

DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND:

Under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 makes it mandatory for the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed on the website of the listed entity and a weblink will be provided in their annual reports.

1. OBJECTIVES AND SCOPE

The Board of Directors (the “**Board**”) of the G. SURGIWEAR LIMITED (hereinafter referred to as “**Company**”) recognizes the need to lay down a broad framework for considering decisions by the Board of the Company, with regard to distribution of dividend (including any interim dividend) by the Company whilst appropriately balancing the need of the Company to retain resources for the Company’s growth & sustainability.

Through this policy, the Company also endeavors to maintain fairness and consistency while considering distributing dividend to the shareholders. The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking a decision on distribution or retention of profits, in the interest of providing transparency to the shareholders.

The Policy is not an alternative to the decision of the Board to recommend dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

The Policy shall not apply to determination and declaring dividend on preference shares, if any.

2. STATUTORY REQUIREMENTS

The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Companies Act, 2013, read with applicable rules framed thereunder, as may be in force for the time being (hereinafter referred to as “Act”) in particular Sections 2(35), 24, 51, 134(3)(k), 123, 124, 125, 126 and 127 of the Act and the Companies (Declaration and Payment of Dividend) Rules, 2014, Regulation 43 A of SEBI Listing Regulations, such other applicable provisions of law and the Articles of Association of the Company as amended.

The Dividend Distribution Policy shall include the following parameters:

- a. The circumstances under which the shareholders of the listed entities may or may not expect dividend;
- b. The financial parameters that shall be considered while declaring dividends;
- c. Internal and external factors that shall be considered for declaration of dividend;

- d. Policy as to how the retained earnings shall be utilized; and
- e. Parameters that shall be adopted with regard to various classes of shares.

In case the listed entity proposes to declare dividend on the basis of parameters in addition the clauses (a) to or proposes to change such additional parameters or the 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.

3. CATEGORY OF DIVIDENDS

The Companies Act provides for two forms of Dividend- Final & Interim.

a. Final Dividend

Final dividend is paid once in a 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 in a general meeting.

b. Interim Dividend

Interim dividend may be declared by the Board of Directors one or more times in a financial year as may be deemed fit by the Board. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial results.

The Board at its discretion, may additionally recommend a Special Dividend under certain circumstances such as extraordinary profits from sale of investments etc.

4. FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND

While determining the nature and quantum of the dividend payout, the Board would take into account the following factors:

Financial/Internal Factors:

- a. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - Previous years and
 - Internal budgets
- b. Cash flow position of the Company
- c. Accumulated reserves
- d. Earnings stability
- e. Future cash requirements for organic growth/expansion and/or for inorganic growth
- f. Brand acquisitions
- g. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities.
- h. Deployment of funds in short term marketable investments,
- i. Long term investments
- j. Capital expenditure(s)
- k. Current and projected Cash Balance and Company's working capital requirements
- l. Covenants in loan agreements, Debt servicing obligations and Debt maturity profile

- m. Past dividend history, rate of dividend, EPS and payout ratio, etc.

External Factors:

- a. Business cycles
- b. Economic environment
- c. Cost of external financing
- d. Applicable taxes including tax on dividend
- e. Industry outlook for the future years
- f. Inflation rate, and
- g. Changes in the Government policies, industry specific rulings & regulatory provisions.

5. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all the expenses, depreciation, etc., and after complying with the statutory requirements under the Applicable Laws.

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board of Directors:

- a. the Company has inadequacy of profits or incurs losses for the Financial Year;
- b. the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
- c. the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital.
- d. the Company has significantly higher working capital requirement affecting free cash flow.
- e. the Company proposes to utilize surplus cash for buy- back of securities;
- f. the Company is prohibited to recommend/declare dividend by any regulatory body.

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

6. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better utilization of the available funds and increase the value of the stakeholders in the long run. The retained earnings of the Company may, inter alia, be utilized for the following purposes:

- a. To meet the working capital/ business needs of the Company
- b. Long term strategic plans
- c. Augmentation/ Increase in production capacity
- d. Market expansion plan
- e. Product expansion plan
- f. Modernization plan
- g. Diversification of business
- h. Replacement of capital assets
- i. Balancing the Capital Structure by de-leveraging the Company
- j. Payment of Dividend or issue of Bonus Shares • Other such criteria as the Board may deem fit from time to time.

7. DECLARATION AND PAYMENT OF DIVIDEND:

- (a) As per section 123 of the Companies Act, 2013 Dividend (other than interim dividend), for a financial year shall be paid after the annual financial statements of the Company are finalised and the distributable profits are available.
- (b) The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 127 of the Companies Act, 2013.

8. DISCLOSURES

The Policy shall be disclosed in the Annual report and on the website of the Company i.e. at www.surgiwear.co.in.

9. POLICY REVIEW AND AMENDMENTS

The Board may review and amend or modify this policy in whole or in part, at any time. This policy has been adopted by the Board of Directors of the Company at its meeting held on December 09, 2025, being the effective date of this Policy.

10. DISCLAIMER

- a) The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents 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.
- b) Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy.
