

**GO FASHION (INDIA) LIMITED**

**DIVIDEND  
DISTRIBUTION  
POLICY**

<b>Effective Date</b>	<b>05<sup>th</sup> February, 2022</b>
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## **DIVIDEND DISTRIBUTION POLICY**

### **1. PREAMBLE**

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 makes it mandatory for the top five hundred listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate a Dividend Distribution Policy.

In compliance with the provisions of Regulation 43A of the Listing Regulations the Board of Directors of the Company has approved and adopted the Dividend Distribution Policy of the Company [“the Policy”]. The Policy shall come into force on adoption by the board.

### **2. DIVIDEND DISTRIBUTION PHILOSOPHY**

The Company is committed to driving superior value creation for all its stakeholders. This policy lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of dividend to its shareholders. It aims to ensure that the Company makes rational decision with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company’s growth, to meet its long-term objective and other purposes. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

### **3. DIVIDEND**

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend. The Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

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

The Board will assess the Company’s financial requirements, including present and future growth opportunities and other relevant factors (as mentioned elsewhere in this policy) and declare Dividend in any financial year.

Notwithstanding the above, the shareholders of the Company may not expect Dividend under the following circumstances:

- a. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- b. In the event of higher working capital requirement for business operations or otherwise.
- c. In the event of inadequacy of cashflow available for distribution.
- d. In the event of inadequacy or absence of profits.
- e. Allocation of internal accruals to tide over business disruptions

The Board may consider not declaring dividend or may recommend a lower pay-out for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as financial and operational environment.

## **5. INTERIM AND FINAL DIVIDEND**

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal will be considered, will be provided to the stock exchanges, as required by Listing Regulations.

## **6. FINANCIAL PARAMETERS AND OTHER INTERNAL / EXTERNAL FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND**

While determining the nature and quantum of the dividend pay-out, including amending the suggested pay-out 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 including the credit balance of profit and loss account
- (iv) Earnings stability
- (v) Future cash requirements for organic growth/expansion and/or for inorganic growth
- (vi) Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities
- (vii) Long term investments and
- (viii) 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 and
- (viii) Business disruptions due to act of god

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.

## **7. POLICY FOR USE OF RETAINED EARNINGS**

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

- i. Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- ii. Issue of Bonus shares
- iii. Organic and/ or inorganic growth
- iv. Investment in new business(es) and/or additional investment in existing business(es)
- v. Payment of dividend
- vi. Capitalisation of shares
- vii. Buy back of shares
- viii. General corporate purposes, including contingencies
- ix. Any other permitted usage as per the Act.

**8. REVISION**

The Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws / Regulations or otherwise.

**9. DISCLOSURES**

The Company shall make appropriate disclosures in compliance with the provisions of the Listing Regulations, in particular the disclosures required to be made in the annual report and on the website of the Company.