

# **SK MINERALS & ADDITIVES LIMITED**

## **DIVIDEND DISTRIBUTION POLICY**

## 1. **BACKGROUND**

- 1.1. This Policy applies to the distribution of dividend by SK Minerals & Additives Limited (formerly SK Minerals & Additives Private Limited) (the “**Company**”) in accordance with the provisions of the Companies Act, 2013 (“**Act**”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), as amended from time to time and as may be made applicable on the Company.
- 1.2. The Board of Directors (“**Board**”) of the Company at its meeting held on 10<sup>th</sup> March, 2025 has approved and adopted the Dividend Distribution Policy (“**Policy**”). The Policy shall become effective from 10<sup>th</sup> March, 2025.

## 2. **INTRODUCTION**

- 2.1. Listing Regulations, as amended, mandated formulation of Dividend Distribution Policy to the Company whose securities are listed on the Stock Exchanges.
- 2.2. This Policy sets out the parameters and circumstances that will be considered by the Board of Directors of the Company in determining the distribution of dividend to its Shareholders and/ or retaining profits earned by the Company.
- 2.3. The Policy reflects the intent of the Company to reward its Shareholders by sharing a portion of its profits after retaining sufficient funds for the growth of the Company. The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions. The Policy shall not apply to determination and declaration of dividend on preference shares as the same will be as per the terms of issue approved by the Shareholders of the Company.

## 3. **DEFINITIONS**

The terms referred to in the Policy will have the same meaning as defined under the Act and the Rules made thereunder, and the Listing Regulations.

- 3.1. “**The Company**” means “SK Minerals & Additives Limited”.
- 3.2. “**Policy**” means this Dividend Distribution Policy.
- 3.3. “**Board**” shall mean the Board of Directors of the Company.
- 3.4. “**Act**” shall mean the Companies Act, 2013 and Rules thereunder (including any statutory modification or amendment or re-enactment thereof for the time being in force).
- 3.5. “**Dividend**” shall have the meaning as defined under the Act and includes any interim Dividend.
- 3.6. “**Listing Regulations**” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or amendment or re-enactment thereof for the time being in force).
- 3.7. “**Stock Exchange**” shall mean a recognized Stock Exchange as defined under Securities and Exchange Board of India Act, 1992 (including any statutory modification or amendment or re-enactment thereof for the time being in force).

## 4. **FINANCIAL/ INTERNAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND**

The Board of Directors of the Company shall consider the following financial parameters while declaring dividend or recommending dividend to Shareholders:

- 4.1. Capital allocation plans including:
  - 4.1.1. Expected cash requirements of the Company towards working capital, capital expenditure in technology and Infrastructure etc.;

- 4.1.2. Investments required towards execution of the Company's strategy;
- 4.1.3. Funds required for any acquisitions that the Board of Directors may approve; and
- 4.1.4. Any share buy-back plans.

- 4.2. Minimum cash required for contingencies or unforeseen events;
- 4.3. Funds required to service any outstanding loans;
- 4.4. Liquidity and return ratios;
- 4.5. Any other significant developments that require cash investments.

**5. EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND**

The Board of Directors of the Company shall consider the following external parameters while declaring dividend or recommending dividend to Shareholders:

- 5.1. Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- 5.2. Any political, tax and regulatory changes in the geographies in which the Company operates;
- 5.3. Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- 5.4. Any changes in the competitive environment requiring significant investment.

**6. DECLARATION OF DIVIDEND**

- 6.1. The Company may declare dividend out of the profits of the Company for the year or out of the profits for 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 subject to compliance with the applicable provisions of the Companies Act, 2013 and rules made thereunder and Listing Regulations as amended from time to time.
- 6.2. Categories of Dividend:
  - 6.2.1. Interim Dividend: Declared by the Board of Directors during a financial year based on financial performance.
  - 6.2.2. Final Dividend: Recommended by the Board after finalizing the annual accounts and subject to shareholder approval at the Annual General Meeting.

**7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

Shareholders may only expect dividends if the Company has sufficient profits after fulfilling all statutory requirements, subject to the Board's discretion. However, dividends may not be declared under various circumstances, such as when significant capital is needed for growth opportunities, when working capital requirements increase, when available cash flow is inadequate, or when profits are insufficient or absent. Additionally, plans for major acquisitions, amalgamations, mergers, joint ventures, or new product launches requiring substantial outlay may lead to withholding dividends, as can decisions to use surplus cash for buy-backs or offsetting losses. Regulatory prohibitions, adverse market conditions, business uncertainties, changes in government regulations, or other extraordinary circumstances may also preclude the distribution of dividends.

## **8. PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES**

The provisions contained in this Policy shall apply to all classes of Shares of the Company. It may be noted that currently the Company has only one class of shares, namely, Equity Shares.

## **9. MANNER OF UTILISATION OF RETAINED EARNINGS**

The Company will strive to use retained earnings in ways that benefit both the Company and its shareholders, focusing on future growth and higher returns. Such usage may include capital expenditure for working capital, pursuing organic or inorganic growth, investing in new or existing businesses, declaring dividends, capitalizing shares, conducting buybacks, meeting general corporate needs (including contingencies), optimizing capital structure, undertaking mergers and acquisitions, and funding research and development to increase market share. These and any other permissible uses under the Companies Act, 2013 will be guided by the Board of Directors' approval.

## **10. CONTRACTUAL OBLIGATIONS**

The decision regarding dividend pay-out shall take into consideration the restrictions and covenants contained in the agreements as may be entered into by the Company with financial institutions/ other lenders of the Company from time to time.

## **11. PRUDENTIAL REQUIREMENTS**

The following strategic matters shall also be considered:

- 11.1. to ascertain the needs for capital conservation and appreciation;
- 11.2. to build sufficient reserves of retained earnings;
- 11.3. to augment long term financial strength; and
- 11.4. to build a pool of internally generated funds to provide long-term

## **12. SCOPE AND LIMITATIONS**

In the event of any conflict between the provisions of this Policy and the Act or Listing Regulations or any other statutory enactments or rules, the provisions of Listing Regulations/ Act or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be served from the Policy and rest of the Policy shall remain in force.

## **13. REVIEW OF THE POLICY**

- 13.1. The Board shall review the Policy from time to time based on the changing needs and make suitable modifications as may be necessary. The Board reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.
- 13.2. 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.

## **14. INFORMATION DISSEMINATION**

The details of establishment of such mechanism shall be disclosed by the Company on its website and in the Board's Report.

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