



Dividend Distribution Policy



Policy Title	Dividend Distribution Policy
Version No	1.0
Effective Date	23-12-2024
Authorised By	Board of Directors vide Resolution dated 23-12-2024
Total revision	
Last revised Date	

23 DECEMBER 2024

A-One Steel India Limited

(Formerly known as A-One Steels India Private Limited and A-One Steel and Alloys Private Limited)

A One House, No. 326, CQAL Layout, Ward No. 08, Sahakar Nagar, Bangalore 560092

1. Preamble

- 1.1 The Dividend Distribution Policy (hereinafter referred to as the „Policy“) has been developed in accordance with the extant provisions of the Companies Act 2013 and SEBI regulations.
- 1.2 The Board of Directors (the “Board”) of A-One Steels India Limited (the “Company”) has adopted the Policy of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”).
- 1.3 Under Section 2(35) of the Companies Act, 2013, “Dividend” includes any interim dividend. In common parlance, “dividend” means a company's profit, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid up on their shares. In the case of listed companies, Section 24 of the Companies Act 2013 confers on SEBI the power of administration of the provisions pertaining to non-payment of dividends.

2. Effective Date

The Policy shall become effective from the date of its adoption by the Board.

3. Purpose, Objectives and Scope

- 3.1 The Securities and Exchange Board of India (“SEBI”) vide its Gazette Notification dated July 08, 2016, has amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the certain listed companies based on their market capitalisation. .
- 3.2 The board has laid down a broad framework for distributing dividends to its shareholders and/ or retaining or plough back its profits. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or retention of profits in the interest of providing transparency to the shareholders.
- 3.3 Declaration of dividend based on parameters in addition to the elements of this Policy or resulting in the amendment of any element of the Policy will be regarded as deviation. Any such deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale, will be disclosed in the Annual Report by the Board.
- 3.4 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 Company shall pursue this Policy to pay, subject to the

circumstances and factors enlisted hereon, a progressive dividend, which shall be consistent with the performance of the Company over the years.

4. Parameters To Be Considered While Declaring Dividends

4.1 FINANCIAL PARAMETERS

- a. Magnitude of the company's current year's earnings: Since dividends are directly linked to earnings availability over the long haul, the magnitude of earnings will significantly impact the company's dividend declaration decisions.
- b. Operating cash flow of the Company: If the Company cannot generate adequate operating cash flow, it may need to rely on outside funding to meet its financial obligations and sometimes to run the day-to-day operations. The Board will consider this before deciding whether to declare a dividend or retain its profits.
- c. Return on invested capital: The efficiency with which the Company uses its capital.
- d. Cost of borrowings: The Board will analyse the requirement of necessary funds, considering the long-term or short-term projects proposed to be undertaken by the Company and the viability of raising funds from alternative sources, viz., ploughing back its own funds.
- e. Obligations to lenders: The Company should be able to repay its debt obligations without difficulty over a reasonable period. Considering the volume of such obligations and the repayment period, the decision to declare dividends shall be taken.
- f. Inadequacy of profits: If, during any financial year, the Board determines that the profits of the Company are inadequate, the Board may decide not to declare dividends for that financial year.
- g. Post-dividend EPS: The post-dividend EPS can have a strong impact on the company's funds, thus impacting the overall operations on a day-to-day basis. Therefore, it affects the profits and can impact the decision to declare a dividend during a particular year.

4.2 PROPOSALS FOR MAJOR CAPITAL EXPENDITURES

The Board may also consider the need to replace, expand, modernise, or augment capital assets, including any major sustenance, improvement, or growth proposals.

4.3 AGREEMENTS WITH LENDING INSTITUTIONS/ BONDHOLDERS/DEBENTURE TRUSTEES

The decision to pay out dividends shall also be affected by the restrictions and covenants contained in the agreements as may be entered into with the Company's lenders from time to time.

4.4 STATUTORY REQUIREMENTS

The Company shall observe the relevant statutory requirements, including those with respect to the mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve, etc., as provided in the Companies Act, 2013, which may apply to the Company at the time of deciding with regard to dividend declaration or retention of profit.

