



DIVIDEND DISTRIBUTION POLICY
THE SANDUR MANGANESE & IRON ORES LIMITED

28 June 2021





The Sandur Manganese & Iron Ores Limited

DIVIDEND DISTRIBUTION POLICY **OF “THE SANDUR MANGANESE & IRON ORES LIMITED”**

1. OBJECTIVE

At SMIORE, shareholders are considered as the one of the key stakeholders and enhancing the shareholders' value is one of the prime objectives of the Company. The policy, in the interest of providing clarity and transparency to the shareholders, sets out the circumstances and different factors for consideration by the Board at the time of deciding on distribution or of retention of profits.

The Policy reflects the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for the business needs and growth of the Company.

The Company would ensure to strike the right balance between the quantum of the dividend paid and amount of profits retained in the business for various purposes. Through this policy, the Company would strive to maintain a consistent approach in dividend pay-out plans.

The purpose of this Policy is to facilitate the process of dividend recommendation or declaration and its pay-out by the Company which would ensure a regular dividend income for the shareholders and long-term capital appreciation for all stakeholders of the Company.

2. EFFECTIVE DATE

The policy shall become effective from the date of its adoption by the Board i.e., 28 June 2021.

3. REGULATORY FRAMEWORK:

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) (SEBI LODR) Regulations, 2015 read with SEBI LODR (Second Amendment) Regulations, 2021 mandated framing of Dividend Distribution Policy by top 1000 listed companies, based on the market capitalization.

The Company while declaring and paying dividend shall adhere to all applicable provisions of the Companies Act, 2013 and rules made there under as amended from time to time and to the extent applicable other applicable Acts, rules, regulations, guidelines relating to dividend distributions.



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In view of the said requirement, the Board of Directors of the Company recognizes the need to lay down a broad framework with regard to the distribution of dividend to its shareholders and utilization of the retained earnings.

4. FORMS OF DIVIDEND:

Interim Dividend

The Board of Directors of the Company may declare interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting out of the surplus in the profit and loss account or out of profits of the financial year. The interim dividend may be declared and paid by the Board one or more times in the financial year as it may deem fit fulfilling the requirements of the statutory provisions.

Final Dividend

The final dividend is paid for the financial year after the finalisation of annual accounts. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the Annual General Meeting of the Company based on which the final dividend shall be paid to the shareholders.

Unit of dividend declaration

The dividend shall be declared on per share basis only.

The Interim Dividend and Final Dividend shall be declared complying with the applicable provisions of the Companies Act, 2013, SEBI LODR regulations and the criteria set in this policy.

5. PARAMETERS FOR DECLARATION OF DIVIDEND:

Besides regulatory requirements and objectives set for dividend declarations in this policy, the Board shall consider six broad parameters for fund requirements before determining the dividend pay-out which has been categorised hereinunder:

- A) Assumption of external and internal risks affecting the business
- B) Business plan for future
- C) Contingency and exigency plan
- D) Diversification plans to new market and product
- E) External Economic conditions
- F) Future growth strategy



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SMIORE shall also consider following parameters as set under the SEBI LODR regulations before declaration of dividend to the members.

a) Circumstances under which the shareholders may or may not expect dividend

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

- Proposed expansion plans requiring higher capital allocation;
- Significantly higher working capital requirements adversely impacting liquidity
- Decision to undertake any diversification, acquisitions, amalgamation, merger, joint ventures, product diversification etc., requiring significant capital outflow;
- Proposal to utilize surplus cash for buy-back of securities;
- In the event of inadequacy of profits or whenever the Company has incurred losses;
- Due to operation of any other law in force;
- The availability of opportunities for reinvestments of surplus funds;
- Any other corporate action resulting in cash outflow.

b) The financial parameters that shall be considered while declaring Dividend

The financial parameters that may be considered before declaring dividend are

- Consolidated net operating profit after tax;
- Working capital requirements;
- Capital expenditure requirements;
- Resources required to fund acquisitions and / or new businesses
- Cash flow required to meet contingencies;
- Outstanding borrowings;
- Past Dividend Trends

c) Internal and External factors that shall be considered for declaration of dividend

i. External Factors:

Prevailing economic and monetary conditions including credit availability, both domestic and international.

