

## **ALICON CASTALLOY LIMITED**

### **DIVIDEND DISTRIBUTION POLICY**

#### **PREAMBLE:**

The shares of Alicon Castalloy Limited (“ACL”) are listed on BSE Limited, Mumbai and National Stock Exchange of India Limited (NSE), Mumbai.

In accordance with Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ACL is hereby publishing the Dividend Distribution Policy of the Company.

The Board of Directors of the Company (“the Board”) has adopted the Dividend Distribution Policy vide circular resolution dated June 22, 2021. This policy shall be known as ACL Dividend Distribution Policy (the “Policy”).

#### **STATUTORY REQUIREMENTS:**

The Board shall comply with the following statutory requirements while taking decision of a dividend pay-out during a particular year:

- (a) Companies Act, 2013 and rules applicable thereon including those with respect to mandatory transfer of a certain portion of profits to any specific reserve which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.
- (b) Guidelines or directives issued by the Securities Exchange Board of India (SEBI), Stock Exchange(s) and such other regulatory authorities.
- (c) Guidelines or directives issued by the Government of India
- (d) Any other laws as may be applicable to the Company from time to time.

## **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 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.

## **AMOUNT OF DIVIDEND**

Board of Directors shall endeavor to maintain the Dividend Pay-out Ratio (Dividend/ Net Profit after Tax for the year) as near as possible to 30% of the Company's consolidated profit after tax, subject to financial parameters prescribed hereunder.

## **TIMING OF DIVIDEND**

- A) Interim Dividend** - Board of Directors to declare;
- Based on review of profit earned during the current year – to date one to two times a year.
- B) Final Dividend** - Board of Directors to recommend to members for their approval;
- Based on review of profits arrived at as per audited financial results for the year;

## **FINANCIAL PARAMETERS FOR DIVIDEND DISTRIBUTION**

The Company has issued only one class of Shares, i.e. Equity Shares. Hence, the parameters disclosed hereunder apply to the same.

The Board while considering payment of dividend for a financial year may, inter-alia, consider the following factors: -

- Profit for the financial year as well as general reserves of the Company
- Projections of future profits and cash flows

- Borrowing Levels and the Capacity to borrow
- Present and Future Capital expenditure plans of the Company including organic/inorganic growth avenues.
- Applicable taxes including tax on dividend
- Compliance with the provisions of the Companies Act, 2013 or any other statutory guidelines including guidelines issued by Government of India
- Past dividend trend for the Company and the industry
- State of economy and capital markets
- Any other factor as may be deemed fit by the Board.

The profits for a year may be adjusted at the discretion of the Board, for the purpose, to exclude exceptional or one-off items or non-cash items resulting from change in law, accounting policies, accounting standards or otherwise.

The Company is committed to growth and strengthening its competitive position. Retained earnings, after distribution of dividend, shall primarily be utilized towards this purpose.

The Board may declare interim dividend(s) as and when considered fit and recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board may additionally recommend special dividend in special circumstances.

#### **INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND**

The decision regarding dividend pay-out 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. The Board of Directors will endeavor to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors. Hence, any optimal policy in this regard may be far from obvious.

The Board of Directors may consider the below mentioned internal and external factors in addition to financial parameters while deciding the dividend payout ratio:

#### **EXTERNAL FACTORS:**

- Economic environment, both domestic and global
- Market conditions
- Changes in Government policies and regulatory provisions

- Cost of raising funds from alternate sources
- Inflation rates
- Sense of shareholders' expectations
- Cost of external financing

#### **INTERNAL FACTORS:**

- Profits earned and available for distribution during the financial year
- Accumulated reserves, including retained earnings
- Mandatory transfer of Profits earned to specific reserves, such as Debenture Redemption Reserve, etc.
- Past dividend trends – rate of dividend, EPS and payout ratio, etc.
- Earning Stability and consistency in pay-out ratio
- Future Capital Expenditure requirement of the Company
- Growth plans, both organic and inorganic
- Capital restructuring, debt reduction, capitalisation of shares
- Crystallization of contingent liabilities of the Company
- Profit earned under the Consolidated Financial Statement
- Cash Flows
- Current and projected Cash Balance and Company's working capital requirements.
- Covenants in loan agreements, Debt servicing obligations and Debt maturity profile.
- Follow a consistency in its approach in evaluating various factors whilst deciding on the dividend.

#### **UTILISATION OF RETAINED EARNINGS:**

The profits retained in business may be used for corporate actions in accordance with applicable laws and for investments towards growth of the business. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. The Board of Directors will aim to balance between all these needs.

#### **PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARE**

Company does not have different classes of shares.

#### **POLICY REVIEW**

The Policy will be reviewed every year by the Board.

## **CONFLICT IN POLICY**

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

## **AMENDMENT**

Any amendment required in the Policy due to the following shall be carried out with approval from the Chairperson of Alicon:

- Amendments in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015,
- Amendment in the Companies Act, 2013 and rules made there under, and
- Amendment in any other statutory legislation;

Provided the Board shall be kept informed about the said amendment(s) at the first Board Meeting held after such amendment. Any amendment for the reasons other than those mentioned above shall need approval by the Board of Directors.

## **DISCLOSURES**

The Policy shall be disclosed on the website of the Company i.e. at [www.alicongroup.co.in](http://www.alicongroup.co.in) and in such other way as may be required under applicable rules and regulations.