5. Factors that may affect Dividend Payout

5.1 EXTERNAL FACTORS

- a. **Macroeconomic conditions:** Considering the current and future outlook of the country's economy, the policy decisions that may be formulated by the Government, and other similar conditions prevailing in the global market that may have a bearing on or affect the company's business, the management may consider retaining a larger part of the profits to have sufficient reserves to meet the exigencies during unforeseen circumstances.
- b. **Cost of raising funds from alternative sources:** If the cost to pursue its planned growth and expansion plans is significantly higher, the management may consider retaining a larger portion of the profits to have sufficient funds to meet the capital expenditure plan.
- c. **Taxation and other regulatory provisions:** Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of dividend declaration. Any restrictions on the payment of dividends by virtue of any regulation as may apply to the Company at the time of declaration of dividend.

5.2 INTERNAL FACTORS

- a. The Company's long-term growth strategy requires conserving cash to execute the growth plan including Plans for additional investments in subsidiaries / associates.
- b. The liquidity position of the company, including its working capital requirements and debt servicing obligations
- c. The company's performance/reputation trend over the past years determines the shareholders' expectations.

6. Target Dividend

- 6.1 The Company has adopted a progressive dividend policy, intending to maintain or grow each year.
- 6.2 At A-One Steels India Limited, we are committed to our strategy and position ourselves to consistently deliver growth for the long term. **Barring unforeseen circumstances, we plan to pay dividends at between 30% and 50% of the Consolidated Profit After Tax. We are committed to a sustainable dividend policy in line with our earnings and cash flow generation.**

7. Circumstances under which the shareholders can or cannot expect Dividend

Some conceivable circumstances under which shareholders may or may not expect a dividend are adverse market conditions and business uncertainty, inadequacy of earned profits earned during the fiscal year, inadequacy of cash balance, large forthcoming capital requirements which are best funded through internal accruals, changing government regulations, etc.

Even under such circumstances, the Board may, at its discretion and subject to applicable rules, choose to recommend a dividend out of the Company's free reserves.

8. Policy as to how the retained earnings will be utilised

- 8.1 The Board may retain its earnings to use the available funds better and increase the stakeholders' value in the long run.
- 8.2 The decision of utilisation of the retained earnings of the Company shall be based on the following factors:
- Long-term strategic plans
 - Augmentation/ Increase in production capacity
 - Market expansion plan
 - Product expansion plan
 - Modernization plan
 - Diversification of business
 - Replacement of capital assets
 - Balancing the Capital Structure by de-leveraging the company
 - Other such criteria as the Board may deem fit from time to time.

9. Provisions regarding various Classes of Shares

- 9.1 The Company has only one class of equity shareholders and no issued preference share capital. However, in case the Company issues different classes of equity shares at any point in time, the factors and parameters for the declaration of dividends to different classes of shares of the Company shall be the same as covered above.
- 9.2 The payment of dividends shall be based on the respective rights attached to each class of shares as per their terms of issue.
- 9.3 The dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.
- 9.4 Dividend, when declared, shall be first paid to the preference shareholders of the Company, if any, as per the terms and conditions of their issue.

10. Applicability of the Policy

- 10.1 The Policy shall not apply to
- Determination and declaring dividend on preference shares as the same will be as per the terms of the issue approved by the shareholders;
 - Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law
 - Distribution of cash as an alternative to payment of dividends by way of buyback of equity shares

11. Reporting and Disclosure

As prescribed by Regulation 43A of the Listing Regulation, this Policy shall be disclosed on the Company's website and the Annual report.

12. Review of the Policy

- 12.1 This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments.
- 12.2 Such amended Policy shall be periodically placed before the Board for adoption immediately after such changes.

13. Compliance Responsibility

Compliance with this Policy shall be the responsibility of the Company Secretary of the Company, who shall have the power to ask for any information or clarifications from the management in this regard.

_