



MONTE CARLO FASHIONS LIMITED

DIVIDEND DISTRIBUTION POLICY

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INTRODUCTION

The Board of Directors (the “Board”) of Monte Carlo Fashions Limited (“Monte Carlo” or the “Company”) understands the importance of shareholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest or any apprehension in the minds of its shareholders, the Board of the Company, has adopted the Dividend Distribution Policy (“Policy”) and procedures with respect to Dividends declared/ recommended by the Company in accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time to time.

PURPOSE

The purpose of this Policy is to facilitate the process of dividend recommendation or declaration and its pay-out by the Company which would ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company.

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend.

The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business. The Board will refer to the Policy while declaring/ recommending dividends on behalf of the Company.

AUTHORITY

This Policy has been adopted by the Board of the Company at its Meeting held on May 14, 2021. The Policy shall also be displayed in the Annual Report and also on the website of the Company.

FORMS OF DIVIDENDS

- Interim Dividend

The interim dividend may be declared by the Board one or more times in the financial year as may be deemed fit.

- Final Dividend

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders

for their approval at the Annual General Meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

- Special Dividend

The Board may declare/recommend special dividend as and when it deems fit.

FINANCIAL PARAMETERS CONSIDERED WHILE DECLARING DIVIDEND

The financial parameters that may be considered before declaring dividend are profitability, cash flow and future growth and profitability outlook of the company.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY NOT EXPECT DIVIDEND/ OR WHEN THE DIVIDEND COULD NOT BE DECLARED BY THE COMPANY SHALL BE FOR THE REASONS STATED HEREIN, BUT ARE NOT LIMITED TO, THE FOLLOWING REASONS ONLY.

- a. Dependency on Free Cash Flows: if there are negative Cash Flows, the Board may consider it appropriate not to declare dividend for any particular year.
- b. Availability of opportunities for reinvestments of surplus funds like capital expenditure, any business commitments or for contingencies that may arise in future.
- c. In case, the Company has done Buy-back of shares, in that particular financial year, the Company may or may not declare dividend.
- d. Due to operation of any other law in force;
- e. Uncertainty of the earnings/ financial results of the Company; and
- f. Any other corporate action resulting in cash outflow

FACTORS AFFECTING DIVIDEND DECLARATION:

a) External Factors to be considered while recommending/ declaring dividend

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or of its clients;
- 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;
- Any changes in the competitive environment requiring significant investment.

b) Internal Factors to be considered while recommending/ declaring dividend

Apart from the various external factors, the Board shall take into account various internal factors including the financial parameters while declaring dividend, which inter alia will include:

- Expected cash requirements of the Company including working capital, capital expenditure
- Quarterly and Annual results
- Investments including Mergers and Acquisitions (M&A)
- Free cash flow generation
- Buy-back of shares
- Funds required to service any outstanding loans;

c) Retained Earnings

Retained earnings will be utilized for the purpose of future business plans, to meet out any contingencies and the company's business priorities. However, the retained earnings will be used for the purpose of capitalization also.

If there are excess reserves beyond the medium to long term business requirements, the retained earnings would be distributed to shareholders via Dividends or other means as permitted by applicable regulations.

d) Parameters that shall be adopted with regard to various classes of shares

Currently, the Company has only one class of shares i.e. Equity Shares. If the Company has more than one class of shares in future, dividend for each class would be subject to prescribed statutory guidelines as well as terms of offer of each class to the investors of that class of shares.

MINIMUM AMOUNT OF DIVIDEND:

The Board of Directors may declare minimum of 20% of the paid up Equity share capital (inclusive of the dividend distribution tax/ tax deductible at source on Dividend, as the case may be as per the applicable Finance Act). However, 20% of the Profit after Tax (PAT) will be retained by the company for purpose of meeting business commitments or any other future commitments.

Not with-standing the above, the Board reserves the right not to declare dividend or decide any rate of dividend, for a particular year owing to certain regulatory restrictions if any, during the year, capital conservation prudence, or other exigencies which shall be stated by the Board.

REVIEW & AMENDMENT

This Policy may be reviewed and amended periodically as and when required by the Board to ensure that it meets the objectives of the relevant legislation and needs of the Company and remains effective. The Board has the right to change/ amend the policy as may be expedient taking into account the law for the time being in force.

In the event of any amendment(s), clarification(s), circular(s), provision(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then the same shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly.