

RAMKRISHNA FORGINGS LIMITED

DIVIDEND DISTRIBUTION POLICY

Background and applicability

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) require the top 1000 listed companies (by market capitalisation as on March 31 of every financial year) to disclose a Dividend Distribution Policy in the annual report and on the corporate website.

Ramkrishna Forgings Limited (“Company”) being one of the top 1000 listed companies as per the market capitalization as on the last day of the immediately preceding financial year, frames this policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares

Objective

The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

Philosophy

The Company is committed to driving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

Dividend

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend.

The Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

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Parameters for declaration of Dividend

In line with the philosophy stated above, the Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

Financial Parameters / Internal Factors

- Consolidated net operating profit after tax;
- Working capital requirements;
- Capital expenditure requirements;
- Resources required to fund acquisitions and / or new businesses
- Cash flow required to meet contingencies;
- Outstanding borrowings;
- Track record of Dividends distributed by the Company;
- Any other relevant factors and material events.

External Factors:

- **Macro-economic environment** – Significant changes in macro-economic environment materially affecting the business in which the Company operates.
- **Regulatory Changes** - Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements which significantly affects the business in which the Company operates.

Circumstances under which shareholders may or may not expect Dividend

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors (as mentioned elsewhere in this policy) and declare Dividend in any financial year.

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

- a) Whenever it undertakes or proposes to undertake a significant expansion project which maximizes shareholder's value requiring higher allocation of capital.
- b) Significantly higher working capital requirements adversely impacting free cash flow.
- c) Whenever it undertakes any acquisitions or joint ventures which maximizes shareholder's value requiring significant allocation of capital.
- d) In the event of inadequacy of profit or whenever the Company has incurred losses.

Utilisation of retained earnings

Retained Earnings may be used for corporate actions in accordance with applicable law and for investments towards growth of the business

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Parameters to be adopted with regard to various class of shares

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably reviewed / amended at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

Modification of the Policy

The Board of Directors is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Regulations, etc. or as deemed fit on a review.

Dissemination

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company at www.ramkrishnaforgings.com.

Disclaimer

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.