

SHANTI GURU INDUSTRIES LIMITED

DIVIDEND DISTRIBUTION POLICY

1. Background:

This Policy is formulated in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 and approved by the Board of Directors of the Company on 15th March, 2023..

2. Objective:

The objective of this Policy is to lay down the criteria and parameters that are to be considered by the Board of Directors of the Company while deciding on the declaration of Dividend from time to time. This Policy is applicable to dividend declared/recommended on the equity shares of the Company and does not cover dividend on preference shares, if any, where the rate of dividend is governed by the terms of the issue of preference shares or any other form of dividend.

3. Parameters to be considered for declaration of Dividend:

The Board of Directors may declare interim dividend /recommend final dividend for consideration of shareholders of the Company.

The Company's dividend pay-out will be determined by the Board of Directors from time to time based on the available financial resources, investment requirements and other factors more fully described hereunder subject to the provisions of applicable laws.

The Board of Directors of the Company will consider the following parameters while recommending/declaring Dividend:

3.1 Financial Parameters/Internal Factors:

1. Standalone/net operating profit after tax;
2. Operating cash flow of the Company for the year;
3. Liquidity position, aggregate Debt of the Company, debt service coverage position etc.;
4. Loan repayment and Working Capital requirements;
5. Capital expenditure requirements;
6. Resources required for funding acquisitions, mergers and/or new businesses;
7. Cash flow required for meeting tax demands and other contingencies;
8. Regulatory (and growth requirement of) Capital Adequacy;
9. Regulatory (and growth requirement of) Solvency;
10. Trend of dividends paid;
11. Any windfall, extraordinary or abnormal gains made by the Company; &
12. Any other factor not explicitly covered above but which is likely to have a significant impact on the Company.

3.2. External Factors:

1. Prevailing legal requirements, regulatory restrictions laid down under the applicable laws including tax laws and changes made in accounting laws;
2. Dividend pay-out ratios of companies in the same industry;
3. Any other factor that has a significant influence / impact on the Company's working/financial position of the Company.

The Board of Directors may additionally recommend special dividend in special circumstances.

4. Circumstances under which the shareholders may not expect Dividend:

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

- 4.1. In the event of inadequacy of profits or whenever the Company has incurred losses;
- 4.2. Significant cash flow requirements towards higher working capital requirements/ tax demands/ or others, adversely impacting free cash flows;
- 4.3. An impending/on-going capital expenditure program or any acquisition or investment in joint ventures requiring significant allocation of capital;
- 4.4. Allocation of cash required for buy back of securities;
- 4.5. Any of the above referred internal or external factors restraining the Company from considering dividend;

5. Utilisation of retained earnings:

The Company may declare dividend out of the profits of the Company for the year or out of the profits of any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this policy, Profits retained in the business will be invested in the business / operations of the Company and may be used for augmenting working capital, repayment of borrowings, funding capital expenditure/ acquisition(s) and for all other corporate purposes.

6. Parameters to be adopted with regard to various classes of shares:

Presently, the Authorised Share Capital of the Company is divided into equity shares of Rs.10/- each. At present, the issued and paid-up share capital of the Company comprises only equity shares.

Currently, the Company has issued one class of equity shares with equal voting rights. As and when the Company issues different class of shares, the Board of Directors may suitably amend this Policy.

7. Procedure:

- 7.1. The dividend proposal placed before the Board for consideration shall be in terms of this Policy.
- 7.2. The Company shall ensure compliance of provisions of applicable Laws and this Policy in relation to Dividend declared by the Company.

8. Disclosure:

The Company shall make appropriate disclosures as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

9. General:

9.1 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 authorised from time to time, on the subject matter.

9.2. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

9.3 In case of any amendment(s), clarification(s), circular(s) etc., issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) 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(s), etc.