



DIVIDEND DISTRIBUTION POLICY

[Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. PREAMBLE

- 1.1 The Dividend Distribution Policy (hereinafter referred to as the “**Policy**”) has been prepared in accordance with the applicable provisions of the Companies Act, 2013 and pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- 1.2 The Board of Directors (hereinafter referred to as the “**Board**”) of Rushil Decor Limited (hereinafter referred to as the “**Company**”) at its meeting held on Monday, 14th May, 2021 has approved and adopted the Policy of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).
- 1.3 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.
- 1.4 The Policy shall become effective from the date of its adoption by the Board i.e. **14/05/2021**.

2. NEED AND OBJECTIVE OF THE POLICY

- 2.1. The Securities and Exchange Board of India (“**SEBI**”), vide its Notification dated 5th May, 2021, amended the Listing Regulations by amending sub-regulation (1) of the Regulation 43A in order to formulate a policy mandatorily for the top Thousand (1000) listed companies/entities (based on their market capitalization calculated as on 31st March of every financial year) to have the above Policy in place which shall be disclosed in the Company’s Annual Report and on its website. As the Company is among these 1,000 companies as of 31st March, 2021; the Board must therefore set the framework for a dividend to shareholders as also the utilization of retained earnings.
- 2.2. The Policy, in the interest of providing transparency to shareholders, explains the circumstances and different factors that the Board will consider at the time of deciding on the use of profits. 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, keeping in mind external factors like the national economy as well as an assessment of the overall financial strength of the Company.
- 2.3. The Policy shall not apply to determination and declaration of Dividend on preference shares as the same will be as per the terms of issue, if any approved by the shareholders.
- 2.4. 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.

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3. DEFINITIONS

- 3.1. “**Board**” shall mean the Board of Directors of the Company;
- 3.2. “**Companies Act**” shall mean The Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, and as amended;
- 3.3. “**Dividend**” includes any interim dividend as per Section 2 (35) of the Companies Act, 2013
- 3.4. “**Listed Entity / Company**” shall mean Rushil Decor Limited;
- 3.5. “**Policy**” means Dividend Distribution Policy;

4. FINANCIAL PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

While determining the nature and quantum of the dividend payout, the Board may consider various parameters as mentioned below before arriving at a decision on declaration of dividend:

(a) Internal Factors:

- (a) Profitable growth of the Company and specifically, Profits earned during the Financial year as compared with Profits earned during the Previous years and Internal budgets;
- (b) Operating Cash flow of the Company;
- (c) Earnings per Share (“EPS”);
- (d) Working capital requirements & Capital expenditure requirements;
- (e) Accumulated reserves;
- (f) Business Expansion and Growth; Future Cash requirements for such expansion and growth, Upgrading Technology and Physical Infrastructure;
- (g) Creation of a contingency fund to deal with any matter of emergency as approved by the Board;
- (h) Brand acquisitions;
- (i) Cost of Borrowings;
- (j) Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities;
- (k) Deployment of funds in short term marketable investments;
- (l) Long term investments;
- (m) Past dividend pay-out ratio / trends; and
- (n) The ratio of debt to equity (at net debt and gross debt level).

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(b) External Factors:

- (a) Economic environment;
- (b) Government Policies and Industry specific rulings & regulatory provisions, Change in such Rules, Regulations and Compliances, Statutory Provisions and Guidelines;
- (c) Capital markets;
- (d) Global conditions;
- (e) Industry outlook for the future years;
- (f) Applicable taxes including tax on dividend;
- (g) Cost of External Financing, Dividend pay-out ratio of competitors with similar revenue.
- (h) Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

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 to declare 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.

5. UTILIZATION OF RETAINED EARNINGS OF THE COMPANY

5.1 Retained earnings of the Company shall be utilized in accordance with the prevailing regulatory requirements, creating reserves for specific objectives, fortifying the balance sheet against contingencies, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and any other specific purpose as approved by the Board of Directors of the Company.

