

DIVIDEND DISTRIBUTION POLICY

1) PREAMBLE:

Stalwart People Services India Limited hereinafter referred to as “the Company”, has framed the Dividend Distribution Policy in compliance with the provisions of the Companies Act, 2013 and rules made thereunder, as amended from time to time and Regulation 43(A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time to time. This Policy is effective from the date of its Equity Shares listed.

2) OBJECTIVE:

The Dividend Policy of the Company aims to strike a balance between the dual objectives of rewarding shareholders through Dividends and ploughing back earnings to support sustained growth.

The objective of this Policy is to reward the shareholders of the Company by sharing a portion of the profits, whilst also ensuring that sufficient funds are retained for future growth of the Company. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time. Through this Policy, the Company would endeavour to maintain a consistent approach to Dividend pay-out plans.

3) DEFINITIONS:

The following definitions shall be used, understood and applied for the purposes of this policy:

3.1 “Act” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

3.2 “Applicable Laws” shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.

3.3 “Company” shall mean Stalwart People Services India Limited.

3.4 “Board” or “Board of Directors” shall mean Board of Directors of the Company.

3.5 “Dividend” shall mean Dividend as defined under the Companies Act, 2013 and includes Interim Dividend.

3.6 “SEBI Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

3.7 “Policy or this Policy” shall mean the Dividend Distribution Policy.

4) Parameters for declaration of Dividend

The Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

I. General Guidelines for Dividend Distribution

- a. The Company shall pay dividend (including interim dividend) in compliance with the applicable provisions of the Companies Act, 2013, rules prescribed thereunder, and any amendments made thereto.
- b. The Board may not recommend dividend if, in its opinion, it is financially not prudent to do so.
- c. If the Company proposes to declare dividend on the basis of parameters in addition to those covered in this policy or proposes to make any changes to any parameters of the dividend distribution policy, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

II. Financial Parameters / Internal Factors

Before declaring or recommending dividend to shareholders, the Board of Directors would consider appropriate financial parameters like accumulated profit; working capital requirements; capital expenditure requirements; capital investment requirements; cash flow & liquidity; debt servicing and leverage ratios; outstanding borrowings and repayment schedules; past dividend trends; any other factor deemed fit by the Board.

III. External Factors

Before declaring or recommending dividend to shareholders, the Board of Directors would consider relevant external factors like the prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws; macro-economic factors; economic and industry outlook; growth outlook.

IV. Circumstances under which the shareholders may or may not expect Dividend

The decision regarding dividend pay-out seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to balance capital requirements.

The Equity shareholders may expect dividend only if the Company has surplus funds and after taking into consideration relevant financial parameters / internal /external factors enumerated above.

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

- Significant expansion project requiring higher allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Acquisitions or joint ventures requiring significant allocation of capital;
- Proposal for buy back of securities;
- Inadequacy of profits or whenever the Company has incurred losses; in particular, where the debt servicing capability can get compromised.
- Restrictions in loan / NCD agreements on account of covenants therein
- Weak industry / business outlook whereby it is prudent in the eyes of the Board to conserve cash than pay out dividend.

V. Policy on utilization of retained earnings

Retained earnings may be utilized for capital expenditure, acquisitions, expansion or diversification, long term working capital, general corporate purposes or it can be distributed to the shareholders by way of dividend, bonus shares, buy-back of shares or for such other purpose as the Board may deem fit from time to time.

VI. Parameters that shall be adopted with regard to various classes of shares

The provisions contained in this policy shall apply to all classes of Shares of the Company. It may be noted that currently the Company has only one class of shares, namely, Equity Shares.

5) **DIVIDEND PAYOUT:**

The dividend pay-out in each financial year, including interim dividends, will be decided by the Board keeping in mind the above-mentioned criteria. Special dividends, if any, will be declared in addition to the regular dividend pay-out.

6) **DIVIDEND ELIGIBILITY:**

The Company has only one class of equity shareholders and does not have any preference share capital.

7) **POLICY REVIEW, UPDATES AND AMENDMENTS**

This Policy will be reviewed periodically by the Board and amended as appropriate. Any changes or revisions to the policy will be communicated to shareholders in a timely manner. Any changes or revisions to the policy will be disseminated on the Company's Website.

In the event of any amendment(s), clarification(s), circular(s), provision(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then the same shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly.

Declaration of Dividend on the basis of parameters in addition to the elements of this Policy or resulting in amendment of any element or the Policy will be regarded as deviation. Any such deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board.

8) DISCLOSURE

This Policy, as approved by the Board of Directors shall be disclosed in the Annual Reports and hosted on the website of the Company voluntarily.

9) CONFLICT IN POLICY

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

10) DISCLAIMER:

The Policy does not constitute a commitment regarding the future dividends of the Company but only represents general guidance regarding this policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the dividend to be distributed in the year and the Board reserves the right to depart from this Policy as and when circumstances so warrant.
