

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

Security and Exchange Board of India (SEBI), vide Notification dated on 8th July, 2016 has notified SEBI (Listing Obligation and Disclosure Requirements) (Second Amendment) Regulations, 2016.

Vide these Regulations, SEBI inserted Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.

Cosmo First Limited (the "Company") has adopted the Dividend Distribution Policy (the "Policy") for the best practices of Compliance and maximization of Shareholder wealth, for enhancement of long-term Shareholder value and to ensure that the Shareholders participate equitably in the Company growth.

2. EFFECTIVE DATE

The Policy is effective from the date of its adoption by the Board of Directors in their Meeting held on 09.02.2017.

3. SCOPE

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, dividend which shall be consistent with the performance of the Company over the years.

A) PARAMETERS FOR DECLARATION OF DIVIDEND

(a) FINANCIAL PARAMETERS AND INTERNAL FACTOR

- i. Cash Balances and Operating cash flow of the Company
- ii. Profit of the year & Trend of Profit
- iii. Earnings Per Share (EPS)
- iv. Working capital requirements
- v. Capital expenditure requirement
- vi. Business expansion and growth
- vii. Expected rate of return
- viii. Additional investment in subsidiaries of the Company
- ix. Technology up gradation and infrastructure

- x. Creation of contingency fund or future requirement
- xi. Acquisition of brands and business
- xii. Cost of Borrowing
- xiii. Repayment of Loans
- xiv. Past dividend payout ratio / trends

(b) EXTERNAL FACTOR

- i. Economic environment
- ii. Capital markets (Favorable Market, Unfavorable Market)
- iii. Global Conditions
- iv. Statutory provisions and guidelines (Government Policies, Taxation Policy, Legal Requirements)
- v. Dividend payout ratio of competitors

B) THE CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND;

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. Decision to undertake any acquisitions, amalgamation, merger, joint ventures etc. which requires significant capital outflow
- ii. Requirement of higher working capital for the purpose of business of the Company
- iii. The Company proposes to utilize surplus cash in entirety for alternative forms of distribution such as buy-back of securities; or
- iv. The Company has incurred losses or inadequacy of profits.

C) MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earnings in order to gain competitive advantage by increasing sales or profit margin, make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- i. Market expansion plan;
- ii. Product expansion plan;
- iii. Increase in production capacity;

- iv. Modernization plan;
- v. Diversification of business;
- vi. Long term strategic plans;
- vii. Replacement of capital assets;
- viii. High financial leverage
- ix. Where the cost of debt is expensive;
- x. Other such criteria as the Board may deem fit from time to time

D) PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share.

E) POLICY REVIEW AND AMENDMENTS

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this Policy.

REVISION HISTORY OF DIVIDEND DISTRIBUTION POLICY		
1st Version	Approved by the Board on May 09, 2017	Effective from May 09, 2017