

## SAMHI HOTELS LIMITED

### DIVIDEND DISTRIBUTION POLICY

#### 1. OBJECTIVE & PHILOSOPHY

- (a) This dividend distribution policy (“**Policy**”) establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by SAMHI Hotels Limited (“**Company**”) as well as enable the Company to strike a balance between pay-out and retained earnings, in order to address future needs of the Company.
- (b) The objective of this Policy is to reward its shareholders by returning a portion of its profits after retaining sufficient funds for the growth of the Company, thus maximizing shareholders’ value.
- (c) The Policy sets forth the broad principles for guiding the board of directors of the Company (“**Board**”) and the management of the Company in matters concerning, declaration and distribution of dividend, with a view to ensure fairness, transparency, sustainability and consistency in the decision for distributing profits to shareholders.
- (d) The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilize its profits *inter alia* for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.
- (e) The Policy shall broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend, the circumstances under which the shareholders of the Company may or may not expect dividend, how the retained earnings shall be utilized and the parameters that shall be adopted with regard to various classes of shares etc.

#### 2. REGULATORY FRAMEWORK

- (a) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”), requires the top 1000 (Five Hundred) listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which is required to be disclosed in its annual report and website. Further, those listed entities that do not fall in the abovementioned category may also disclose their dividend distribution policy, on a voluntary basis in their annual report and on their website.
- (b) The Company has framed this Policy to comply with the aforesaid requirements which has been approved by the Board on **27<sup>th</sup> March, 2023**.

- (c) This Policy shall come into force with effect from the date the SEBI Listing Regulations take effect with respect to the Company. The Policy shall be effective and applicable for dividend, if any, declared for the financial year 2023-2024 and onwards.

### **3. PARAMETERS FOR DECLARATION OF DIVIDEND**

- (a) Final 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 of the Company (“AGM”), as may be permitted by the Companies Act, 2013 (“**Companies Act**”).
- (b) The Board may also declare interim dividends as may be permitted by the Companies Act. The Board of the Company would declare an interim dividend, as and when considered appropriate, in line with this Policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts. As in the past, subject to the provisions of the applicable law, the Company’s dividend pay-out will be determined based on available financial resources, business requirements and taking into account optimal shareholder return.
- (c) The dividend pay-out would also be subject to profitability under the standalone financial statements and while determining the nature and quantum of the dividend pay-out, the Board would take into account the following factors:

(i) FINANCIAL PARAMETERS AND INTERNAL FACTORS

- operating cash flow of the Company;
- profit after tax during the year and earnings per share (EPS);
- working capital requirements;
- capital expenditure requirement;
- business expansion and growth;
- likelihood of crystallization of contingent liabilities, if any;
- additional investment in subsidiaries and associates of the Company;
- up gradation of technology and physical infrastructure;
- debt levels, repayment schedules and cost of borrowings; and
- past dividend pay-out ratio / trends.

(ii) External Factors

- industry outlook and economic environment;
- capital markets;
- global conditions;
- statutory provisions and guidelines including material changes in existing taxation or regulatory requirements; and
- dividend pay-out ratio of competitors.

### **4. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND**

The decision regarding declaration and payment of dividend is an important decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may expect dividend only if the Company is having adequate profits after complying with all other statutory requirements under the applicable laws.

- (a) The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board:
- (i) proposed expansion plans, renovations and up-gradations requiring higher capital allocation;
  - (ii) decision to undertake any acquisitions, amalgamation, merger, joint ventures, etc. which requires significant capital outflow;
  - (iii) requirement of higher working capital for the purpose of business of the Company;
  - (iv) debt obligations;
  - (v) proposal for buy-back of securities; or
  - (vi) in the event of loss or inadequacy of profit.

The Board of Directors 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 any proposed or ongoing or planned business expansion or other factors which may be considered by the Board. 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 financial year and the Board reserves the right to depart from the Policy as and when circumstances so warrant.

Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy, if any.

## **5. UTILIZATION OF RETAINED EARNINGS**

- (a) The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:
- (i) market expansion plans;
  - (ii) declaration of dividend;
  - (iii) diversification of business;
  - (iv) long term strategic plans for growth;
  - (v) replacement of capital assets; and
  - (vi) such other criteria's as the Board may deem fit from time to time.

## **6. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

Since the Company has issued only 1 (One) class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature

and guidelines thereof.

## **7. DISCLOSURES**

The Policy shall be disclosed in the annual report and on the website of the Company i.e. at [www.samhi.co.in](http://www.samhi.co.in). Furthermore, if the Company proposes to declare dividend on the basis of parameters in addition to the abovementioned or proposes to change such additional parameters or the Policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

## **8. POLICY REVIEW AND AMENDMENTS**

The Board may review, amend, abrogate, modify or revise any or all provisions of this Policy from time to time. However, amendments in the Companies Act or in the LODR Regulations that mandatorily apply to the Company shall be deemed to be incorporated in this Policy and shall be binding.