

STEELCAST LIMITED

Dividend Distribution Policy

Version 1.1

Adopted in the meeting held on 23.05.2023

DIVIDEND DISTRIBUTION POLICY

0.0 Background and applicability:

The Company is incorporated under the Companies Act 1956 (Now the Companies Act, 2013) and the securities i.e. Equity Shares of the company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd (NSE).

The affairs of the Company are regulated, inter alia, under the Companies Act, 2013 and Securities and Exchange Board of India Act, 1992 and regulations made thereunder. Presently, the Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) requires the top 1000 listed companies (based on market capitalization as on March 31 of the preceding financial year) to disclose a Dividend Distribution Policy (“the Policy”) in the annual report and on the corporate website. Presently, the Company is falling in the list of top 1000 listed companies. Hence, this Policy is being made.

1.0 Objectives:

The Policy aims to establish the principles to ascertain amounts that can be distributed to equity shareholders as dividend by 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.

2.0 Policy Principles:

2.1 The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares or there is a need to comply with some statutory requirement.

2.2 Dividend would continue to be declared on per share basis on the Equity Shares of the Company having face value Rs. 5 each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all the holders of equity shares, based on their shareholding on the book closure date or record date .

2.3 The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans by reconciling between all these needs.

2.4 As in the past, subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavor to maintain a total dividend pay-out ratio of nearly 20% of the annual standalone Profits after Tax (PAT) of the Company.

3.0 Financial Parameters including Internal and external factors that shall be considered while recommending or declaring dividend:3.1 Internal Factors:

- 3.1.1 Profitable growth of the Company and specifically, profits earned during the financial year as compared with previous years and Internal budgets,
- 3.1.2 Cash flow position of the Company,
- 3.1.3 Accumulated reserves
- 3.1.4 Track record of dividends distributed by the Company
- 3.1.5 Earnings stability
- 3.1.6 Future cash requirements for organic growth/expansion and/or for inorganic growth,
- 3.1.7 Brand acquisitions,
- 3.1.8 Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
- 3.1.9 Deployment of funds in short term marketable investments,
- 3.1.10 Long term investments,
- 3.1.11 Capital expenditure(s),
- 3.1.12 Reputation of the Company,
- 3.1.13 Restrictions/covenants if any, contained in any lender agreements or any other arrangement or agreement entered into by the Company and
- 3.1.14 The ratio of debt to equity (at net debt and gross debt level).

3.2 External Factors:

- 3.2.1 Business cycles,
- 3.2.2 Economic environment,
- 3.2.3 Cost of external financing,
- 3.2.4 Applicable taxes including tax on dividend,
- 3.2.5 Industry outlook for the future years,
- 3.2.6 Inflation rate,
- 3.2.7 Payout ratios of comparable companies
- 3.2.8 Changes in the Government policies, industry specific rulings and regulatory provisions, and.
- 3.2.9 Any other factors as deemed fit by the Board.

3.3 Other factors:

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally, recommend special dividend in special circumstances.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board will provide rationale of non-payment or lower payment of dividend in the Annual Report.

The Board may consider high rate of dividends in case of high and stable earnings of the Company and at the same time maintaining a stable dividend policy.

Though presently there is no dividend distribution tax payable on dividend payment. In case the same is reintroduced in future, the consideration of this factor will also be taken in to account for deciding quantum of dividend pay-out.

The Board to consider adherence to the restrictions or provisions laid by the companies Act 2013 and other statutory regulations regarding dividend pay outs.

4.0 Circumstances under which the shareholders may or may not expect dividend:

4.1 The Equity Shareholders of the Company may expect dividend only if the Company is having surplus profits after providing for all expenses, depreciation and

other necessary deductions and after complying with all other statutory provisions of the Companies Act, 2013 and other applicable laws. The internal and external factors specified above shall be a crucial factor for taking a dividend declaration decision and determining the dividend distribution amount.

4.2 The Equity shareholders of the Company may not expect Dividend under the following circumstances:

- 4.2.1. Significant expansion project requiring higher allocation of capital,
- 4.2.2 Higher working capital requirements adversely impacting free cash flow,
- 4.2.3 Acquisitions or joint ventures requiring significant allocation of capital and
- 4.2.4 In the event of inadequacy of profit or whenever the Company has incurred losses.

5.0 Interim and Final Dividend: The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal will be considered, will be intimated to the stock exchanges in advance, as required by Listing Regulations.

6.0 Utilization of Retained Earnings:

The retained earnings of the Company may be used in any of the following ways:

- 6.1 Capital expenditure for working capital;
- 6.2 Organic and/ or inorganic growth;
- 6.3 Investment in new business and/or additional investment in existing business;
- 6.4 Declaration of dividend;
- 6.5 Capitalization of shares;
- 6.6 Buy back of shares;
- 6.7 General corporate purposes, including contingencies;
- 6.8 Correcting the capital structure;
- 6.9 Any other permitted usage as per the Companies Act, 2013.

7.0 Effective Date: This policy shall be effective from 01.04.2023.