

SHIVA PHARMACHEM LIMITED

Dividend Distribution Policy

DIVIDEND DISTRIBUTION POLICY

[Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Securities and Exchange Board of India (“the SEBI or the Board”) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI (LODR) Regulations”) vide notification no. SEBI/LAD/NRO/GN/2015-16/013, dated 2nd September, 2015, which was effective from 2nd December, 2015 (90 days from the publication in official gazette). **As per Regulation 43A** The top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

1. Objective

The objective of this Policy is to lay down the parameters to be kept into consideration by the Board of Directors while declaring the dividend. It further ensures that the dividend payout is in line with long term strategic objective of the Company.

2. Parameters for declaration of dividend

The Board of Directors shall consider the following parameters for declaration of dividend:

- (a) the circumstances under which the shareholders of the listed entities may or may not expect dividend;
- (b) the financial parameters that shall be considered while declaring dividend;
- (c) internal and external factors that shall be considered for declaration of dividend;
- (d) policy as to how the retained earnings shall be utilized; and
- (e) parameters that shall be adopted with regard to various classes of shares.
- (f) Subject to the provisions of the applicable law, the Company’s dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return.

Provided that if the listed entity proposes to declare dividend on the basis of parameters in addition to clauses (a) to (f) or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

3. Circumstances under which the shareholders may or may not expect dividend:

The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue declaring in future as well unless the company is restrained to declare dividends under the following circumstances:

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- a. In case of absence of profit or inadequacy of profits;
- b. Out of reserves, except for the reasons to be expressly laid down;
- c. In case of any proposed expansion project/plan which requires significant amount of capital investments;
- d. In case of any proposed acquisition or joint venture or restructuring;
- e. In case of any proposal/plan to utilize surplus cash for buy-back of its securities;
- f. In case of any circumstances which affects the free cash flow position of the company;
- g. Such other factors as the board may consider appropriate to declare or not to declare the dividend.

4. Manner of Utilization of Retained Earnings:

The Board may retain its earning in order to make better use of the available funds and increase the value of stakeholders in long run. The decision of utilization of the retained earnings of the Company will be based on the following factors:

- a. Strategic and long-term plans
- b. Diversification & expansion opportunities;
- c. Revamp of ageing plants and for achieving better energy efficiency;
- d. Any other criteria which the Board of Shiva Pharmachem Limited may consider appropriate, from time to time.

5. General

- a. Based on the above parameters, the Board of Directors may declare interim dividend(s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company.
- b. In case the Board of Directors propose not to distribute the profit in any year; the grounds thereof shall be disclosed to the shareholders in the Annual Report of the Company.
- c. The retained earnings will be utilized in accordance with the applicable provisions of the Companies Act 2013, the applicable Rules thereunder, SEBI regulations and the Articles of Association of the Company.
- d. The listed entities other than those specified at sub-regulation (1) of this regulation may disclose their dividend distribution policies on a voluntary basis on their websites and provide a web-link in their annual reports

6. Disclosure

The Policy shall be disclosed on the website of the Company, a web link of the same be provided in the Annual Report. Further, the Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under the Listing Regulations and such disclosures shall be made available on the website of the Company for a period of five (5) years and, thereafter, as per the archival policy of the Company.

Effective Date: - 03/04/2023