

OSWAL PUMPS LIMITED

DIVIDEND DISTRIBUTION POLICY

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Policy Version	1.0
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Amendment History

S. No.	Amendment Date	Policy Version	Document Owner	Nature of Change

DIVIDEND DISTRIBUTION POLICY

The Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) requires top one thousand listed companies on market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy (“**Policy**”). Adhering to the best corporate governance practice and to comply with provisions of the Listing Regulations as and when it becomes applicable, Oswal Pumps Limited (“**Company**”) has framed this Policy. The Board of Directors of the Company (“**Board**”) has adopted this Policy at its meeting held on September 12, 2024. This Policy becomes effective from the date of its adoption by the Board.

The Policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company to strike balance between pay-out and retained earnings, in order to address future needs of the Company.

Dividend would continue to be declared on per share basis on the ordinary Equity Shares of the Company having face value of Rs. 10 each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (“**AGM**”) of the shareholders, as may be permitted by the Companies Act, 2013, as amended (“**Companies Act**”). The Board may however also declare interim dividends as may be permitted by the Companies Act.

The objective of this document is for the Company to follow a consistent dividend future balance the objective of appropriately rewarding shareholders through dividends and to support the future growth.

Subject to the provisions of the applicable law, the Company’s dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavor to maintain a total dividend pay-out ratio of upto 20% of the annual Profits after Tax (PAT) of the Company.

While determining the nature and quantum of the dividend payout, the Board would take into account the following factors:

- Internal Factors:
 - i. Distributable surplus available as per the Companies Act and the Listing Regulations,
 - ii. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - a. Previous years and
 - b. Internal budgets,
 - iii. Liquidity and cash flow position of the Company,
 - iv. Accumulated reserves,
 - v. Earnings stability,
 - vi. Future cash requirements for organic growth/expansion and/or for inorganic growth,

- vii. Brand acquisitions, if any,
 - viii. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
 - ix. Deployment of funds in short term marketable investments,
 - x. Long term investments,
 - xi. Capital expenditure(s),
 - xii. The ratio of debt to equity (at net debt and gross debt level), and
 - xiii. Debt covenants under the Company's financing agreements pertaining to dividend declaration, if any.
- External Factors:
 - i. Business cycles,
 - ii. Economic environment,
 - iii. Cost of external financing,
 - iv. Applicable taxes including tax on dividend,
 - v. Industry outlook for the future years,
 - vi. Inflation rate,
 - vii. Changes in the Government policies, industry specific rulings & regulatory provisions, and
 - viii. Any other factors as deemed fit by the Board.
 - Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

The Board of the Company 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.

The shareholders of the Company may not expect dividend or expect reduced dividend, *inter alia*, but not limited to under the following circumstances:

- i. Inadequacy of profits or whenever the Company has incurred losses;
- ii. Proposed buy-back of securities;
- iii. Significantly higher working capital requirements adversely impacting free cash flow;
- iv. Expansion of business, acquisitions or joint ventures requiring significant allocation of capital;
- v. Operation of any law in force which restricts payment of dividend in particular circumstances; and
- vi. Any restrictions and covenants contained in any agreement may be entered with the lenders.

Additionally, the Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment and /or adverse economic cycles. In such events, the Board will provide rationale for such lower or "nil" dividend.

Subject to the applicable laws, the retained earnings of the Company may be used in any of the

following ways:

- i. Expenditure for working capital,
- ii. Organic and/ or inorganic growth,
- iii. Investment in new business(es) and/or additional investment in existing business(es),
- iv. Declaration of dividend,
- v. Capitalization of shares,
- vi. Buy back of shares,
- vii. General corporate purposes, including contingencies,
- viii. Correcting the capital structure,
- ix. Any other permitted usage as per the Companies Act.

In the event of any conflict between this Policy and the provisions contained in the Companies Act and / or the Listing Regulations, the Companies Act and / or the Listing Regulations shall prevail.

This Policy shall be reviewed periodically by the Board. Any changes, revisions or amendments to this Policy will be carried out with the approval of the Board and will be communicated to shareholders in a timely manner.

This Policy will be available on the Company's website. This Policy will also be disclosed in the Company's annual report.

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form) for investments in the Company's Equity Shares.
