

Dividend Distribution Policy

1. BACKGROUND

This Policy aims to regulate the process of dividend declaration and its pay-out by the Company in accordance with the provisions of Companies Act, 2013 (“the Act”) read with the applicable rules framed thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (“Listing Regulations”), as may be in force for the time being.

In July 2016, SEBI has inserted Regulation 43A with respect to Dividend Distribution Policy in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which further amended on 5th May, 2021 whereby the top 1000 listed entities based on market capitalization (calculated as on 31st March of every financial year) are required to formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites and the dividend distribution policy shall also include certain stated parameters.

Shivalik Bimetal Controls Limited (“Shivalik” or “the Company”) being one of the top 1000 listed Company as per the criteria mentioned above, has framed Dividend Distribution Policy (“Policy”). This policy has been approved by the Board of Directors of the Company at its meeting held on 30th May, 2022, being the effective date of this Policy.

2. APPLICABILITY

This Policy shall be applicable to Shivalik Bimetal Controls Limited.

3. OBJECTIVES

The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending dividend. Through this policy, the Company will endeavour to maintain fairness, consistency and sustainability while distributing profits to the shareholders.

The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking a decision on distribution of or retention of profits, in the interest of providing transparency to the shareholders.

4. DEFINITIONS

In this Policy:

a) Act: Act means Companies Act, 2013 & rules and any amendment(s) or modification(s) or circular(s) or notification(s) or order(s) thereof made there under.

b) Applicable Laws: shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 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.

c) Board or Board of Directors: shall mean Board of Directors of the Company.

d) Dividend: includes interim dividend as well as final dividend.

Words and Expressions used and not defined in this Policy but defined in the Act or Applicable Laws shall have the same meaning respectively assigned to them in those Acts/Applicable Laws.

5. CATEGORY OF DIVIDENDS

The Companies Act provides for two forms of Dividend- Final & Interim. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the Financial Year, as and when they consider it 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 in a general meeting. The declaration of Final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

Process for approval of Payment of Final Dividend:

- Consider distributable profits arrived at, as per the audited financial statements;
- The Board to recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy;
- Shareholders to approve in Annual General Meeting;
- Payment to be made to shareholders within stipulated period;

➤ Interim Dividend

This form of dividend can be declared by the Board of Directors one or more times in a Financial Year as may be deemed fit by it. 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 accounts.

Process for approval of Payment of Interim Dividend:

- Board may declare Interim Dividend at its complete discretion in line with this Policy;
- Based on profits arrived at as per quarterly (or half- yearly) financial statements including exceptional items;
- Payment to be made to shareholders within stipulated period;

6. DIVIDEND RANGE

The Company will attempt to maintain a consistent dividend record to distribute a part of the profit to the shareholders. The Board of Directors will endeavour to maintain a dividend pay out in the

range of 5% - 20% of the annual profit after tax on standalone financials, duly considering the parameters enumerated in clause no. 8 below.

7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The decision regarding dividend payout is an important 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 adequate profits after complying with all other 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:

- in case of inadequacy of profits or whenever the Company has incurred losses;
- whenever the Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- whenever the Company undertakes any acquisitions or joint arrangements requiring significant allocation of capital.
- significantly higher working capital requirement affecting free cash flow.
- whenever the Company proposes to utilize surplus cash for buy- back of securities or setting off of previous year losses or losses of its subsidiary/ies ; and
- in case being prohibited to recommend/declare dividend by any regulatory body;

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. 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.

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, if any.

8. 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 and available for distribution during the Financial Year
- Accumulated Reserves including Retained Earnings
- Earnings outlook for next three to five years
- Expected future capital / expenditure requirements of the Company
- Organic growth plans / expansions
- Long term investment proposed, capital restructuring, debt reduction
- Cost of raising funds from alternate sources

- Crystallization of contingent liabilities of the Company
- Profit earned under Consolidated Financial Statement
- Cash Flows
- Current and projected Cash balance
- 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 macro-economic environment materially affecting the business 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 business in which the Company is engaged.
- Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged.
- Other factors like statutory and contractual restrictions.

Any unforeseen situations developing in relation to natural calamities, international uncertainties, spread of pandemic, war situation and any other unforeseen developments.

9. UTILIZATION OF RETAINED EARNINGS

Retained earnings shall be utilized in a manner which is beneficial to the interests of the Company and also its shareholders. The retained earnings may be utilized by the Company 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. In absence of any viable growth opportunity (organic / inorganic), Company shall utilize retained earnings for reducing its debt obligations. In absence of the opportunity to utilize retained earnings in any of the above options, as an exception, the Board shall use the larger portion of profits to distribute amongst the shareholders as dividend.

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

The Company has issued only one class of shares viz. 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 Laws and will be determined, if and when the Company decides to issue other classes of shares.

11. CONFLICT IN POLICY

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

12. REVIEW / AMENDMENT:

The Board of Directors can amend this Policy, as and when deemed fit.