5.2 The Board will ask for earnings to be retained based on the available funds and on increasing the value of shareholders' investment in the Company. Subject to the applicable regulations, decisions on the utilization of the retained earnings of the Company shall be based on the following factors:

- (a) Funding Inorganic and Organic growth needs including Working Capital, Capital Expenditure, Repayment of Debt, etc.;
- (b) Upgrading Essential Technology;
- (c) Investment in new business(es) and/or additional investment in existing business(es);
- (d) Payment of Dividend in future years;
- (e) Any other permissible purpose;
- (f) Capitalization of Shares;
- (g) General Corporate Purposes, including contingencies;
- (h) Any other permitted usage as per the Companies Act, 2013.
- (i) Such other criteria as the Board may deem fit from time to time.

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6. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

- 6.1 At present, the Company has issued only one class of equity shares with equal voting rights, all Members of the Company are entitled to receive the same amount of dividend per share. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue, and in accordance with the applicable regulations if and when the Company decides to issue any other classes of shares.
- 6.2 In case the Company issues different class of equity shares any point in time, the factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.
- 6.3 The dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.
- 6.4 As and when the Company issues other kind of shares, the Board may suitably amend this policy to the extent require.

7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

- 7.1 The dividend declaration decision of the company will be taken by the Board/Shareholders after due consideration of all the factors provided above under Clause 4 above before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention and considering the balanced interest of the shareholders and the Company, etc.
- 7.2 The Company has been consistently paying dividends to its shareholders and can be reasonably expected to continue declaring same in future as well unless, it is not possible to declare dividend in the following circumstances, subject to discretion of the Board of Directors:
- In the event of inadequacy of profits or whenever the Company has incurred losses;
 - Significant cash flow requirements towards higher working capital requirements / tax demands / or others , adversely impacting free cash flows;
 - Proposed expansion plans requiring higher capital allocation;
 - Proposal for buy-back of securities;
 - Such other criteria as the Board may deem fit from time to time.
- 7.3 The Company will endeavors to declare the dividend as per the guidelines issued by Government of India from time to time. However, the Company may propose lower dividend after analysis of various financial parameters, cash flow position and funds required for future growth, etc.

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8. MANNER OF DIVIDEND PAYOUT

The declaration and payment of Dividends will be as per the laws and regulations applicable to the company.

Final Dividend:

- 8.1 If any recommendation shall made by the Board, usually in the Board meeting that considers and approves Annual Financial Statements, subject to the approval of the shareholders of the Company.
- 8.2 The dividend, as recommended by the Board, shall be approved / declared at the Annual General Meeting of the Company.
- 8.3 The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per applicable law(s).

Interim Dividend:

- 8.4 An Interim Dividend, if any, shall be declared by the Board. Before declaring an Interim Dividend, the Board shall consider the financial position of the Company.
- 8.5 The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- 8.6 In case no Final Dividend is declared, an Interim Dividend paid during the year, if any, will be regarded as the Final Dividend at the Annual General Meeting.

9. APPLICABILITY OF THE POLICY

The Policy shall not apply to:

- 9.1 Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be per the terms of issue approved by shareholders;
- 9.2 Distribution of dividend in kind, for instance, by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- 9.3 Distribution of cash as an alternative to payment of dividend by way of Buyback of Securities.



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10. POLICY REVIEW AND AMENDMENT

The Board of Directors is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the SEBI Regulations, etc. The Board of Directors may review the policy to give effect to any statutory amendments or otherwise. The amended Policy, if any shall be placed on the website of the company immediately after its approval from the Board.

11. DISCLOSURES

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company at www.rushil.com. The policy will also be disclosed in the Company's Annual Report. The link where the policy is uploaded on the website of the Company will be mentioned in the Annual Report.

12. CONFLICT IN POLICY

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

13. DISCLAIMER

13.1 The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend 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 the policy as and when circumstances so warrant.

13.2 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.

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