DIVIDEND DISTRIBUTION POLICY

SERVICE CARE LIMITED

DIVIDEND DISTRIBUTION POLICY

The Board of Directors("Board") of Service Care Limited at its meeting held on 27th May 2024 has approved and adopted the Dividend Distribution Policy ("Policy") as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and shall disclose the same on a voluntary basis in the annual reports and on the website of the Company.

Effective Date:

The Policy shall become effective from the date of its adoption by the Board i.e. 27th May 2024.

Need and Objective of the Policy

The Securities and Exchange Board of India ("SEBI"), vide its Notification dated 8th July 2016, amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory for the top thousand listed companies (based on their market capitalization calculated as on the 31st day of March every year) to have the above Policy in place. Considering the above and recognising the need to lay down a broad framework for deciding the matters pertaining to distribution of Dividend and / or retaining the profits of the Company, the Board of the Company has laid down and adopted this policy. The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for the growth of the Company. The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions. 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 approved by the shareholders. The objective of the Policy is to lay down a consistent approach to dividend declaration.

I. GENERAL POLICY ON DIVIDEND

The Board shall determine the Dividend pay-out in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management and other relevant factors.

The Policy shall not apply to:

- Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares

II. CONSIDERATIONS RELEVANT FOR DECISION ON DIVIDEND

The Board shall consider the following, while taking decisions of a Dividend pay-out during a particular year;

Statutory requirements

The Company shall observe the relevant statutory requirements including transfer of a certain portion of the profits to any specific reserve(s), as may be applicable to the Company at the time of taking a decision with regard to declaration / recommendation of Dividend or retention of profits.

Inadequacy of profits

If during any financial year the profits of the Company are inadequate, the Board may decide not to declare Dividends for that financial year.

Contractual obligations

The decision regarding dividend pay-out shall take into consideration the restrictions and covenants contained in the agreements as may be entered into by the Company with financial institutions / other lenders of the Company from time to time.

Prudential requirements

The following strategic matters shall also be considered-

• to ascertain the needs for capital conservation and appreciation;

• to build sufficient reserves of retained earnings;

• to augment long term financial strength; and

• to build a pool of internally generated funds to provide long-term resources as well as resource raising potential for the Company.

Proposals for major capital expenditures, etc.

The Board should also take into consideration the need for replacement of capital assets, expansion and modernization or augmentation of capital stock, including any major capital expenditure proposals and the provision of depreciation on such new assets.

Expectations of Stakeholders

The Board, while considering the decision of Dividend pay-out or retention of a certain amount or the entire profits of the Company for the year, shall, as far as possible, consider the expectations of the major stakeholders as also the small shareholders of the Company who generally expect a regular Dividend payout.

III. OTHER PARAMETERS

In addition to above parameters, the decision of Dividend payout or retention of profits shall also be based on the following-

Operating cash flow of the Company

If the Company cannot generate adequate operating cash flow, it may need to rely on outside funding to meet its financial obligations and sometimes to run the day-to-day operations. The Board should consider the same before taking its decision whether to declare Dividend or retain its profits.

Taxation and other regulatory concerns

– Dividend distribution tax as may be applicable at the time of declaration of Dividend.

– Any restrictions on payment of Dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of Dividend.

Macroeconomic conditions

Considering the state of the Country's economy, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to meet unforeseen circumstances.

IV. PARAMETERS FOR VARIOUS CLASSES OF SHARES

- The company has only one class of shares i.e. Equity shares and, hence, the parameters disclosed here under apply to the same.

- The Board while considering payment of dividend for a financial year may, inter alia, consider the following factors:

    - Profit for the financial year as well as general reserves of the Company.
    - Projections of future profits and cash flows;
    - Borrowing levels and the capacity to borrow including repayment commitments;
    - Present and future Capital expenditure plans of the Company including organic/inorganic growth avenues;
    - Applicable taxes including tax on dividend;
    - Compliance with the provisions of the Companies Act or any other statutory guidelines including guidelines issued by Government of India;
    - Past dividend trend for the Company and the industry;
    - State of economy and capital markets; and
    - Any other factor as may be deemed fit by the Board.

- The profits for a year may be adjusted at the discretion of the Board, for the purpose, to exclude exceptional or one-off items or non-cash items resulting from change in law, accounting policies, accounting standards or otherwise.

V. MANNER OF DIVIDEND PAYOUT

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

VI. UNPAID DIVIDEND ACCOUNT

As per Section 124 of the Companies Act, 2013, the Company shall transfer the unpaid/unclaimed dividend within 7 days of expiry of 30 days from the date of declaration of the dividend to a special account to be opened by the Company in that behalf in any scheduled Bank to be called as the Unpaid Dividend Account. And further transfer the said unpaid/unclaimed dividend to the Fund, as specified under Section 125 of the Companies Act, 2013, after the expiry of a period of 7 years from the date of such transfer to the Unpaid Dividend Account, as specified under Section 125 of the Companies Act, 2013.

VII. LIMITATION AND AMENDMENT

In the event of any conflict between the Act or the SEBI Regulations or any other statutory enactments ("Regulations") and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard shall automatically apply to this policy.