

SPORTKING INDIA LIMITED (SIL)

DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

The Equity Shares of the Sportking India Limited (SIL or the Company) are listed on BSE Ltd. The Securities and Exchange Board of India vide SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended which requires top one thousand listed entities based on market capitalization (calculated as on 31st March of every financial year) to formulate a dividend distribution policy, which shall be disclosed in their annual reports and on their websites.

The Company being amongst top 1000 BSE listed entities for the year ended March 31, 2022, is required to formulate policy on dividend distribution to comply with these requirements.

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

The Company has one kind/class of equity share capital and issued another kind/class of preference share capital. Dividend when declared shall be first paid to the preference shareholders of the Company as per the terms and conditions of their issue. However this policy is applicable only to Equity Shares. In case of issue of new class of shares in the future, the policy will be reviewed accordingly

The Board of Directors of the Company ("the Board") has approved the Dividend Distribution Policy of the Company ("the Policy") which endeavors to enhance stakeholder value for its investors and at the same time tries to ensure the right balance between the quantum of dividend paid and the amount retained for various business purposes.

PURPOSE:

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.

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend.

The purpose of this Policy is to facilitate the process of dividend recommendation or declaration to be approved by the shareholders in their meeting and its pay-out by the Company as per the provisions of the Companies Act 2013 which would ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders 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.

INTERNAL/FINANCIAL AND EXTERNAL FACTORS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND:

- The Company's growth oriented decision to conserve cash in the Company for future expansion plan impacts shareholders expectation for the long run which shall have to be considered by the Board before taking a dividend decision and to decide on the quantum of dividend.
- The Board will analyze the requirement of necessary funds considering the long term or short term projects proposed to be undertaken by the Company. The viability of the options in terms of cost of raising necessary funds from outsiders such as bankers, lending institutions or by issuance of debt securities or by ploughing back its own funds, will impact the dividend decision.
- In case of inadequate operating cash flow, the Company may need to rely on outside funding to meet its financial obligations. Thus, the Board will consider the operating cash flows before its decision whether to declare dividend or retain its profit.
- The efficiency with which the Company uses its capital will impact the decision of dividend declaration.
- The decision of dividend pay-out shall also be affected by the restrictions and covenants contained in the agreements as may be entered by the company with the lenders of the Company from time to time. The covenant of debt shall be considered by the board, while declaring the dividend. Before declaring any dividend, the board will ensure that the debt covenants are complied by the Company.
- Considering the state of economy in the country the policy decisions that may be formulated by the Government and other conditions prevailing in the international market which may have a bearing on or affect the business of the Company, the Management may consider retaining an appropriate amount of profits to meet unforeseen circumstances. The first & foremost consideration of the business will be to maintain solvency even in times of adversity and to protect the Company from all threats that emanate from changes in the social and political order.
- Dividend distribution tax or any tax deduction at source as per the applicable tax regulations in India will be duly complied with by the company at the time of

declaration of dividend. Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.

- In case the board decides to buy back the shares or allots the bonus shares, the quantum of dividend may be impacted on account of distribution of profits/accumulated profit for the buyback/ allotment of bonus equity shares of the Company, in compliance of the provisions of the Companies Act, 2013 & SEBI.
- In case the board issue of bonus shares, the quantum of dividend may be impact on account of distribution of profits/accumulated profit for issuance of bonus equity shares of the Company, in compliance of the provisions of the Companies Act, 2013 & SEBI.
- The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve etc. as provided in the Companies Act, 2013, which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.
- Regulations , Any Corporate Actions resulting in a significant allocation of capital for the Company may also impact the dividend decision and quantum of dividend

UTILISATION OF RETAINED EARNINGS

The Company aims in ensuring sustainable wealth creation for its shareholders and with this objective, would utilize the retained earnings of the Company in a manner in which it is beneficial to Company as well as its stakeholders. The Company would aim at achieving the right balance between the distribution of retained earnings among the shareholders and utilization of the same for meeting other requirements, including expansions. The Board will endeavor to maintain a reasonable dividend pay-out of the Company's profit after tax on standalone financials (other than extraordinary income).

PERIODIC REVIEW

- This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or other regulatory authority, from time to time, on the subject matter.
- The Board reserves the right to review this policy on periodical basis, considering various external and internal factors.

EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. 30.04.2022.