ii. Internal Factors:

The Board of Directors of the Company would consider the following financial parameters before recommending dividend to shareholders:



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- Operating cash flow of the Company
- Profit earned during the year
- Profit available for distribution
- Working capital requirements
- Capital expenditure requirement
- Business expansion and growth
- Up gradation of technology and physical infrastructure
- Cost of Borrowing
- Past dividend payout ratio / trends

d) Utilization 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 the following factors:

- Market diversification plan;
- Product diversification plan;
- Increase in production capacity;
- Replacement of capital assets;
- Future dividend payment;
- Issue of Bonus shares;
- Such other criteria as the Board may deem fit from time to time.

e) Parameters that shall be adopted with regard to various classes of shares

- At present, the issued, subscribed and paid up share capital comprises only one class of equity shares.
- The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
- The dividends shall be paid out of the Company's distributable profits and / or general reserves and from such other reserves as may be statutorily permissible, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.



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6. PROVISIONS IN RELATION TO DIVIDEND DISTRIBUTION:

The Company has to follow the provisions of the Companies Act, 2013, SEBI LODR regulations, the Income Tax Act, 1961 and other statutory provisions applicable for declaration, disbursement and other events related to dividend payment. The major provisions of dividend distribution for considerations are as under.

- **Declaration of Dividend**

The Board of Directors shall recommend dividend to the shareholders. Pursuant to the provisions of applicable laws and this Policy, interim dividend can be approved by the Board of Directors and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company

- **Time limit for deposit of dividend**

The amount of the dividend, including interim dividend, must be deposited in a scheduled bank in a separate account within five (5) days from the date of declaration of such dividend or such number of days as may be prescribed by law.

- **Time limit for payment of dividend**

The dividend has to be paid within 30 days from the date of declaration or such other period as is applicable by law.

- **Dividend to be paid to Registered Shareholders**

No dividend shall be paid by a company in respect of any share therein except to the registered shareholder of such share or to his order or to his banker and shall not be payable except in cash.

Any dividend payable in cash may be paid by cheque or warrant through post directed to the registered address of the shareholder who is entitled to the payment of the dividend or to his order or in any electronic mode sent to his banker in terms of Section 123(5) as amended from time to time.

- **Determine record date / book closure**

The Company shall determine the date of closure of the register of members and the share transfer register of the Company as per requirements of Section 91 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- **Transfer of unpaid dividend to Special Account**

If dividend could not be paid or has not been claimed within the 30 days from the date of its declaration, the Company shall transfer the total amount of dividend which remains unpaid or unclaimed, to a special account in a scheduled bank to be called



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“Unpaid Dividend Account”. Such transfer shall be made within 7 days from the date of expiry of the said period of 30 days.

Any person who claims a right on unpaid/unclaimed dividend may apply for payment in terms of section 124(4) of Act to the Company or has to write to Registrar and Share Transfer Agent at the following address for claiming the amount:

Venture Capital and Investments Private Limited

12-10-167, Bharat Nagar, Hyderabad-500018

Phone: +91 040-23818475/23818476/23868023,

Fax. NO. 040-23868024

Email: investor.relations@vccipl.com

- **Transfer to IEPF after 7 years**

Any money transferred to the unpaid dividend account of the Company in pursuance of section 124 of the Companies Act, 2013 which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the Investor Education and Protection Fund established (IEPF) u/s 125(1) of Companies Act, 2013.

- **No claims shall lie against Company**

After the expiry of the period of seven years from the date from which unclaimed and unpaid dividends were transferred to the Unpaid Dividend Account, no claims shall lie against the Fund or the Company in respect of any such amounts.

In this case shareholders can claim the dividend after following the procedure of filing Form IEPF-5 with Investor Education and Protection Fund Authority.

7. DISCLOSURE:

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at www.sandurgroup.com

8. REVIEW / AMENDMENT OF THE POLICY:

The Board will review this Policy on a periodic basis as per the requirement. This policy, including definition and other provisions of the policy shall stand automatically amended because of any regulatory amendments, clarifications etc. in the applicable laws, rules and regulations.

In case of any amendment(s), clarification(s), circular(s), notification(s), etc., issued by the relevant authorities, not being consistent with the provisions of this policy, such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions of this policy.
