

SPECIALITY RESTAURANTS LIMITED

DIVIDEND DISTRIBUTION POLICY

1. Objective:

This Dividend Distribution Policy (the “**Policy**”) establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by Speciality Restaurants Limited (“the **Company**”) as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

The objective of this Policy is to reward shareholders of the Company by returning a portion of its profits after retaining sufficient funds for growth of the Company thus maximizing shareholders’ value.

This Policy set forth the broad principles for guiding the Board and the Management in matters concerning recommendation, declaration and distribution of dividend, with a view to ensure fairness, transparency, sustainability and consistency in the decision for distributing profits to shareholders of the Company.

The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits inter-alia for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

This Policy hereby broadly specify the external and internal factors including financial parameters that shall be considered while recommending / declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

2. Regulatory Framework:

The Securities and Exchange Board of India vide (Second Amendment) Regulations, 2016 with effect from July 8, 2016 inserted Regulation 43A - Dividend Distribution Policy in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which now requires top one thousand listed companies based on market capitalization (calculated as on 31st March of every financial year) to formulate a Dividend Distribution Policy, to be disclosed on the website of the listed entity and a web-link to be provided in their annual reports.

Speciality Restaurants Limited has featured at number 954 on National Stock Exchange of India Limited and No.988 on BSE Limited in the top one thousand listed companies as per the market capitalization as on March 31, 2023 (Market Capitalisation Rs.997.62 crores). The Company has framed this policy to comply with the aforesaid requirements.

This Policy shall be effective and applicable for dividend, if any, declared for the Financial Year 2022-23 and onwards.

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3. Types of Dividend:

The Companies Act, 2013 (“Act”) and the rules made thereunder deals with two types of dividend - Interim and Final.

a) Interim Dividend:

Interim dividend is the dividend declared by the Board between two Annual General Meetings as and when considered appropriate by the Board of Directors of the Company. The Board has the absolute power to declare interim dividend during the financial year, as and when deemed fit after finalization of quarterly (or half yearly) financial statements. 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.

b) Final Dividend:

Final dividend is recommended by the Board for the financial year ended at the time of approval of the Audited Annual Financial Statements to the shareholders for declaration at the Annual General Meeting of the Company. The Final dividend is paid once for the Financial Year after the annual accounts are adopted. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the shareholders in a general meeting. The item on declaration of Final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

4. Parameters for declaration of Dividend:

Subject to the provisions of the Act, the Company’s dividend pay-out will be determined based on available financial resources, business requirements and taking into account optimal shareholder return.

Dividend pay-out would also be subject to profitability under Standalone Financial Statements and while determining the nature and quantum of the dividend pay-out, the Board would take into account the following factors:

Financial parameters and Internal Factors:

- Operating cash flow of the Company
- Profit after Tax during the year and Earnings Per Share (EPS)
- Working capital requirements
- Capital expenditure requirements
- Business expansion plan and growth

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- Likelihood of crystalization of contingent liabilities, if any
- Additional investment in subsidiary and associate companies of the Company
- Upgradation of technology and physical infrastructure
- Debt level and cost of borrowings, if any
- Past dividend pay-out ratio / trends

External Factors:

- Industry Outlook and Macro economic environment
- Regulatory changes
- Capital markets
- Global conditions
- Statutory provisions and guidelines
- Dividend pay-out ratio of competitors

5. Quantum of Dividend pay-out:

The Company will endeavour to maintain a consistent dividend pay-out ratio (Dividend/Net Profit after tax for the year) in the range of 0% - 30% of the annual profit after tax on standalone financials of the Company, duly considering the parameters enumerated above. The dividend shall be declared on per share basis only.

6. Circumstances under which the shareholders of the Company may or may not expect dividend:

- Proposed expansion plans, renovations and up-gradations requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- Requirement of higher working capital for the purpose of business of the Company
- Debt obligations
- Proposal for buy-back of securities
- In the event of loss or inadequacy of profit

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The Board may also not recommend a dividend on considering any compelling factors/ parameters mentioned in point 4 above.

7. Utilization of Retained Earnings

The Board may retain its earnings in order to make better use of the available funds and increase the return of the Shareholders in the long run. The decision of the utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plans
- Declaration of dividend
- Diversification of business
- Long term strategic plans for growth
- Replacement of capital assets
- Such other criteria's as the Board may deem fit from time to time.

8. Parameters to be adopted with regard to various classes of shares:

Since 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. The Dividend Distribution Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

9. Disclosures:

This Dividend Distribution Policy shall be disclosed on the website of the Company i.e. at www.speciality.co.in and a web-link shall also be provided in the Annual Reports.

If the Company proposes to declare dividend on the basis of parameters in addition to the parameters/ factors mentioned in this policy or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its Annual Report and on its website.

10. Effective Date:

This Policy shall be effective and applicable for dividend, if any, declared for the Financial Year 2022-23 and onwards.

11. Interpretation, Policy review and amendments:

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013, and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,

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2015 together with the circulars issued thereunder; as amended from time to time and such other act, rules or regulations which deals with the distribution of dividend.

The Board may review, amend, abrogate, modify or revise any or all provisions of this Policy from time to time. However, amendments in the Act or in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be deemed to be incorporated in this Policy and shall be binding.

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.

12. Disclaimer:

This Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.

This Policy shall not be construed as a solicitation for investments in the Company's securities and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.

Approved by	Board of Directors of Speciality Restaurants Limited
Date of Approval	Board Meeting held on April 29, 2023
Effective from	April 1, 2023