

# **SHIPPING CORPORATION OF INDIA LAND AND ASSETS LIMITED**

## **SCILAL DIVIDEND DISTRIBUTION POLICY**

**PREAMBLE:**

The shares of Shipping Corporation of India Land and Assets Limited (“SCILAL”/“the Company”) are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

In accordance with Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, SCILAL is hereby formulating and publishing the Dividend Distribution Policy of the Company.

The Board of Directors of the Company (“the Board”) has adopted the Dividend Distribution Policy at its meeting held on April 6, 2023. This policy shall be known as SCILAL Dividend Distribution Policy (the “Policy”).

**OBJECTIVE AND SCOPE OF THE POLICY:**

The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company for declaring or recommending interim/ final dividend, as the case may be.

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company and long term capital appreciation for all stakeholders of the Company. The Company would endeavor to pay sustainable dividend keeping in view the Company's policy of meeting the long-term growth objectives from internal cash accruals. The Board of Directors will aim to balance between all these needs.

**STATUTORY REQUIREMENTS:**

The Board shall comply with the following statutory requirements while recommending/ declaring the dividend:

- a) Companies Act, 2013 and rules applicable thereon including those with respect to mandatory transfer of a certain portion of profits to any specific reserve which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.
- b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. ('SEBI Listing Regulations')
- c) Guidelines or directives issued by the Government of India
- d) Any other applicable law(s)

**CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:**

The Board of Directors, while determining the dividend to be declared or recommended may take into consideration the advice of the executive management of the Company and the planned further investments for growth apart from other parameters set out in this Policy. Dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to fund the growth plans of business. However, the Company may be

restrained to declare dividends if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board.

### **FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND**

The Company has issued only one class of Shares, i.e. Equity Shares. Hence, the parameters disclosed hereunder apply to the same.

The Board while considering recommending/ declaring dividend shall, *inter-alia*, consider the following factors: -

- ❖ Profit for the financial year as well as general reserves of the Company
- ❖ Projections of future profits and cash flows
- ❖ Borrowing Levels and the Capacity to borrow
- ❖ Present and Future Capital expenditure plans of the Company including organic/inorganic growth avenues
- ❖ Fund requirements to meet acquisitions/ expansion plans including of subsidiaries/ joint venture companies.
- ❖ Applicable taxes including tax on dividend
- ❖ Compliance with the provisions of the Companies Act, 2013 or any other statutory guidelines including guidelines issued by Government of India
- ❖ Past dividend trend for the Company and the industry
- ❖ State of economy and capital markets
- ❖ Any other factor as may be deemed fit by the Board.

The profits for a year may be adjusted at the discretion of the Board, for the purpose, to exclude exceptional or one off items or non-cash items resulting from change in law, accounting policies, accounting standards or otherwise.

The company endeavors to declare the dividend as per the guidelines issued by Department of Investment & Public Asset Management (DIPAM), Government of India from time to time.

The company is committed to continuous growth and has plans requiring significant capital outlay. The retained earnings, after distribution of dividend, shall primarily be utilized towards this purpose.

The Board may declare interim dividend(s) as and when considered fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company.

### **INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND**

The decision regarding dividend pay-out 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. The Board of Directors will endeavor to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors. Hence, any optimal policy in this regard may be far from obvious.

The Board of Directors may consider the below mentioned internal and external factors in addition to financial parameters while deciding the dividend payout ratio:

#### **EXTERNAL FACTORS:**

- ❖ Economic environment, both domestic and global including geo-political scenario.
- ❖ Unfavorable 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
- ❖ Obligations as to statutory payments/creditors/loan repayments, etc.

#### **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.

#### **UTILISATION OF RETAINED EARNINGS:**

The Board may retain the 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 strategic and long term plans, acquisitions, investment in subsidiaries/ joint ventures, corporate actions, Diversification opportunities, implementation of decisions like buy-back etc. and such other decisions as may be considered prudent.

#### **PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARE**

Company does not have different classes of shares.

## **POLICY REVIEW**

The Policy will be reviewed as and when required by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

## **CONFLICT IN POLICY**

In the event of any conflict between this Policy and the provisions contained in the Regulations, the Regulations shall prevail.

## **AMENDMENTS TO THE POLICY**

Any subsequent notification, circular, guidelines or amendments in the following shall forthwith be implemented by the Company and consequent changes in this Policy shall be carried out with approval from Chairperson & Managing Director of SCILAL and be communicated on the relevant platform:

- ❖ The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015,
- ❖ The Companies Act, 2013 and rules made there under
- ❖ Any other statutory or regulatory law.

Provided the Board is kept informed about the said amendment at the first Board Meeting held after such amendment.

Any amendment for the reasons other than those mentioned above shall need approval by the Board of Directors.

## **DISCLOSURES**

This Policy shall be placed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

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\* Approved by the Board of Directors at its meeting held on 06.04.2023