

ASIAN STAR LIMITED

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DIVIDEND DISTRIBUTION POLICY

1. Applicability and objective:

The Securities Exchange Board of India (SEBI) on May 5, 2021 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021. Vide these Regulations, SEBI has extended the applicability of Regulation 43A of SEBI (LODR) Regulations, 2015 to the top 1000 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy ("the Policy") in the annual report and on their website. Accordingly, this Dividend Distribution Policy has been adopted by the Company.

The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. This Policy is prepared to lay down the parameters that are required to be considered by the Board of the Company for declaration of Dividend from time to time.

2. Effective Date

The policy shall become effective from the date of its adoption by the Board i.e 14th May, 2021.

3. Dividend:

Section 2(35) of Companies Act, 2013 defines the term "Dividend". Dividend represents the profit of the Company, which is distributed to the shareholders in proportion to the amount paid-up on the equity shares held by them. The term 'Dividend' includes Interim Dividend.

4. Parameters and factors for declaration of dividend:

The Company shall ensure compliance of the provisions of Companies Act, 2013 ("the Act") read with the Rules and the following financial parameters and internal and external factors shall also be considered: -

Financial Parameters and Internal Factors:

- i. Distributable Surplus available as per relevant statutory regulations
- ii. Past dividend pay-out trends of the Company
- iii. Working capital requirements
- iv. Business expansion and growth
- v. Company's liquidity position and future cash flow requirements
- vi. Additional investments in subsidiaries and associates of the Company

- vii. Current year's profits and future outlook in light of the development of internal and external environment
- viii. Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- ix. Operating cash flows and treasury position keeping in view the total debt to equity ratio
 - x. Possibilities of alternate usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders
 - xi. Providing for unforeseen events and contingencies with financial implications
- xii. Such other factors and/ or material events which the Company's Board may consider.

External Factors:

- i. Economic environment
- ii. Capital Markets
- iii. Inorganic growth plans
- iv. Statutory provisions and guidelines
- v. Dividend pay-out ratios across industries

5. Circumstances under which the shareholders may or may not expect Dividend:

The shareholders of the Company may not expect Dividend under the following circumstances:

- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital, if any;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- Whenever it proposes to utilise surplus cash for buy-back of securities; or
- In the event of inadequacy of profits or whenever the Company has incurred losses.

The Board may not recommend any dividend if the Board is of the considered opinion that it is prudent to conserve capital based on the internal and external factors outlined.

6. Utilization of retained earnings:

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

7. Dividend Range:

As in the past, 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 in the range of 10% to 25% of the annual standalone Profits after Tax (PAT) of the Company.

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

Internal Factors:

Profitable growth of the Company and specifically, profits earned during the financial year as compared with:

- a. Previous years and
- b. Internal budgets,

Procedure:

The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal. Pursuant to the provisions of applicable laws and this Policy 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 Annual General Meeting of the Company. The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

Disclosure:

The Company shall make appropriate disclosures as required under the SEBI Regulations.

General:

This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

- ii. Cash flow position of the Company,
- iii. Accumulated reserves
- iv. Earnings stability
- v. Future cash requirements for organic growth/expansion and/or for inorganic growth,
- vi. Brand acquisitions,
- vii. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
- viii. Deployment of funds in short term marketable investments,
- ix. Long term investments,
- x. Capital expenditure(s), and
- xi. The ratio of debt to equity (at net debt and gross debt level).

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, and
- vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

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 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. In such event, the Board will provide rationale in the Annual Report.

7. Procedure:

The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal. 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 Annual General Meeting of the Company. The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

8. Conflict in Policy:

In the event of a conflict between this policy and the statutory provisions, the statutory provisions shall prevail.

9. Modification of the Policy:

The Board is authorised to change or amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Act, the Regulations, or any other applicable law. The modifications, if any, made to the policy shall be disclosed on the website and in the Annual Report.

10. Review of the Policy:

The Board may review the Dividend Distribution Policy of the Company as it may deem appropriate.

11. Disclosure:

The Company shall make appropriate disclosures as required under the SEBI Regulations that is in the Annual Report of the Company and placed on the Company's website Asianstar@group.com.