



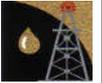
**Deep  
Industries  
Limited**

**Oil & Gas Field Services**

**DEEP INDUSTRIES LIMITED**

**DIVIDEND DISTRIBUTION POLICY**

**(Approved vide resolution by circulation on 7<sup>th</sup> October, 2021 and  
revised by Board of Director on 1<sup>st</sup> November, 2021 )**



# DIVIDEND DISTRIBUTION POLICY

## 1. INTRODUCTION

The Board of Directors (the “Board”) of Deep Industries Limited (the “Company”), has adopted Dividend Distribution Policy as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”). Accordingly, the Board of Directors of the Company (‘the Board’) has approved this Dividend Distribution Policy of the Company vide resolution by circulation on 7<sup>th</sup> October, 2021 and revised by the Board of Director in its meeting held on 1<sup>st</sup> November, 2021.

The Policy, in the interest of providing transparency to shareholders, explains the circumstances and different factors 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 and any material subsidiary.

The Board of Directors shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013 and Rules made thereunder, SEBI Listing Regulations and other applicable legal provisions.

## 2. DEFINITIONS

- (a) “**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.
- (b) “**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars, notification, orders to remove difficulties or re-enactment thereof time to time.
- (c) “**SEBI Listing Regulations**” means SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as notified by The Securities and Exchange Board of India, as amended, from time to time.
- (d) “**Dividend**” includes any interim dividend.
- (e) “**Listed Entity/Company**” shall mean Deep Industries Limited.
- (f) “**Policy**” means Dividend Distribution Policy.
- (g) “**Stock Exchange**” shall mean a recognized Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956.



## **DIVIDEND DISTRIBUTION POLICY**

### **3. OBJECT**

The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending dividend. Through this policy, the Company sets out the circumstances and different factors for taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.

### **4. PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDENDS**

The Board will consider various parameters, including but not limited as mentioned below before arriving at a decision on declaration of dividend:

#### Financial Parameters and Internal Factors:

- Current year's profit
- Accumulated reserves and Contingent liabilities
- Stability of earnings and distributable surplus available as per the various Acts and Regulations
- The Company's liquidity position including its working capital requirements and debt servicing obligations
- Return on invested capital, reinvestment opportunities and additional investment in subsidiaries / associates / joint venture of the Company
- Operating cash flow and future cash flow needs
- Capital expenditure requirements including need for replacement of capital assets, expansion and modernization or augmentation of capital asset including any major sustenance, improvement and growth proposals
- Long term growth strategy of the Company requiring it to conserve cash to execute growth plan
- Cost of Borrowings and Resources required to fund acquisitions and/or new business
- Funds requirement for contingencies and unforeseen events with financial implications
- Buyback of shares or any such alternate profit distribution measure
- Capital market scenarios
- Past dividend pay-out ratio / trends
- Any other contingency plans
- Any other factor not explicitly covered above but which is likely to have a significant impact on the Company

#### External Factors:

- Industry Outlook Macro- economic conditions and any changes therein
- Government Policies and any changes there in
- Industry outlook and stage of business cycle for underlying businesses
- Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution



## **DIVIDEND DISTRIBUTION POLICY**

- Statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve
- Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged
- Economic Environment
- Capital Markets
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend

### **5. DIVIDEND PAYOUT**

The Board of Directors, while determining the dividend to be declared or recommended, shall take into consideration the advice of the Executive Management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy. The Board may also declare Interim Dividend at its discretion from time to time.

The Board will endeavor to achieve a dividend payout ratio (including all applicable taxes on distribution of such dividend) of 15% of the Standalone Profit after Tax for the year, net of dividend payout to preference shareholders, if any.

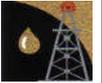
### **6. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the ongoing or planned business expansion or after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention or any other factors which may be deemed fit by the Board but considering the balanced interest of the shareholders and the Company. Further the shareholders of the Company may not expect Dividend under the following circumstances:

- i. Proposed expansion plans requiring higher capital allocation;
- ii. Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow;
- iii. Requirement of higher working capital for the purpose of business of the Company;
- iv. Proposal for buy-back of securities;
- v. In the event of loss or inadequacy of profit;
- vi. Any other internal or external factors restraining the Company from considering dividend.

### **7. UTILIZATION OF RETAINED EARNINGS**

The Company shall endeavor to utilize the retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders in the long run. Further, retained earnings shall be utilized in accordance with prevailing regulatory requirements, creating reserves for specific objectives, fortifying the balance sheet against contingencies, generating higher returns for shareholders through reinvestment



## **DIVIDEND DISTRIBUTION POLICY**

of profits for future growth and expansion and any other specific purpose as approved by the Board of Directors of the Company. Decisions on the utilization of the retained earnings of the Company may be based on the following factors:

- (a) Improving the Company's offerings to help it compete better in the market;
- (b) Expanding the Company's offerings to allow for increased revenue;
- (c) Increasing staff or equipment or ancillary resources to help the Company consolidate and grow its business;
- (d) Modernization plan including upgrading essential technology;
- (e) Replacement of capital assets;
- (f) Where the cost of debt is expensive;
- (g) Dividend payment;
- (h) Such other criteria as the Board may deem fit from time to time.

### **8. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

The Company has issued only one class of shares viz. equity shares. 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 and will be determined, if and when the Company decides to issue other classes of shares.

### **9. CONFLICT IN POLICY**

In the event of any conflict between this Policy and the provisions contained in the SEBI Listing Regulations, the Regulations shall prevail.

### **10. DISCLOSURE**

This policy will be displayed on the website of the Company i.e. [www.deepindustries.com](http://www.deepindustries.com) and a web-link shall also be provided in the Annual Report of the Company as required by the Regulations in force from time to time.

### **11. AMENDMENTS**

The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and SEBI Listing Regulations or as deemed fit on a review.

\*\*\*\*\*