

# **NORTHERN SPIRITS LIMITED**

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## **DIVIDEND DISTRIBUTION POLICY**

### **STATUTORY MANDATE**

The Board of Directors (The 'Board') of Northern Spirits Limited ("the Company") has adopted the following Policy for Distribution of Dividend to the Shareholders of the Company.

### **BACKGROUND**

The Company is basically involved in the business of trading and distribution of wines, alcohol, and spirits.

A large proportion of the financing of the Company is through equity capital. With a low level of borrowing in proportion to equity capital, the outlay on dividend forms a substantial part of the cost of capital. It is the Company's endeavour to maintain and pay dividend keeping market expectations in mind. The dividend paid as a proportion of earnings has been maintained accordingly.

The prevailing Governmental and geopolitical environment directly impacts profit in the industry in which the company is operating. Infrastructural development, both domestic and foreign, depends on factors that are beyond the control of the Company.

### **POLICY**

This Policy for Distribution of Dividend to Shareholders of the Company is framed in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations").

### **DIVIDEND**

The Board will finalise the dividend to be declared by the Company based on the above stated background while also considering the following:

Dividend will be declared once a year based on the profits as per the Audited Financial Statements for the year. The Board may declare an interim dividend after satisfying themselves about the distributable profit.

Normally, the Dividend will be declared out of the current year's profit of the Company, subject to the following:

- i. Company's need of Capital Expenditures/Investment;
- ii. Cash Flow position.

Given that profits can be volatile, the Board will Endeavour to achieve stability, to the extent feasible, in the quantum of Dividend paid to Shareholders.

Should the current year's profit be inadequate, the Board may, after considering the Carried Forward Balance in the Profit & Loss Account of the Company, declare dividend or declare dividend out of Reserves, as is permitted under the law.

As such, the Company may declare the Dividend out of:

- 1) Current year's profit –
  - a) after providing for depreciation in accordance with Sub-section (2) of Section 123 of the Companies Act, 2013 ("Act") and
  - b) after transfer of such percentage of its profits for that Financial Year to reserves as may be required under the law and as the Board of Directors may deem fit; OR
- 2) Carried Forward Balance in the Profit & Loss Account; OR
- 3) Free Reserve as may be permitted under law; OR
- 4) A combination of (1), (2) and (3) above.

#### **FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND**

1. Capital Expenditure /Investment requirement of the Company for:
  - a) New projects;
  - b) Ongoing projects including expansion, renovation or modernisation etc.
  - c) Acquisition of major fixed assets including land and buildings;
  - d) Acquisition of any business entity etc.
2. Payment of any major liability;
3. Any other requirements for fund conservation;
4. Agreement with lending institutions.

#### **REVISION IN THE POLICY**

The Board of Directors will review the policy from time to time or when changes may be required.

**GENERAL**

All the words and expressions used in this Policy, unless defined hereinafter, shall have the meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

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