

## DIVIDEND DISTRIBUTION POLICY

### SILVER CONSUMER ELECTRICALS LIMITED

CIN: U46539GJ2021PLC122633

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#### I. Background

This dividend distribution policy (the “**Policy**”) is made pursuant to the applicable provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as the ‘**SEBI Listing Regulations**’), which requires top 1000 listed entities based on market capitalisation (calculated as on March 31 of every financial year) to formulate a dividend distribution policy, which shall be disclosed in their annual reports and on their websites.

This Policy sets out the general parameters to be adopted by Silver Consumer Electricals Limited (the “**Company**”) for regulating the process of dividend declaration and its pay-out by the Company in accordance with the provisions of Companies Act, 2013 read with the applicable rules framed thereunder as may be in force for the time being (the “**Companies Act**”) and the SEBI Listing Regulations. The

board of directors of the Company (the “**Board**”) adopted the Policy vide its board meeting held on June 12, 2025.

## **II. Definitions**

The terms referred to in the Policy will have the same meaning as defined under the Companies Act and the rules made thereunder, and the SEBI Listing Regulations.

## **III. Objectives**

The Company aimed at maximization of shareholders’ value and believes that this can be attained by driving growth. The Policy endeavours to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient profits are retained for growth of the Company and other needs. The objective of the Policy is to lay down a consistent approach to dividend declaration.

## **IV. Policy Framework**

The Policy has been formulated in line with the provisions of the Companies Act and Regulations issued by the Securities and Exchange Board of India (“**SEBI**”) from time to time. Any subsequent amendments in these provisions would, ipso-facto, apply to this Policy. The Policy is not an alternative to the decision taken by the Board regarding declaration/recommendation of dividend after considering the various relevant factors.

The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this Policy.

## **V. DIVIDEND**

Dividend is the amount paid by the Company out of profits, to its shareholders in proportion to the amount paid up on the shares held by the shareholders. As per the provisions of the Companies Act, the dividend can be paid as interim or final.

### Interim Dividend

- (a) The Board shall declare the interim dividend during the financial year, as and when they consider it fit to so declare.
- (b) The interim dividend can be declared by the Board of Directors one or more times in a financial year and normally, the Board may consider the declaration of interim dividend after the finalization of the quarterly/half yearly financial statements of the Company.
- (c) The interim dividend, if declared, shall be paid to the eligible shareholders, as per provisions of the Companies Act, SEBI regulations and other laws, to the extent applicable ("**Applicable Laws**").

### Final Dividend

- (a) The final dividend, if any, is paid once in a financial year after the preparation of the annual financial statements.
- (b) The Board shall recommend the final dividend to the shareholders for their approval in the annual general meeting of the Company. The declaration of final dividend, if any, shall be included in the ordinary business items to be transacted at the annual general meeting of the Company.
- (c) The final dividend shall be paid to the eligible shareholders subject as per the Applicable Laws.

The Company shall endeavour to pay a dividend upto 25% of the net profit for the financial year. Such net profit shall be computed in accordance with section 123 of the Companies Act. Further any exceptional item of income or expenses or unforeseen financial disruptions which could impact the profitability of the Company shall not be considered for the said purpose.

The decision regarding dividend shall be taken only by the Board at its meeting or by a Committee of the Board as authorised for the purpose in accordance with provision of Companies Act and or the SEBI Listing Regulations as amended from time to time.

## **VI. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND**

The decision regarding dividend payout is a vital decision, as it determines the amount of the profit to be distributed among its shareholders and the amount of the profit to be retained in business for the future growth and modernization expansion plan of the Company. The Company would continue to adopt a progressive and dynamic dividend distribution policy to ensure its immediate and long term requirements along with rewarding the shareholders of the Company. Dividend for the financial year shall be decided/recommended by the Board, considering, statutory, economic, market, industry, external and internal factors.

The Company may not declare dividend or declare dividend at a lower rate under the following circumstances:

- (a) in the event of the Company making losses or the profits are inadequate;
- (b) where the Company is having requirement of funds for capex requiring high capital allocation, working capital, repayment of loans taken in the past;
- (c) inadequate availability of cash; and
- (d) higher cost of raising funds from alternate sources

It may be noted that declaration of dividend shall be subject to the Applicable Laws.

### **Parameters for Dividend Distribution**

- The Company has only one class of shares i.e. equity shares and, hence, the parameters disclosed here under apply to the same.

- The Board of Directors while considering payment of dividend for a financial year may, *inter alia*, consider the following factors:
  - Profit for the financial year as well as general reserves of the Company.
  - Projections of future profits and cashflows;
  - Borrowing levels and the capacity to borrow including repayment commitments;
  - Present and future capital expenditure plans of the Company including organic/inorganic growth avenues;
  - Applicable taxes including tax on dividend;
  - Compliance with the provisions of the Companies Act 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; and
  - Any other factor as may be deemed fit by the Board of Directors.
- The profits for a year may be adjusted at the discretion of the Board of Directors, 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.

### **Other important internal and external factors to be considered by the Board**

In addition to the aforesaid parameters such as realized profits and proposed major capital expenditures, the decision of dividend payout or retention of profits shall also be based on the following factors/ parameters:

**1. Cash flow** – 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 the same before its decision whether to declare dividend or retain its profits.

**2. Cost of borrowings** – The Board will analyze the requirement of necessary funds considering the long term or short-term projects proposed to be undertaken by the Company and the viability of the options in terms of cost of raising necessary funds from external sources such as bankers, lending institutions or by issuance of debt securities or plough back its own funds.

**3. Taxation and other regulatory concern** - Dividend distribution tax or any tax deduction at source as required by tax regulations in India, as may be applicable at the time of declaration of dividend and its impact on the finances of the Company.

**4. Macroeconomic conditions** - Considering the state of economy in the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

**5. Past performance/ Dividend history and reputation of the Company** - The Company may consider dividend payment history and the impact of the decision on overall reputation of the Company.

**6. Buy Back of Equity Shares** - In case the Board decide to buy back the shares, the quantum of dividend may be impact on account of distribution of profits/accumulated profit for the buyback of equity shares of the Company, in compliance of the Applicable Laws.

**7. Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.**

## **VII. POLICY AS TO HOW THE RETAINED EARNINGS SHALL BE UTILIZED**

The consolidated profits earned by the Company can both be retained in the business and used for various purposes in line with the objects of the Company as decided by the Board from time to time.

## **VIII. Conflict in Policy**

In the event of any conflict between the Companies Act or the SEBI regulations or any other statutory enactments and the provisions of this Policy, the Regulations shall prevail over this Policy.

## **IX. Disclosure of the Policy**

This policy will be uploaded on the website of the Company [www.silverpumps.com](http://www.silverpumps.com)

## **X. Amendments**

The Company reserves its right to alter, modify, add, delete or amend any or all of the provisions of the Policy as it may deem fit or in accordance with the guidelines and regulations as may be issued by SEBI, Government of India or any other regulatory authority. Any subsequent amendment/modification in the Companies Act, SEBI Listing Regulations and/or other applicable laws in this regard shall automatically apply to the Policy.