



**DIVIDEND DISTRIBUTION POLICY**

**BHARAT WIRE ROPES LIMITED**

(Effective w.e.f 25<sup>th</sup> April, 2023)

## **Dividend Distribution Policy**

### **A. BACKGROUND AND APPLICABILITY**

The Securities and Exchange Board of India (“SEBI”) *vide* SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, introduced Regulation 43A (as amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 which were made effective from 5<sup>th</sup> May, 2021), which requires the top 1,000 listed entities based on market capitalisation (calculated as on March 31 of every financial year) to formulate a dividend distribution policy, and disclose the same in their annual reports and on their websites.

The Company being amongst the top 1,000 listed entities for the year ended March 31, 2023, has formulated this policy on dividend distribution, with a view to inform the shareholders about how it aims to utilise extra profits and the parameters that shall be adopted with regard to the shares.

### **B. OBJECTIVE / GOALS**

The aim of Board of Directors is to continue to strike a balance between the interests of the business, financial creditors and shareholders. The annual dividend will reflect the Board of Directors view of the earnings prospects over the entirety of the investment cycle.

The Dividend Distribution Policy is framed to specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilised, etc.

The Company’s dividend payout will be determined in compliance with the requisite regulations and directions as stipulated under the provisions of the Companies Act, 2013 and rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and other such statutory provisions as may be applicable from time to time (“Applicable Law”) and the discretion of the Board of Directors (“the Board”) based on available financial resources, investment requirements and taking into account factors for optimising return to the shareholders.

### **C. PARAMETERS FOR DECLARATION OF DIVIDEND**

The Board shall consider the following various circumstances like current year’s profit, future outlook, reinvestment opportunities of the Company, tax benefits, Company’s present and future performance for declaration and payment of dividend.

**(i) Financial parameters**

- (a) Availability of profits;
- (b) Financial feasibility of the Company;
- (c) Favorable Debt Equity ratio;
- (d) Debt interest coverage ratio;
- (e) Liquidity position;
- (f) Business expansions, acquisitions, etc.;
- (g) Favorable state of the capital markets;
- (h) Profit growth.

**(ii) External Factors**

- (a) Shareholders' expectations;
- (b) Uncertain or recessionary economic and business conditions;
- (c) Restrictions imposed under the Act with regard to declaration of dividend;
- (d) Sectorial performance;
- (e) Future uncertainties and industrial downturn;
- (f) Government policy;
- (g) Clientele effect;
- (h) Risk effect.

**(iii) Internal Factors**

- (a) Growth rate of past earnings;
- (b) Growth rate of predicted profits;
- (c) Expansion and modernisation of existing business;
- (d) Investment in research and development;
- (e) Working capital requirements;
- (f) Mergers and Acquisitions;
- (g) Investments in subsidiaries/Joint ventures/associates;
- (h) Buyback options;
- (i) Approach adopted - residual, stability or hybrid.

**(iv) Utilisation of retained earnings**

The decision of utilisation of retained earnings of the Company shall be based on the following factors:

- (a) Acquisition/Diversification of business;
- (b) Long term strategic plan;
- (c) High cost of debt;
- (d) Market or product development/expansion plan;
- (e) Increase in production capacity;

- (f) Modernisation Plan;
- (g) Replacement of Capital intensive assets

**(v). Circumstances under which shareholders may or may not expect Dividend**

The Board will assess the Company's financial requirements, including present and future possibilities of organic and inorganic growth, relevant financial parameters / internal factors and external factors (as mentioned above), and accordingly recommend declaration of dividend in any financial year.

The Board may also consider not recommending dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or after analyzing the prospective opportunities and threats or in the event of challenging financial parameters / internal factors and external factors (as mentioned above) or other exigencies.

**D. PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES**

Presently, the Authorised Share Capital of the Company is divided into equity share of Rs.10/- each and Preference shares of Rs. 10/- each. At present, the issued and paid-up share capital of the Company comprises of Equity Shares and Compulsorily Convertible Preference Shares.

The declaration and payment of dividend will be according to the relevant provisions of Companies Act, 2013 and any other regulations as may be applicable to the Company.

**E. CATEGORIES OF DIVIDEND**

The Act provides for two forms of Dividend- Final and Interim.

**Final Dividend:**

Final dividend is paid once in a financial year after the annual accounts are prepared and adopted by the members of the Company. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the members in the Annual General Meeting.

**Interim Dividend:**

Interim dividend may be declared by the Board of Directors one or more times in a financial year as may be deemed fit by the Board. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this Policy. Normally, the Board may consider declaring an interim dividend after finalization of quarterly (or half yearly) financial results. The Board at its discretion, may additionally recommend a Special Dividend under certain circumstances such as extraordinary profits from sale of investments, etc.

**F. REVIEW/AMENDMENT TO THE POLICY**

The Policy would be reviewed as and when required by the Board of Directors. In case, there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended with due approval from the Board of Directors. However, the amended regulatory requirements will supersede the existing Policy till the time Policy is suitably amended.

**G. DISCLOSURE OF THE POLICY**

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

**Date:** 25th April, 2023

**Place:** Mumbai