



Ambika Cotton Mills Limited

Dividend Distribution Policy

Objective

This Policy seeks to outline broad parameters that may be applied and considered by the Board of Directors of Ambika Cotton Mills Limited (“the Company”). The Company has followed a stable dividend policy in the past and strives to maintain a consistent dividend payout ratio.

The policy is framed in compliance with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

Accordingly, this Policy has been approved and adopted by the Board of Directors of the Company at its meeting held on August 11, 2021.

A. Policy on Dividend Distribution

The Board, in light of the prevailing Companies Act, 2013, Listing Regulations, Articles of Association and applicable law, while declaring/recommending dividend, shall ensure that an appropriate balance is maintained between adequately rewarding the shareholders and ensuring that adequate financial resources are available to fuel the growth aspirations of the Company.

I. Parameters to be considered before recommending dividend:

The Board of Directors shall *inter alia* consider the following parameters before recommending dividend:

Statutory and Regulatory Parameters

The Company shall declare dividend only after ensuring compliance with provisions of the Companies Act, 2013 and rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and any other regulations as may be applicable from time to time.



Financial parameters

- Profits earned during the financial year;
- Accumulated reserves;
- Profitability outlook for the next two/three years;
- Investment requirements for the Company;
- Expected future capital/liquidity requirements;
- Expansion or modernization of existing businesses;
- Other factors and/or material events which the Board may consider

External Factors

- Shareholder expectations, including individual shareholders;
- Macroeconomic conditions;
- Taxation provisions;
- Pandemic
- Unfavorable market conditions;
- Government policies.

II. Circumstances under which the shareholders of the Company may or may not expect dividend

The Company may not distribute a dividend or may distribute a reduced quantum of dividend when there is absence or inadequacy of profits. Also, if one or more of the criterion for recommendation of dividend is not fulfilled by the Company, including any regulatory restriction placed on the Company on declaration of dividend, or if the Board is of the opinion that it would be prudent to conserve capital for growth or other exigencies, which shall be stated by the Board, dividend may not be declared or reduced dividend may be declared.



III. Utilisation of retained earnings

Retained earnings shall be utilised in accordance with prevailing regulatory requirements, creating reserves for specific objectives, fortifying the balance sheet against contingencies, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and any other specific purpose as approved by the Board of Directors of the Company

The Company shall endeavor to utilize retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders.

Following a review of the above parameters, the Board shall take a view on the extent of Dividend to be distributed to the shareholders.

The Company currently has only one class of equity shares that are fully paid-up, which rank *pari passu* with respect to voting and dividend.

B. Conflict in Policy

In the event of a conflict between this policy and the extant regulations, the regulations shall prevail.

C. Disclosure of Policy

The Dividend Distribution Policy shall be placed on the Company's website, www.acmills.in.

D. Amendments

Any subsequent amendment/modification in the Act, SEBI regulations and/or other applicable laws in this regard shall automatically apply to this Policy.

E. Review of Policy

The Board shall review the Dividend Distribution Policy of the Company every two years.