

## **LA OPALA RG LIMITED**

### **DIVIDEND DISTRIBUTION POLICY**

#### **1. BACKGROUND AND APPLICABILITY**

La Opala RG Limited is classified as part of the Top 500 listed companies in India based on market capitalization as on 31.3.2016. In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016, such listed companies are mandatorily required to formulate a policy for Dividend Distribution and disclose the same on the web-site of the company and the Annual Report. Accordingly, this Policy Document has been approved by the Board of Directors at their meeting held on 30<sup>th</sup> May, 2018.

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

The following are the circumstances under which the Dividend may not be distributed to the shareholders of the company:

- (i) Year of Inadequate Profit or Cash Loss
- (ii) Cash requirement for any major acquisition or for retirement of Debt
- (iii) Conservation of capital for growth
- (iv) Change in Legal and Statutory requirements
- (v) Change in Government, policy, fiscal or otherwise

#### **3. FINANCIAL PARAMETERS AND OTHER INTERNAL AND EXTERNAL FACTORS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND**

The following factors will guide the quantum of dividend to be distributed:

##### **a. Internal Parameters:**

- (i) Post-tax profits
- (ii) Free Cash flows after providing for the increase in working capital requirements or normal capital expenditure.
- (iii) Financial Leverage and Debt Retirement.
- (iv) Growth and profit sustainability for the next 3 years.
- (v) Quantum of cash to be preserved for exigencies, expansion & diversification including inorganic expansion through acquisitions, operation restructuring etc.

- (vi) Avenues for better utilization of retained cash in the interest of all stakeholders
- (vii) Maintaining a stable dividend payout over the years
- (viii) Industrial unrest
- (ix) Legal and statutory requirements

**b. External Parameters:**

- (i) General economic scenarios both domestic and global
- (ii) Factors affecting the industry in which the company is engaged in
- (iii) Market Competition
- (iv) Shift in State Policies

**4. UTILIZATION OF THE RETAINED EARNING**

Earnings remained after payment of dividend will be utilized for the following purposes:

- (i) Meeting increased working capital requirements in line with growth and market requirements
- (ii) Meeting investment requirements in accordance with the Long-Range Plan of the Company
- (iii) Maintaining a safety net to meet any exigencies or to take advantage of any business opportunities
- (iv) Deploying the free cash in treasury operation to earn a decent return without Compromising the safety of the principal.

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

The Company, as of date, has only Equity shares with the same rights for all the shareholders. In the event the Company issues in the future any shares with preferential rights over equity shares, the same shall be adhered to in accordance with the terms of such issue.

## **6. PUBLICATION OF THE POLICY**

This policy will be displayed on the website of the Company 'www.laopala.in' and disclosed in the Annual Report of the Company as required by the Regulations that may be in force from time to time.

## **7. AMENDMENTS**

The Board at its discretion may vary this policy, from time to time including the parameters and such changes will be updated on the website of the company and disclosed in the Annual Reports.

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