



# **Executive Centre India Limited**

## **Dividend Distribution Policy**

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## 1. Introduction

- 1.1 The objective of the policy is to maintain guidelines for the Board of Directors to follow when declaring or recommending the amount of dividend (interim or final) per share.
- 1.2 Given the importance of dividend in creating shareholder's value, the Company has adopted this Dividend Distribution Policy to promote transparency in its financial operations, which is also a requirement stipulated in Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 1.3 The Company's Dividend Distribution Policy aims to reward its shareholders by sharing a portion of its profits / earnings, while also ensuring that enough funds are retained to meet the Company's future needs;
- 1.5 The Policy sets out the principles to determine the amount that can be distributed to equity shareholders as a dividend.

## 2. Legal Framework

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), the top 1000 listed entities based on market capitalization are required to formulate a Dividend Distribution Policy ("**Policy**") which shall be disclosed on the website of the Company and a web-link shall also be provided in their annual report.

## 3. Definitions

- 3.1 '**Act**' means Companies Act, 2013 including the rules framed there under and any statutory amendment(s) thereto for the time being in force.
- 3.2 '**Board**' means the Board of Directors of the Company.
- 3.3 '**Company**<sup>1</sup>' means Executive Centre India Limited
- 3.4 '**Dividend**' shall have meaning as defined under Section 2(35) of the Act.
- 3.5 '**Free Reserves**' shall have meaning as defined under Section 2(43) of the Act.
- 3.6 '**SEBI Listing Regulations**' means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any statutory amendment(s) or modification(s) or circular(s) or notification(s) thereof for the time being in force.

Words and Expressions used but not defined in this Policy shall have the meaning as in the Act and Rules made thereunder and the SEBI Listing Regulations.

## 4. Objective

- 4.1 The objective of the Policy is to specify parameters which shall be considered by the Board in relation to dividend distribution under the Policy including:
  - Internal and external factors to be considered while declaring dividend.
  - Financial parameters to be considered while declaring dividend.

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<sup>1</sup>The name of the "Company" changed from "**Executive Centre India Private Limited**" to "**Executive Centre India Limited**" pursuant to conversion of the Company from a Private Limited company to a Public Limited company effective from 04 June 2025.

- Circumstances under which the shareholders of the Company may or may not expect dividend.
  - Utilisation of retained earnings.
  - Parameters that shall be adopted with regard to various classes of shares.
- 4.2 Further, the intent of the Policy is to inform stakeholders of the Company with regard to declaration and distribution of dividend and to comply with statutory and regulatory requirements, to the extent applicable.

## 5. **Parameters for Dividend Distribution**

### 5.1 **Financial/Internal Factors**

- 5.1.1. Profitability of the Company on a standalone basis.
- 5.1.2. Availability of free cash flow for distribution as dividend to shareholders of the Company after meeting business and operational funding requirements.
- 5.1.3. Growth plans of the Company and the associated capital expenditure may necessitate the Company to preserve its funds to be deployed for the planned growth/expansion/modernisation/upgradation opportunities. The Board would take into consideration internal funds generation to be earmarked for the proposed growth plans prior to taking decision on dividend distribution.
- 5.1.4. Enhancement in the borrowing capacity of the Company to build up certain level of net worth to be in a position to raise debts.
- 5.1.5. Dividend decisions shall be made in the light of timing of investment opportunities available with the Company.
- 5.1.6. Accumulated reserves, including retained earnings.
- 5.1.7. Expenditure in research and development that Company may undertake.
- 5.1.8. Mandatory transfer of Profits earned to specific reserves, such as Debenture Redemption Reserve, etc.
- 5.1.9. Past dividend trends – rate of dividend, EPS and payout ratio, etc.
- 5.1.10. Earning Stability.
- 5.1.11. Future Capital Expenditure requirement of the Company.
- 5.1.12. Growth plans, both organic and inorganic.
- 5.1.13. Crystallization of contingent liabilities of the Company.
- 5.1.14. Any other factor not explicitly covered above but which is likely to have a significant impact on the Company.

### 5.2 **External Factors**

- 5.2.1 Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws.
- 5.2.2 The Company's ability to pay dividends may be restrained by limiting provisions, if any, in loan agreements.
- 5.2.3 The dividend decisions may also be influenced by the growth and performance of the economy impacting the industry, emerging trends in the financial market and performance of the Company vis-à-vis its peers and dividend payout ratio of the comparable companies.
- 5.2.4 Economic environment, both domestic and global.
- 5.2.5 Unfavourable market conditions.

- 5.2.6 Changes in Government policies and regulatory provisions.
- 5.2.7 Cost of raising funds from alternate sources.
- 5.2.8 Inflation rates.
- 5.2.9 Sense of shareholders' expectations.
- 5.2.10 Cost of external financing.
- 5.2.11 Any other factor which has a significant influence / impact on the Company's operations.

## **6. Declaration and Payment of Dividend**

### **In case of final dividend:**

- (i) 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.
- (ii) The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- (iii) The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to those shareholders who are entitled to receive the dividend, as per the applicable law.

### **In case of interim dividend:**

- (i) Interim dividend, if any, shall be declared by the Board.
- (ii) Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- (iii) The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend as per the applicable laws.

The Company shall ensure compliance of provisions of applicable laws and this policy in relation to dividend declared by the Company.

## **7. Circumstances under which shareholders of the company may or may not expect Dividend**

The Board, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Act and SEBI Listing Regulations. The Board, while determining the dividend to be declared or recommended, shall take into consideration financial performance of the Company, the advice of the executive management of the Company and the planned & further investments for growth apart from other parameters set out in this Policy.

The Board may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board.

## **8. Utilization of Retained Earnings**

The Company shall endeavor 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.

## **9. Modifications/ deviations to the policy**

The Board is authorized to approve any modifications/ deviations to the Policy and will be the competent authority for any interpretation regarding the Policy.

## **10. Parameters to be adopted with regard to various classes of shares**

- i. Preference Shareholders shall receive Dividend at the fixed rate as per the terms of allotment and shall stand in priority to the Equity shareholders for payment of Dividend.
- ii. Equity Shareholders shall be entitled for the Dividend, interim or final, if recommended by the Board and confirmed or approved by the Shareholders of the Company, as the case may be. Equity Dividend shall stand second in priority after payment of Dividend to the Preference Shareholders, if any.

## **11. Disclosure**

The Policy shall be uploaded on the website of the Company and a web-link of the same shall be provided in the Company's Annual Report. Any amendments or changes made to it subsequent to the changes in the provisions of any Act or SEBI Listing Regulations shall be published on the website of the Company.

## **12 Review and amendments**

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this Policy.

Any subsequent amendment/modification in the Act or the Rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard, the statutes shall automatically apply to this Policy.

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