

❖ **DIVIDEND DISTRIBUTION POLICY**

1. Background and applicability

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Company is required to formulate a Dividend distribution policy which shall be disclosed in its Annual Report and on its website.

The Board of Directors ("**Board**") of Shilpi Cable Technologies Limited ("**Company**") has adopted this Dividend Distribution Policy to comply with these requirements.

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.

2. Dividend distribution philosophy

The Company is deeply committed to driving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

3. Parameters/Factors considered by the Company while declaring dividend

In line with the philosophy stated in clause 2 above, the Board of Directors of the Company shall consider the following parameters before declaring or recommending dividend to shareholders:

A) Financial Parameters / Internal Factors:

(a) Financial performance including profits earned (standalone), available distributable reserves etc;

(b) Impact of dividend payout on Company's return on equity, while simultaneously maintaining prudent and reasonably conservative leveraging in every respect viz. interest coverage, DSCR (Debt Service Coverage Ratio) Net Debt: EBITDA and Net debt: Equity, including maintaining a targeted rating – domestically and internationally;

(c) Alternate usage of cash viz. acquisition/Investment opportunities or capital expenditures and resources to fund such opportunities/expenditures, in order to generate significantly higher returns for shareholders;

(d) Debt repayment schedules;

(e) Fund requirement for contingencies and unforeseen events with financial implications;

(f) Past Dividend trend including Interim dividend paid, if any; and

(g) Any other factor as deemed fit by the Board.

B) External Factors:

(a) **Macroeconomic conditions:** In the event of uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances;

(b) **Statutory requirements:** Statutory requirements, regulatory conditions or restrictions as applicable including tax laws, The Companies Act, 2013 and SEBI regulations etc.;

(c) **Agreements with Lending Institutions:** The Board may consider protective covenants in a bond indenture or loan agreement that may include leverage limits & restrictions on payment of cash dividends in order to preserve the Company's ability to service its debt; and

(d) **Capital Markets:** In favorable market scenarios, the Board may consider for liberal pay – out. However, it may resort to a conservative dividend pay-out in case of unfavorable market conditions.

4. Circumstances under which shareholders can expect Dividend

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors (as mentioned elsewhere in this policy) and declare Dividend in any financial year.

The Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

5. 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 provided to the stock exchanges, as required by Listing Regulations.

6. Financial parameters and other internal and external factors that would be considered for declaration of Dividend:

- ✓ Distributable surplus available as per the Act and Regulations
- ✓ The Company's liquidity position and future cash flow needs
- ✓ Track record of Dividends distributed by the Company

- ✓ Payout ratios of comparable companies
- ✓ Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- ✓ Capital expenditure requirements considering the expansion and acquisition opportunities
- ✓ Cost and availability of alternative sources of financing
- ✓ Stipulations/ Covenants of loan agreements
- ✓ Macroeconomic and business conditions in general
- ✓ Any other relevant factors that the Board may deem fit to consider before declaring Dividend

7. Utilization of retained earnings

Subject to applicable regulations, the Company's retained earnings shall be applied for:

- ✓ Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- ✓ Buyback of shares subject to applicable limits
- ✓ Payment of Dividend in future years
- ✓ Issue of Bonus shares
- ✓ Any other permissible purpose

8. Parameters with regard to various classes of shares

Presently, the issued and paid-up share capital of the Company comprises of equity shares only. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.

9. Disclaimer

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.