

SHREE REFRIGERATIONS LIMITED

DIVIDEND DISTRIBUTION POLICY

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

1. SCOPE AND OBJECTIVE

Shree Refrigerations Limited (**‘Company’**), a public limited listed company in India, has adopted Dividend Distribution Policy with effect from 08th June 2024 which seeks to lay down a broad framework for the distribution of dividends.

This Policy also appropriately balances the need of the Company to retain resources for the Company’s growth & sustainability. Through this Policy, the Company also endeavours to maintain fairness and consistency while considering distributing dividend to the shareholders.

The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking a decision on distribution or retention of profits, in the interest of providing transparency to the shareholders.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

Through this Policy, the Company would endeavour to maintain a consistent approach to Dividend pay-out plans.

2. DEFINITIONS

In this Policy, unless the context otherwise requires:

- 2.1 **“Act”** shall mean the Companies Act 2013 and the rules made thereunder, including any modifications, amendments or re-enactment thereof.
- 2.2 **“Applicable Laws”** shall mean the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.
- 2.3 **“Board or Board of Directors”** shall mean the Board of Directors of the Company.



- 2.4 “**Company**” shall mean Shree Refrigerations Limited.
- 2.5 “**Dividend**” shall mean Dividend as defined under the Act.
- 2.6 “**Financial Year**” shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.
- 2.7 “**Policy**” shall mean this Dividend Distribution Policy and as may be amended from time to time.
- 2.8 “**SEBI Regulations**” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

3. STATUTORY REQUIREMENTS

The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Act read with applicable rules framed thereunder, as may be in force for the time being in particular Sections 2(35), 24, 51, 134(3)(k), 123, 124, 125, 126 and 127 of the Act and the Companies (Declaration and Payment of Dividend) Rules, 2014, SEBI Regulations, such other applicable provisions of law and the Articles of Association of the Company as amended which are in relation to dividends including *inter alia* their declaration, payment and transfer of unclaimed dividends.

4. POLICY

The Company would endeavour to keep consistent Dividend payment track record except for reasons to be recorded.

The Dividend for each year would be recommended by the Board at its discretion taking into account the operating and financial performance of the Company after considering the advice of executive management and other relevant factors. The Board may also declare interim Dividend at its discretion from time to time.

5. DECLARATION OF DIVIDEND

The Act provides for two types of Dividends – Final & Interim. The final Dividend is paid once for the Financial Year after the annual accounts are prepared. The Board of Directors shall have the power to recommend the final Dividend to the shareholders for their approval in the Annual



General Meeting of the Company. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.

The Board of Directors shall have the absolute power to declare interim Dividend during the Financial Year, as and when they consider it fit. Before declaring interim Dividend, the Board shall consider the financial position of the Company that allows the payment of such Dividend. In case no final Dividend is declared, interim Dividend paid during the year, if any, will be regarded as final Dividend at the annual general meeting.

Pursuant to the provisions of Applicable Laws and this Policy, Interim Dividend approved by the Board of Directors will be confirmed by the shareholders 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.

The declaration of dividend (including interim dividend) would be subject to compliance with the applicable provisions of the Act and rules made thereunder as amended from time to time.

6. PARAMETERS FOR DECLARATION OF DIVIDEND

Subject to the provisions of the Applicable Laws, Dividend shall be declared or paid only out of:

- (i) Current Financial Year's profit:
 - a. After providing for depreciation in accordance with law;
 - b. After transferring to reserves such amount as may be prescribed under the Act or as may be otherwise considered appropriate by the Board at its discretion.
- (ii) The profits for any previous Financial Year(s):
 - a. After providing for depreciation in accordance with law;
 - b. Remaining undistributed; or
- (iii) Out of i) & ii) both

Financial and Internal factors:

- Profits earned and available for distribution during the financial year
- Accumulated reserves, including retained earnings



- Mandatory transfer of Profits earned to specific reserves, such as Debenture Redemption Reserve, etc.
- Past dividend trends – rate of dividend, EPS and payout ratio, etc.
- Earning Stability
- Future Capital Expenditure requirement of the Company
- Growth plans, both organic and inorganic
- Capital restructuring, debt reduction, capitalisation of shares
- Crystallization of contingent liabilities of the Company
- Profit earned under the Consolidated Financial Statement
- Cash Flows
- Current and projected Cash Balance and Company's working capital requirements.
- Covenants in loan agreements, Debt servicing obligations and Debt maturity profile.
- Cash flow required to meet operations & contingencies;
- Cost of borrowings and outstanding borrowings;
- Return on capital invested & post Dividend EPS;
- Any other factor as deemed fit by the Board.

External Factors:

- Economic environment, both domestic and global.
- Unfavourable market conditions
- Changes in Government policies and regulatory provisions
- Cost of raising funds from alternate sources
- Inflation rates
- Sense of shareholders expectations
- Cost of external financing
- Technological changes

7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Act

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CIN: U2919PN2006PLC128377|GST NO:27AAJCS9377A1Z1



and Listing Regulations. The Board of Directors, while determining the dividend to be declared or recommended, shall take into consideration the advice of the executive management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy.

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all the expenses, depreciation, etc., and after complying with the statutory requirements under the Applicable Laws.

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

- the Company has inadequacy of profits or incurs losses for the Financial Year;
- the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
- the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital.
- the Company has significantly higher working capital requirement affecting free cash flow.
- the Company proposes to utilize surplus cash for buy- back of securities;
- the Company is prohibited to recommend/declare dividend by any regulatory body.
- The Board may also not recommend a dividend on considering any compelling factors/parameters mentioned in point 6 above

8. 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 the following factors:

- Long term strategic plans
- Augmentation/ Increase in production capacity

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- Market expansion plan
- Product expansion plan
- Modernization plan
- Diversification of business
- Replacement of capital assets
- Balancing the Capital Structure by de-leveraging the Company
- Payment of Dividend or issue of Bonus Shares
- Other such criteria as the Board may deem fit from time to time.

9. PARAMETERS FOR DIVIDEND WITH REGARD TO VARIOUS CLASSES OF SHARES

- Preference shareholders shall receive Dividend at the fixed rate as per the terms of allotment and shall stand in priority to the equity shareholders for payment of Dividend.
- Equity shareholders shall be entitled for the Dividend, interim or final, if recommended by the Board of Directors and confirmed or approved by the shareholders of the Company, as the case may be. Equity Dividend shall stand second in priority after payment of Dividend to the Preference Shareholders, if any.

10. DISCLOSURES

The Policy shall be disclosed in the Annual report and on the website of the Company.

11. POLICY AMENDMENT

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.



12. DISCLAIMER

- The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.
- Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy.

For and on behalf of

The Board of Directors

Shree Refrigerations Limited



Mr. Ravalnath Gopinath Shende

Managing Director

DIN No. 02028020



Mrs. Rajashri Ravalnath Shende

Director

DIN No. 02028006

Place: Karad

Date: 8th June 2024

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