

d. No dividend shall be declared or paid by a company out of its reserves other than free reserves.

e. In accordance with Section 134(3)(k), Board of directors must state in the Directors' Report the amount of dividend, if any, which it recommends to be paid to the shareholders.

The following are some major conditions of the Companies (Declaration and Payment of Dividend) Rules, 2014 (Rule 3) regarding declaration of dividend out of surplus in the absence of adequacy or absence of profits in any year:

a. The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year.

b. The total amount to be drawn from such accumulated profits shall not exceed $1/10^{th}$ of the sum of its paid-up share capital and free reserves.

c. The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.

d. The balance of reserves after such withdrawal shall not fall below 15% of its paid up share capital as appearing in the latest audited financial statement.

Interim and Final Dividend

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal will be considered, will be intimated to the stock exchanges, as required by SEBI Regulations.

Dividend Payout

In every financial year, the Board aim to distribute to its equity shareholders upto 20% (including taxes, cess, and levies, if any relating to the dividend) of attributable Profit after Tax (before exceptional items) of the company.

Dividend Distribution

Board may at its discretion pay final dividend or interim dividend or special dividends on any special occasion or may pay both interim and final dividend in the proportion as it may deem fit to the Board, in the best interest of the Company and its shareholders. While deliberating on the recommendation of dividend, the Board will seek to balance the benefit made available to the shareholders of the Company with the comparative advantages of retaining profits in the Company which would lead to greater value creation for all stakeholders. The circumstances under which the shareholder may or may not expect dividend The Company endeavors to continue payment of both interim and final dividends to its shareholders based on the financial and certain other criteria as mentioned herein below in the Policy. The Company may however choose not to declare / distribute dividend in future anytime, its discretion of the board and the company to determine the decision to declare or not to declare the dividend.

a) Absence or inadequacy of profits during any particular year;

b) Buyback of equity shares; and

c) To meet one or more criteria mentioned under the heading "Internal / External factors considered for declaration of dividend".

The financial parameters to be considered while declaring dividend

The financial parameters that may be considered while payment of dividend, including interim dividend are:

a) revenues and net profits earned during the financial year/ part of the financial year;

b) possible current and future cash flow requirements;

c) liquidity needs including working capital requirements;

d) any changes in accounting policy / guidelines that may have an adverse impact on the future profitability of the Company;

e) tax implications if any, on distribution of dividends

f) amount the Company wishes to transfer to General Reserves before declaration of dividend; and

g) in case of interim dividend, the dividend track record of the Company for the previous financial years, future financial commitment of the Company including expansion plans, if any.

Internal and External factors considered for declaration of dividend

The major Internal factors to be considered before proposing dividend, interim or final includes the following:

a) Amount of profit earned during the financial year or the performance of the Company during part of the financial year while considering the payment of final/interim dividend;

b) Requirement of ploughing back of profits including the plans for capital expenditure towards new projects, capacity expansion at the existing facilities, technological upgradation, renovation/modernisation of factories and establishments and allied infrastructure of the Company and major repairs and maintenance programme and expenditure on research and development;

c) Cost of acquisition/ Proposed acquisition of technology from reputed organizations in India ;

d) Impact of crystallization of contingent liabilities, if any, and requirement of setting aside funds for future contingencies and unforeseen events;

e) Likely change in business plan / model that might have an adverse impact on the profitability for a particular year;

f) Strategic priorities and goal-setting including further planning and resource mobilization in order to attain the Objectives of the Company and leverage internal and external resources in the best possible manner for future business growth and value creation for the shareholders;

g) Acquisition of brands/ businesses for future growth of the Company including market expansion and product expansion plans; and

h) Any other factors having an impact on the future profitability of the Company as it may deem fit to the Board of Directors.

In addition to the above the following External Factors may also be taken into consideration while declaration of dividend, namely:

a) Uncertain or recessionary economic and business conditions (both domestic and global);

b) Introduction / change in any laws, policies, guidelines that is likely to have a substantial adverse impact on the company;

c) The restrictions imposed by Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and any other law as applicable for the time being in force with regard to declaration of dividend; and

d) Any force majeure condition.

Policy as to how retained earnings shall be utilised

The amount of retained earnings shall be invested by the Company for future plans of expansion, technological upgradation, renovation/modernization of factories and establishments of the Company, repairs/maintenance programme or repayment of debts, if any, meeting increased working capital requirements in line with growth and market requirements. A separate policy may be formulated by the Company as and when considered appropriate by the Board of Directors of the Company. Parameter that shall be adopted with regard to various classes of shares The Company does not have various classes of shares excepting Equity Shares having uniform voting rights. In case the Company decides to issue in future shares with differential rights as to dividend necessary amendments to this policy would be carried out by the Board of Directors.

Amendment

In case of any amendment in the provisions of law, applicable Rules and Regulations the same shall automatically apply to the Company and the policy shall stand amended to that extent.

The Board is authorised to change/amend this policy from time to time at its sole discretion to be reported in the Annual Report of the Company.

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Poonam Chahal