

DIVIDEND DISTRIBUTION POLICY

1. Objective

The Dividend Distribution Policy outlines Arihant Foundations & Housing Limited's (AFHL's) approach to declaring dividends, emphasizing transparency and fairness to shareholders. This policy complies with applicable provisions of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ensuring responsible financial management and governance.

2. Scope

This policy is applicable to AFHL's equity shareholders, as it has only one class of equity shares. The principles of this policy guide the distribution of dividends to shareholders, ensuring compliance with statutory requirements and alignment with AFHL's long-term objectives.

3. Key Provisions

3.1 Circumstances Under Which Dividend May Be Declared

The declaration of dividends depends on various factors, including the availability of distributable profits as per Section 123 of the Companies Act, 2013. Dividends may be declared under favourable circumstances such as:

- Adequate distributable surplus after tax.
- Positive cash flow enabling sustainable dividend payout.
- AFHL's assessment of its operational and financial performance.

Dividends may not be declared in cases such as:

- Insufficient profits or negative financial results.
- Economic uncertainty affecting AFHL's liquidity or future planning.
- Requirements for reinvestment to support AFHL's growth or strategic initiatives.

3.2 Financial Parameters Considered for Dividend Declaration

While determining dividends, AFHL evaluates several financial parameters, such as:

- Net profits after tax for the financial year.
- Free reserves available for distribution.
- Future capital expenditure or reinvestment plans.
- Debt obligations and liquidity requirements.

As per prudent financial practices, dividends shall not be declared out of unrealized gains or revaluation reserves.

3.3 Internal and External Factors Influencing Dividend Policy

Internal Factors

AFHL considers operational performance, cash flow stability, and financial commitments such as debt servicing and capital expenditure. Strategic investments in technology, expansion, or innovation also play a critical role.

External Factors

Economic conditions, industry trends, and regulatory changes influence AFHL's decision-making process. Shareholder expectations, market benchmarks, and global economic indicators are taken into account to ensure balanced and consistent dividend payouts.

3.4 Retained Earnings Utilization

AFHL utilizes retained earnings for purposes that align with its long-term growth strategies. Key uses include:

- Expansion projects to strengthen competitive positioning.
- Investments in innovation and technology development.
- Repayment of debt obligations to improve financial leverage.

3.5 Dividend Declaration for Equity Shares

As AFHL has only one class of equity shares, dividends shall be distributed equally among all equity shareholders. Each shareholder will receive dividends in proportion to the number of shares held, ensuring fairness and transparency.

4. Disclosure Requirements

In compliance with SEBI Regulation 43A, the Dividend Distribution Policy will be disclosed on AFHL's website. The policy will also be included in AFHL's annual report to ensure accessibility and transparency for all stakeholders. Any updates or amendments to the policy will be promptly communicated.

5. Review and Amendments

The Dividend Distribution Policy will be periodically reviewed by AFHL's Board of Directors to ensure alignment with regulatory requirements and the company's financial position. Amendments may be made to address evolving business needs, shareholder expectations, and market conditions. Such changes will be disclosed to shareholders to maintain trust and transparency.