



# STOVE KRAFT LIMITED

## Dividend Distribution Policy

### Stove Kraft Limited

#81/1 Medamaranahalli Village, Harohalli Hobli, Harohalli Industrial Area,  
Kanakapura Taluk, Ramanagara District, Bengaluru, India- 562 112

☎ +91 80 28016222 | 📠 +91 80 2801 6209 | ✉ info@stovekraft.com





## 1. INTRODUCTION

SEBI vide notification No. **SEBI/LAD-NRO/GN/2021/22** dated 5th May, 2021, mandates that the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

## 2. OBJECTIVE

The objective of this Policy is to lay down the criteria and parameters that are to be considered by the Board of Directors of the Company while deciding on the declaration of Dividend from time to time. This Policy is applicable to dividend declared/recommended on the equity shares of the Company and does not cover dividend on preference shares, if any, where the rate of dividend is governed by the terms of the issue of preference shares or any other form of dividend.

## 3. DEFINITIONS:

For the purposes of this policy

“Act” shall mean the Companies Act, 2013 and shall include any amendments made thereto.

“Rules” shall mean the Companies (Declaration and Payment of Dividend) Rules, 2014.

‘Dividend’ has been defined under Section 2(35) of Act. The term “Dividend” includes any interim dividend

“Regulations” SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015

“Company or SKL” shall mean Stove Kraft Limited, wherever it is referred to in the policy

“Board” means Board of Directors of SKL

“Policy” shall mean the Policy on Dividend Distribution Policy of SKL

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## Types of Dividends

### A. Final Dividend

Dividend is said to be a final dividend if it is declared at the Annual General Meeting of the Company. Final dividend once declared becomes a debt enforceable against the Company. Final Dividend can be declared only if it is recommended by the Board of Directors of the Company.

### B. Interim Dividend

Dividend is said to be an interim dividend, if it is declared by the Board of Directors between two annual general meetings of the company. However, all the provisions relating to the payment of dividend shall be applicable on the declaration of interim dividend also.

## THE CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE LISTED ENTITIES MAY OR MAY NOT EXPECT DIVIDEND

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

- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- Whenever it proposes to utilise surplus cash for buy-back of securities;
- In the event of inadequacy of profits or whenever the Company has incurred losses.

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## FINANCIAL PARAMETERS AND INTERNAL FACTORS

Following financial parameters and internal factors shall be considered while making Dividend decision:

- (i) Net Profits for the current financial year.
- (ii) Surplus in the Profit & Loss account.
- (iii) Availability of Free Reserves.
- (iv) Projected Cash Flow for next three financial years with special emphasis on Company's working Capital and Capital expenditure requirements.
- (v) Liquidity projections for next three financial years.
- (vi) Further Capital infusion requirement in Company's subsidiaries/ Joint Ventures and other investment plans.
- (vii) Rate of growth in net profits and turnover during the preceding three financial years.
- (viii) Likelihood of crystallization of any of Company's contingent liabilities.
- (ix) Company/ Brand acquisitions.
- (x) Availability of other more suitable means to reward the shareholders instead of Dividend.
- (xi) Declaration of Dividend by Company's subsidiaries.
- (xii) Such other parameters as may be considered appropriate by the Board of Directors from time to time.

## 6. EXTERNAL FACTORS:

Following external factors shall be considered while making Dividend decision:

- (i) Economic Environment: In case of uncertain or recessionary economic and business environment, Board shall endeavor to retain larger part of its profits to build up reserves.
- (ii) Industry outlook and performance of manufacturing and other sectors having a bearing on Company's performance.

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- (iii) Government policies and regulatory provisions.
- (iv) Industry's average Dividend payout and shareholder's expectation.
- (v) Such other factors as may be considered appropriate by the Board of Directors from time to time.

## 7. UTILIZATION OF RETAINED EARNINGS

The Company may declare dividend out of the profits of the Company for the year or out of the profits of any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this policy, Profits retained in the business will be invested in the business / operations of the Company and may be used for augmenting working capital, repayment of borrowings, funding capital expenditure/ acquisition(s) and for all other corporate purposes.

## 8. CLASSES OF SHARES

As on the date of this Policy, issued, subscribed and paid-up share capital of the Company consist of only Equity Shares of face value of Rs. 10/- each. There is no other class of shares.

## 9. REVIEW AND AMENDMENT OF POLICY

This Policy shall be subject to periodical review by the Board.

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