



HOTELS & PUBS LIMITED

DIVIDEND DISTRIBUTION POLICY

Objective

The objective of the Policy is to set standard procedures/guidelines to be followed by the Board of Directors in deciding/recommending the amount of dividend (interim or final) per share. A dividend policy decides proportion of dividend and retained earnings. Retained earnings are an important source of internal finance for long term growth of the company while dividend reduces the available cash funds of company. The objective of the Dividend Distribution Policy of the Company is to reward its shareholders by sharing a portion of the profits/earnings, while also ensuring that enough funds are retained for future prospects of the Company. This policy aims to ensure dividend incomes to the shareholders and long term capital appreciation for all stakeholders of the Company. In future, the Company would endeavour to pay sustainable dividend keeping in view the Company's policy of meeting the long-term growth objectives from internal cash accruals.

Legal Framework

The Regulation 43A of the SEBI Regulations extends an obligation on the top five hundred 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 in their annual reports and on their websites.

The Board of Directors of Pecos Hotels and Pubs Limited (the "Company" or "PECOS") Voluntary formulate a policy for determining the dividend distribution to its shareholders to comply with the requirements of SEBI Regulations.

Definitions

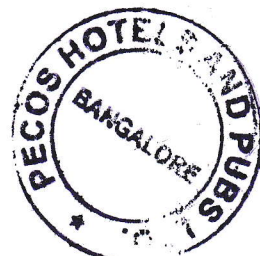
Act: Act means Companies Act, 2013 including the rules framed there under and any statutory amendment(s) or modification(s) or circular(s) or notification(s) or order(s) thereof for the time being in force.

SEBI Regulations: SEBI Regulations mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any statutory amendment(s) or modification(s) or circular(s) or notification(s) thereof for the time being in force.

Dividend: As defined under Section 2(35) of the Act.

Free Reserves: As defined under Section 2(43) of the Act. Words and Expressions used and not defined in this Policy but defined in the Act, Regulations, Securities Contracts

Registered Office	: # 34, Rest House Road, Bangalore - 01
Corporate Office	: Guardian House, 139, Infantry Road, Bangalore - 01
CIN	: L 55101KA2005PLC035603 Tel: 080-25580971
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(Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996 shall have the same meaning respectively assigned to them in those Acts/Regulations.

Effective Date

The Board of Directors of the Company at its meeting held on May 5, 2022 has adopted the revised Dividend Distribution Policy (Policy) of the Company as required in terms of the Regulation 43A of the SEBI Regulations. The effective date of the revised dividend distribution policy is on or after May 5, 2022 and all dividends declared on or after the effective date will conform to the Policy.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations. The Board of Directors, while determining the dividend to be declared or recommended, shall take into consideration the advice of the executive management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board.



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PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND

The Board of Directors of the Company shall consider the following financial / internal parameters while declaring or recommending dividend to shareholders:

- Profits earned during the financial year
- Retained Earnings
- Earnings outlook for next three to five years
- Expected future capital / liquidity requirements
- Any other relevant factors and material events.

The Board of Directors of the Company shall consider the following external parameters while declaring or recommending dividend to shareholders:

- Macro-economic environment – Significant changes in Macroeconomic environment materially affecting the businesses in which the Company is engaged in the geographies in which the Company operates
- Regulatory changes – Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the businesses in which the Company is engaged
- Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged.

UTILISATION OF RETAINED EARNINGS

The Company shall endeavour to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

The Company may utilise the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.



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PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has issued only one class of shares viz. equity shares. Presently, the authorized issued and paid up share capital of the Company comprises of only equity Shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares, the Board of Directors may suitably amend this Policy.

Amount of dividend: The Company shall endeavour to maintain a reasonable dividend payout ratio subject to: a) Capital needs of the Company; b) positive operating cash flows; and c) other financial parameters enumerated herein above.

It will be the endeavor of the Board that the payout ratio of the dividend is in the range of 30% of the normal business income after deduction of tax.

Special Dividend: The Board of Directors may additionally recommend a Special Dividend in special circumstances.

Payment of Final Dividend: Subject to approval of shareholders in Annual General Meeting, the Board of the Company may recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy, based on the aforesaid parameters arrived at as per the audited financial statements.

Form and Mode of Dividend: The dividend shall be paid only in cash form by bankers' cheque or dividend warrant or through use of any electronic mode of payment facility approved by the Reserve Bank of India from time to time.

Prior Intimation of Dividend: The Company shall give prior intimation (at least two working days in advance, excluding the date of the intimation and date of meeting) to stock exchange(s) about the Board Meeting in which the declaration/recommendation of dividend will be considered.

Record Date or Date of closure of transfer books: The Company shall intimate/announce (at least seven working days in advance, excluding the date of the intimation and the record date/dates of closure of its transfer books) the record date/dates of closure of its transfer books to the stock exchange(s) for the purpose of declaration of dividend.



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DISCLOSURES

The Dividend Distribution Policy shall be disclosed on the Company's website & a web-link thereto shall be provided in the Annual Report.

CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the Regulations shall prevail.

AMENDMENTS

The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and Listing Regulations or as deemed fit on a 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 such other regulatory authority as may be authorized, from time to time, on the subject matter.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy. In case of any amendment(s), clarification(s), circular etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular

DISCLAIMER

This Policy has been prepared for the purpose of SEBI Regulations. The above 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.



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