

AFFORDABLE ROBOTIC & AUTOMATION LIMITED

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE:

Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Regulations"] specified that certain companies i.e., Top 1000 listed entities on the basis of market capitalization (calculated as on March 31 of every financial year) requires to formulate a dividend distribution policy, which shall be disclosed on the website of the listed entity and a web-link also be provided in their annual reports.

Provided that other listed entities can also adopt the dividend distribution policy on a voluntary basis and disclose the same in their annual reports and on their websites.

AFFORDABLE ROBOTIC & AUTOMATION LIMITED has adopted the policy on voluntary basis.

2. SCOPE:

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 Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

3. OBJECTIVE OF THE POLICY:

The main objective of this policy is to enable investors, potential investors and analysts to take a view on the likely dividend payout by a company and also to ensure to reward the shareholders of the Company by sharing a portion of the profits, whilst also ensuring sufficient funds are retained for future growth, to meets it obligations and working capital requirement of the Company.

4. DEFINITIONS:

- a) **"Act"** means the Companies Act, 2013, Rules framed thereunder and any amendments thereto.
- b) **"Applicable Laws"** shall mean the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.
- c) **"Board of Directors"** or **"Board"** means the collective body of the Directors of the Company.

- d) **“Company”, “This Company”, “The Company”,** wherever occur in the policy shall mean **“AFFORDABLE ROBOTIC & AUTOMATION LIMITED”** or **“(ARAPL).”**
- e) **“Dividend”** shall mean Dividend as defined under Companies Act, 2013.
- f) **“Financial Year”** shall mean the period beginning from 1st April of every year to March 31st of the succeeding year.
- g) **“Policy”** or **“This Policy”** means, **“Dividend Distribution Policy”**.
- h) **“Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereto.

5. INTERPRETATION:

Terms that have not been defined in this policy shall have the same meaning assigned to them in the Companies Act, 2013, and / or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. APPLICABILITY:

The Act provides for two types of Dividend – Final & Interim.

The Final Dividend is paid once for the Financial Year after the annual accounts are prepared. The Board of Directors shall have the power to recommend the Final Dividend to the shareholders for their approval in the Annual General Meeting (AGM) of the Company. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.

The Board of Directors shall have the absolute power to declare Interim Dividend during the Financial Year, as and when they think fit. Before declaring Interim Dividend, the Board shall consider the financial position and payout obligations for remaining period in such financial year.

In case no Final Dividend is declared, Interim Dividend paid during the year, if any, will be regarded as Final Dividend at the AGM. Pursuant to the provisions of applicable laws and this Policy, Interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders’ approval, at the ensuing AGM of the Company. The Board may recommend Special Dividend as and when it deems fit. The Company shall ensure compliance of provisions of applicable laws and this Policy in relation to Dividend declared by the Company.

7. PARAMETERS:

I. The circumstances under which the shareholders may or may not expect dividend-

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Some unforeseen circumstances under which the shareholders may or may not expect a dividend are:

- a) Adverse Market Conditions and business uncertainty;
- b) Inadequacy of profits earned during fiscal year
- c) Inadequacy of cash balance
- d) Large forthcoming capital requirements to be funded through internal accruals
- e) Changing Regulations.

II. The financial /internal parameters that shall be considered while declaring dividend-

The Board shall consider dividend based on the Net Profit after Tax (PAT) available for distribution as reported in the Standalone statutory financial statements prepared in accordance with the applicable Indian Accounting Standards. The Board, at its own discretion, recommend a dividend in case the business demands it. The Board may also recommend special dividend as and when it deems fit.

III. Other Internal Parameters:

- a) Present and future capital requirements of the business (example – day to day requirements, funding of business acquisitions, investment in new business/initiatives, etc).
- b) Additional investments in the subsidiaries/associates of the Company, by way of loans or subscription to their securities.
- c) Cash flow required to meet contingencies.
- d) Borrowings outstanding.
- e) Trends of declaration of dividends in the past.
- f) Any other significant developments that require cash investments.

IV. External factors considered for declaration of dividend:

The Board of Directors of the Company shall consider the following external parameters while declaring dividend or recommending dividend to shareholders:

- a) 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;
- b) Obligations to creditors – The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time. Decision of dividend declaration shall be taken after considering the volume of such obligations and time period of repayment.
- c) 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.

- d) Any political, tax and regulatory changes in the geographies in which the Company operates;
- e) Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- f) Any changes in the competitive environment requiring significant investment.

8. UTILISATION OF RETAINED EARNINGS:

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:

- a. Strategic and long term plans and expansion of the Company;
- b. Diversification opportunities.
- c. Non-fund based needs of the Company, its subsidiaries / Associates and Joint Ventures which may require the Company to have a healthy consolidated Balance Sheet.
- d. Government guidelines with regard to issue of bonus, buy-back etc;
- e. Any other criteria which the Board of the Company may consider appropriate;

9. CLASS OF SHARES:

Only Equity Shares of the Company are listed on Stock Exchange and this policy shall be applicable only in this respect. In future, if the company issue multiple classes of shares, the parameters of the dividend distribution policy will be appropriately addressed.

10. POLICY REVIEW:

This policy shall be reviewed from time to time so that the policy remains compliant with applicable legal requirements. The Company Secretary will keep the policy updated as per applicable statutory guidelines.

11. AMENDMENT

The Board shall have power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this policy entirely with a new Policy according to subsequent modification(s) / amendment(s) to Regulations.