



DIVIDEND DISTRIBUTION POLICY



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DIVIDEND DISTRIBUTION POLICY

PREFACE

This Dividend Distribution Policy is made pursuant to the applicable provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as the '**Listing Regulations**') and the Companies Act, 2013 and applicable laws.

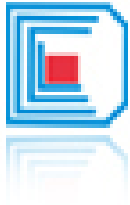
Under Section 2(35) of the Companies Act, 2013, "Dividend" includes any interim dividend. In common parlance, "dividend" means the profit of a company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid-up on the shares held by them.

OBJECTIVE

The policy, in the interest of providing transparency to the shareholders, sets out the circumstances and different factors for consideration by the Board at the time of deciding on distribution or of retention of profits. In view of the said requirement, the Board of Directors of the Company recognizes the need to lay down a broad framework with regard to the distribution of dividend to its shareholders and utilization of the retained earnings. The Policy reflects the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for the business needs and growth of the Company.

EFFECTIVE DATE

The Policy became effective from 11.11.2025 (Approval of Board)



PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

As per 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 5% to 20%.

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:**
 - i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - a. Previous years and
 - b. Internal budgets,
 - ii. Cash flow position of the Company,
 - iii. Accumulated reserves iv. Earnings stability
 - iv. Future cash requirements for organic growth/expansion and/or for inorganic growth,
 - v. Brand acquisitions,
 - vi. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
 - vii. Deployment of funds in short term marketable investments,
 - viii. Long term investments, and
 - ix. Capital expenditure(s)



- 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.

TARGET DIVIDEND

The Company has adopted a dividend policy, intending to maintain or grow the dividend each year.

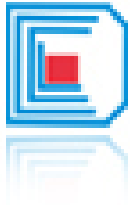
The Company targets to pay dividend up to 20% of profit after tax of the Company depending upon the following slabs and subject to applicable rules and regulations:

Profit ranging Rs. 2.5 crore – Rs. 5 crore = 5%

Profit ranging Rs. 5 crore – Rs. 7.5 crore = 10%

Profit ranging Rs. 7.5 crore – Rs. 10 crore = 15%

Above Rs. 10 crore = 20%



CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

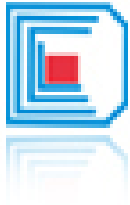
The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- Proposed expansion plans requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- Requirement of higher working capital for the purpose of business of the Company
- Proposal for buy-back of securities
- In the event of loss or inadequacy of profit

UTILIZATION OF RETAINED EARNINGS

The retained earnings of the Company may be used in any of the following ways:

- i. Capital 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. Capitalisation 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, 2013.

PROCEDURE

Dividend would be declared on per share basis on the Equity Shares of the Company having face value 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.

Dividend shall be declared or paid only out of –

1) Current financial year's profit:

after providing for depreciation in accordance with law;

after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion and as per applicable law.

Or

2) The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed;

Or

3) Out of 1) & 2) both.

In case of inadequacy or absence of profits in any financial year, the Company may also declare/ pay Dividend out of the accumulated profits earned by it in



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previous years and transferred by the Company to the reserves, provided such declaration/ payment of dividend shall be made only in accordance with the provisions of the Companies Act, 2013 and rules specified therein, Listing Regulations, articles of association of the Company and the terms & conditions of the issue of securities by the Company. the Company may pay dividend in proportion to the amount paid up on each share.

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. The Board may also declare interim dividends as may be permitted by the Companies Act.

The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.

Provisions with regard to dividend

1 Transfer to the reserves: The Company may, before declaration of any dividend in any financial year, transfer such percentage of its profit for that financial year as it may consider appropriate to the reserves of the Company in accordance with the relevant provisions of the Companies Act.

2 Declaration of dividend in case of inadequacy or absence of profits in any financial year: Subject to the relevant provisions of the Companies Act, in the event of inadequacy or absence of profits in any financial year, the Company may declare dividend out of free reserves subject to the fulfilment of the following conditions, namely: -

a) The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year. This condition shall be applicable only if the Company has declared dividend in



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at least one preceding financial year from the immediately preceding three financial years mentioned above.

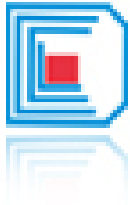
b) The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid-up share capital and free reserves, net of demerger deficit balance, as appearing in the latest audited financial statement.

c) The amount so drawn shall first be utilized to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.

d) The balance of reserves after such withdrawal shall not fall below fifteen percent of its paid up share capital as appearing in the latest audited financial statement.

3 Dividend to equity shareholders of the Company: Presently, the Company has only one class of equity shares and accordingly, the dividend will be distributed equally among all the equity shareholders, based on their shareholding on the record date. Parameters for dividend payments in respect of (if any) other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

4 Interim dividend: The Board may declare interim dividend at its absolute discretion in line with this Policy and during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend.



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The interim dividend can be declared by the Board of Directors one or more times in a financial year and normally, the Board may consider the declaration of interim dividend after the finalization of the quarterly/half yearly financial statements of the Company.

The interim dividend, if declared, shall be paid to the eligible shareholders, as per provisions of the Companies Act, 2013, SEBI Regulations and other laws, to the extent applicable

Provided that in case the Company has incurred loss during the current financial year upto the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividend declared by the Company during the immediately preceding three financial years.

5 Payment of final dividend: Subject to approval of shareholders in annual general meeting, the Board of the Company may recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy, based on the aforesaid parameters/factors arrived at as per the audited financial statements.

6 Form and mode of dividend: The dividend shall be paid only in cash form by bankers' cheque or payable-at-par warrant or through use of any electronic mode of payment facility approved by the Reserve Bank of India from time to time.

7 Prior intimation of dividend: The Company shall give prior intimation (at least two working days in advance, excluding the date of the intimation and date of meeting) to stock exchange(s) about the meeting of the Board in which the declaration/recommendation of dividend will be considered.

8 Record date or date of closure of transfer books: The Company shall intimate/announce (at least three working days in advance, excluding the date of



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the intimation and the record date/dates of closure of its transfer books) the record date/dates of closure of its transfer books to the stock exchange(s) for the purpose of declaration of dividend.

REPORTING

This Policy shall be hosted on the website of the Company at www.darcredit.com and shall be disclosed in the annual report.

Any other reporting/ disclosure in accordance with applicable regulations are to be ensured.

RECORD KEEPING

All documents/ records shall be preserved for a period as specified in the applicable regulations

CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the regulations, the regulations shall prevail.

POLICY REVIEW AND AMENDMENTS

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner. The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and regulations or as deemed fit on a review.

The Company reserves its right to alter, modify, add, delete or amend any or all of the provisions of the Policy as it may deem fit or in accordance with the guidelines and regulations as may be issued by Securities and Exchange Board of India, Government of India or any other regulatory authority. The change in the policy shall, however, be disclosed along with the justification thereof on the Company's



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website and in the ensuing annual report of the Company in accordance with the extant regulatory provisions.
