

DIVIDEND DISTRIBUTION POLICY

1. Preamble:

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [‘SEBI LODR Regulations’] has been amended with effect from 5 May 2021 stating that the top 1,000 listed entities based on market capitalization calculated as on 31 March of every financial year shall formulate a Dividend Distribution Policy.

2. Objective:

In compliance with Regulation 43A of the SEBI LODR Regulations, the Company is required to frame a Dividend Distribution Policy. The objective of this policy is to enumerate details of the parameters based upon which the decisions on dividend distribution will be made and provide clarity to the stakeholders on the same.

3. Effective Date:

The policy shall become effective from the date of its adoption by the Board of Directors, i.e. May 3, 2023.

4. Definitions:

- a) ‘**Act**’ means the Companies Act, 2013 and the rules thereof, including any amendments or modifications thereof.
- b) ‘**Board of Directors**’ or ‘**Board**’ means the collective body of the Directors of the Company.
- c) ‘**Company**’ means ISMT Limited.
- d) ‘**Policy**’ means Dividend Distribution Policy.

5. Parameters to be considered while declaring dividend:

- Dividends (including interim dividends) will be paid in compliance with the provisions of Section 123 of the Act and the rules thereof as amended from time to time.
- This policy will be referred by the Board of Directors for declaration of interim dividends and for recommendation of dividends to shareholders for their approval at the annual general meetings.
- Presently, the Company has issued and allotted only equity shares. Therefore, dividend declared will be distributed equally among the equity shareholders based on their shareholding as on such date as may be determined by the Board of Directors or by the Members from time to time.
- Following parameters will be considered at the time of making decision on the distribution of dividend.

(A) Financial Parameters

- Operating and financial performance of the Company
- Earnings Per Share (EPS)
- Operating cash flow of the Company
- Cost of borrowings and obligation to lenders / financial institutions / banks

(B) Internal Factors

- Proposals for major capital expenditures
- Proposals for inorganic growth
- Contingent liabilities under exceptional circumstances
- Past Dividend trends
- Providing for unforeseen events and contingencies with financial implications.

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(C) External Factors

- Economic environment
- Government policies
- Taxation
- Such other factors, which can have financial impact on the Company.

6. Utilisation of retained earnings:

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on market / product expansion plan, increase in production capacity, diversification of business and such other criteria as the Board may deem fit from time to time.

7. Target Dividend Payout Ratio:

Considering the above parameters, the Company shall strive to distribute at least 10 percent of its post-tax profits as dividend, including interim dividends, in a financial year. Special dividends, if any, may be declared from time to time in addition to regular dividend payouts.

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

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

- Proposed expansion plans requiring higher capital allocation.
- Decision to undertake any acquisitions/ amalgamation/ merger/ joint ventures new product launches, etc. which requires significant capital outflow.
- Requirement of higher working capital for the purpose of business of the Company.
- Implementation of a share buyback scheme or any other alternate profit distribution measure.
- In the event of loss or inadequacy of profit.

9. Disclosures:

- If the Company does not declare any dividend or if the final payout for the year is lower than the target percentage referred in Clause 7, the Board will provide a rationale for the deviation from the policy in the annual report.
- If the Company declares dividend on the basis of parameters not enumerated in this policy or changes any of parameters in the policy, it shall disclose such changes along with the rationale for the same in the annual report.
- This Policy will be available at the website of the Company, viz. <http://www.ismt.co.in/>

10. Amendments:

In case of any subsequent changes in the provisions of Act / Regulations, which makes any of provisions in the policy inconsistent with the Act or regulations, the provisions of the Act / Regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.