



DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

The Securities Exchange Board of India vide its Notification No. SEBI/LAD-NRO/GN/2016- 17/008 dated July 08, 2016, amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') by the insertion of Regulation 43A, mandating the formulation of a Dividend Distribution Policy for the top 500 listed entities based on their market capitalization calculated on March 31 of every financial year, To strengthen corporate governance practices and disclosure requirements, Sebi has notified new rules, including that top 1000 listed firms will have to formulate a dividend distribution policy.

The Board of Directors (the "Board") of Steel Exchange India Limited ("SEIL" or the "Company") understands the importance of shareholders' confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest or any apprehension in the minds of its shareholders, the Board of the Company, has adopted the Dividend Distribution Policy ("Policy") and procedures with respect to Dividends declared/recommended by the Company in accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time.

2. PURPOSE

The purpose of this Policy is to facilitate the process of dividend recommendation or declaration and its pay-out by the Company which would ensure a regular dividend income for the shareholders and long-term capital appreciation for all stakeholders of the Company.

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend.

The Company would ensure to strike the right balance between the quantum of dividend paid & amount of profits retained in the business. The Board will refer to the Policy while declaring/recommending dividends on behalf of the Company.

3. POLICY

3.1 Frequency of payment of dividend:

- Company believes in rewarding its shareholders as and when the funds are available for distribution as dividend and generally strive to declare Interim Dividend at least once in





a year and to recommend Final Dividend to the Members at the Annual General Meeting of the Company.

- If the frequency of Interim Dividend is more than once, Castrol may not recommend Final Dividend for that year.

3.2 Internal and External Factors that shall be considered for Declaration of Dividend

External Factors:

- Macro-economic conditions.
- Growth outlook.
- Statutory/Regulatory Restrictions.
- Practices adopted by Industry and Peer Group Companies.
- Covenants with Lenders/Bond holders.

Internal Factors:

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which inter alia will include:

- Profits earned during the year;
- Present & future Capital requirements of the existing businesses -;
- Business Acquisitions, Expansion/ Modernization of existing businesses – availability of external finance and relative cost of external funds;
- Additional investments in subsidiaries/associates/joint ventures of the Company;
- Restrictions in loan agreement.
- Any other factor as deemed fit by the Board.

3.3 Circumstances under which the Shareholders may or may not expect Dividend.

The decision regarding dividend payout seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to fund the investment activities.

The Equity Shareholders of the Company may expect dividend only if the Company is having surplus funds and after taking into consideration relevant internal and external factors (enumerated in para 3.2 of this policy) for declaration of dividend.

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

- In the event of loss or inadequacy of profit;
- Adverse market conditions or regulatory constraints;





- iii. Proposal for buy-back of securities;
- iv. The availability of opportunities for reinvestments of surplus funds;
- v. Any other corporate action resulting in cash outflow

3.4 Financial Parameters that shall be considered while declaring dividend

The amounts paid as dividends in the past will not be necessarily indicative of the dividend amounts, if any, that may be payable in future. The form, frequency and amount of future dividends shall be at the discretion of our Board and subject to the approval of our shareholders and will depend on various factors including but not limited to:

- Revenues
- Cash flows
- Financial condition (including capital position)
- Capital requirements
- Profit earned during the financial year
- Liquidity
- Future expansion plans
- Retained earnings v/s expected return from the business
- Adequate cash utilization opportunities.

3.5 Policy as to how the retained earnings will be utilized:

- The Company would like to retain the balances in Reserves and Surplus to give the required strength to the balance sheet for exploring leverage options for supporting growth.
- The Company would be very cautious in declaring dividend out of past profits and reserves.

3.6 Transfer of Profits to Reserves

The Company will not transfer any amount to reserves unless otherwise statutory.

3.7 Parameters that shall be adopted with regard to various Classes of Shares

i. Dividend on Preference Shares:

Preference Shareholders shall be entitled and paid dividend at the fixed rate as per the terms of issue and shall stand in priority to equity shareholders for payment of dividend. In case of the Cumulative Preference Shares, if the Company is not having distributable profits for any certain financial year or the Company is not able to pay the dividend, then





this shall be accumulated and be paid later on in accordance with the terms of issue and subject to the provisions of the Companies Act, 2013.

The above parameters (3.1 to 3.6) in this Policy shall not apply to determination and declaration of dividend on preference shares issued by the Company, as the same will be as per the terms of issue of such preference shares.

ii. Dividend on Equity Shares:

Equity Shareholders shall be entitled for the dividend, interim or final, as the case may be, if declared by the Board of Directors or the shareholders of the Company. Equity dividend shall stand second in priority after payment of dividend to the Preference Shareholders.

4. PROCEDURE

- i. The Chief Financial Officer in consultation with the Managing Director of the Company shall recommend any amount to be declared as Dividend to the Board of Directors of the Company.
- ii. The Company Secretary and Compliance Officer of the Company shall ensure compliance of Insider Trading Rules of the Company and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iii. The Agenda of the Board of Directors where Dividend declaration is proposed shall contain the rationale of the proposal.
- iv. The Board of Directors shall approve the declaration or recommendation of Dividend after ensuring companies of Act 2013, SEBI Regulations and this Policy.
- v. The Company shall ensure compliance of provisions of Act, SEBI Regulations and this Policy in relation to Dividends dividend.

5. REVIEW & AMENDMENT

This Policy may be reviewed and amended periodically as and when required by the Board to ensure that it meets the objectives of the relevant legislation and needs of the Company and remains effective. The Board has the right to change/ amend the policy as may be expedient taking into account the law for the time being in force.

In the event of any amendment(s), clarification(s), circular(s), provision(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then the same shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly.

