

The Andhra Sugars Limited

Dividend Distribution Policy

This Dividend Distribution Policy ('DD Policy' or 'Policy') is framed by The Andhra Sugars Limited ("the Company") pursuant to the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended by SEBI vide its Notification No. SEBI/LAD-NRO/GN/2021/22 dated 5th May, 2021.

The Policy applies to declaration of Interim Dividend and recommendation of Final Dividend by the Board of Directors of the Company ("the Board") from time to time, subject to the provisions of the Companies Act, 2013 and the Rules made thereunder, including the Companies (Declaration and Payment of Dividend) Rules, 2014 and other applicable provisions of law, if any.

The Policy shall act as Guidance Note for the Company while making Dividend payment decisions.

The Company shall ensure that distribution of Dividend protects the rights of minority shareholders.

The Board shall consider the following parameters for declaration of Dividend:-

1. Circumstances under which shareholders of the Company may or may not expect Dividend:

The decision regarding Dividend payout is a crucial decision as it determines the amount of Profit to be distributed among shareholders and amount of Profit to be retained in business for the future growth and Modernization / Expansion Diversification Plan of the Company.

The Decision would depend on, but not limited to, consideration of parameters and / or factors as stated below.

Hence, shareholders may expect Dividend only if the Company is having surplus funds after providing for all the expenses, depreciation, capital commitment etc., and after complying with the statutory requirements under the applicable laws.

The shareholders may not expect dividend in the following circumstances, subject to the discretion of the Board:

- In case of inadequacy or absence of Profits

- Whenever the Company requires funds for undertaking a significant Expansion Project, repayment of loans taken in the past
- Due to operation of any other law in force
- Due to any restrictions and covenants contained in any agreement with lenders
- Significantly higher Working Capital requirement affecting availability of free cash flow
- Higher cost of raising funds from alternate sources.

In the event of inadequacy or absence of Profits in any year, if the Board considers appropriate, the Company may declare Dividend out of the accumulated Profits earned in previous years and transferred by the Company to the Free Reserves subject to the fulfillment of the conditions laid down in Rule 3 of the Rules and any other applicable law.

2. Financial Parameters:

- Availability of distributable surplus
- Working Capital requirements
- Outstanding borrowings / debts
- Capital Expenditure requirements for Expansion and Acquisition opportunities
- Debt Equity Ratio
- Cash Flow after consideration of business needs
- Debt Interest coverage Ratio
- Net worth
- Such other parameters as the Board may deem fit from time to time

3. Internal Factors:

- Profits earned during the year
- Stability of Profits
- Growth Rate of past earnings
- Growth Rate of predicted profits
- Investments in Associates / Joint Ventures
- Loan covenants, if any
- Repayment of Debt
- Buy-back of shares
- Likelihood of crystallization of any of Company's contingent liabilities
- Liquidity position and Cash Flow needs to meet future contingencies
- Such other factors as the Board may deem fit from time to time

4. External Factors:

- Government Policies
- Shareholders' expectations
- Market expectation
- Tax considerations
- Inflation
- Uncertain or recessionary economic and other business conditions in general
- Risk effect
- Sectoral performance
- Regulatory concerns, statutory restrictions / amendments
- Trends in Capital Market
- Prospective opportunities and threats
- Any significant changes in Macro-economic environment and Technology
- Such other factors as the Board may deem fit from time to time

5. Utilization of retained earnings:

- Long-term Strategic Plan
- High cost of Debt
- Replacement of Capital Intensive Assets
- Increase in Production capacity
- Modernization Plan
- Buyback of shares
- Payment of Dividend
- Diversification Plan
- Such other purpose as the Board may deem fit from time to time

6. Classes of shares:

As on the date of this Policy, the Issued, Subscribed and Paid-up Share Capital of the Company consists of only Equity Shares of Face Value of Rs.10/- each. There is no other class(es) of shares.

This Policy is approved by the Board of Directors at its Meeting held on 30.06.2021 and be effective from 1.7.2021. Chairman and Managing Director is authorized to effect any changes in this Policy as may be stipulated by SEBI or MCA or any other Statutory Authority from time to time.
