DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION:

This policy ("the Policy") applies to the distribution of dividend by Dynamic Microsteppers Limited (the "Company") in accordance with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

2. DEFINITIONS:

The terms referred to in the Policy will have the same meaning as defined under the Act and the Rules made thereunder, and the Listing Regulations.

3. TYPES OF DIVIDEND:

The Act deals with two types of dividend - Interim and Final.

Interim dividend is the dividend declared by the board between two annual general meetings as and when considered appropriate. The Board shall have the absolute power to declare interim dividend during the financial year, as and when deemed fit. The Act authorises the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.

Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial statements.

Final dividend is recommended for the financial year at the time of approval of the annual financial statements. The Board shall have the power to recommend final dividend to the shareholders for their approval at the annual general meeting of the Company.

4. DECLARATION OF DIVIDEND:

Subject to the provisions of the Act, dividend shall be declared and paid out of:

- Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);
- Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed;
- Out of A and B both.

(Revision to policy: 01/08/2025)

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

In the event of inadequacy or absence of profits in any financial year, a company may declare dividend out of free reserves subject to the compliance with the Act.

5. PARAMETERS TO BE CONSIDERED BEFORE DECLARATION OR RECOMMENDATION OF DIVIDEND

A. Financial/ Internal Parameters

The Board of Directors of the Company shall consider the following financial/ internal parameters while declaring dividend or recommending dividend to shareholders:

- Profits earned during the financial year;
- Retained Earnings;
- Earnings outlook for next three to five years;
- Expected future capital / liquidity requirements; and
- Any other relevant factors and material events.

B. External Parameters

The Board of Directors of the Company shall consider the following external parameters while declaring dividend or recommending dividend to shareholders:

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model; and
- Any changes in the competitive environment requiring significant investment.

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

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations.

The Board of Directors, while determining the dividend to be declared or recommended, shall take into consideration the advice of the management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy. 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 then ongoing or planned business expansion or other factors which may be considered by the Board.

7. UTILISATION OF RETAINED EARNINGS:

The Company shall endeavor to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. The Company may utilise the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

8. REVIEW AND AMENDMENT:

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

(Revision to policy: 01/08/2025)