

POLICY ON DIVIDEND DISTRIBUTION

1. This Policy document is to put in place a process for determining the amount available for declaration of dividend and the appropriate percentage/amount of dividend to be declared.
2. At present, the Company has only one class of equity shares that are fully paid-up and rank pari-passu with respect to voting and dividend rights
3. The Policy is framed in lines with requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
4. This Policy shall be effective from the financial year 2025-26 and shall apply for all the following financial years with amendments as required from time to time.
5. The Board, in light of the prevailing Companies Act 2013, Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014, Articles of Association and applicable laws, while declaring/recommending dividend, shall ensure that an appropriate balance is maintained between rewarding the shareholders and retaining sufficient funds for the growth of the Company.
6. The Board may declare:
 - I. Single or multiple Interim dividends
 - II. Interim dividend followed by recommendation of additional amount as final dividend
 - III. Final dividend or
 - IV. Special dividendin each case as may be permitted under the Companies Act, 2013 or any amendments, modification, variation or re-enactment thereof.
7. Dividend policy aims to distribute 60% or more of the profit after tax, subject to following parameters and other factors as deemed appropriate by the Board. Also, in the period of economic uncertainty, unprecedented macro events or recession, the Board may elect to retain a larger portion of profits to strengthen reserves and enhance the Company's ability to withstand future market volatility.
8. The decision regarding dividend shall be taken by the Board. While interim dividend can be paid with the approval of the Board, and final dividend shall be paid only after approval at the Annual General Meeting (AGM) of the Company.
9. **Parameters to be considered before declaring dividend:**
 - a. **Statutory / Regulatory Parameters:**

The Company shall declare dividends only after ensuring compliance with provisions of the Companies Act, 2013 and rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and any other regulations, as may be applicable from time to time.

b. Financial Parameters (including capital required for future growth):

1. Profits earned during the financial year and outlook for the next two/three years.
2. Accumulated reserves
3. Future growth plans such as acquisition of new premises/brands
4. New line of business and acquisition of business/ opening of new subsidiary
5. Investment in new technology for business
6. Reserve capital, to cover extraordinary risk/loss, if any
7. Any other factors / material event which the Board of Directors may consider

c. Other Parameters (External Factors)

1. Shareholders' expectations,
2. Macro-economic conditions,
3. Taxation policies,
4. Market and economic conditions and
5. Any other factor that has a significant impact on the Company's working or financial position

10. Circumstances under which the shareholders of Company may or may not expect dividend:

The Board may not declare/recommend dividend or may reduce the quantum of dividend in case:

- (i) absence of adequate profits or
- (ii) one or more criterion for declaration /recommendation of dividend is not fulfilled or
- (iii) restriction is placed on declaration of dividend or
- (iv) Any corporate action resulting in significant cash outflow, such as buyback of shares, investments, mergers, acquisitions or
- (v) The Board is of the opinion that it would be prudent to conserve capital for growth of the Company or
- (vi) Any other circumstances

11. Utilization of retained earnings:

The Company shall endeavor to utilize the retained earnings in a manner that shall be beneficial to both the Company and its shareholders.

Based on above parameters, the Board shall take a view on the extent of Dividend to be distributed to the shareholders.

12. Entitlement and timelines for dividend payments

- a. Entitlement: The dividend shall be paid to the shareholders entitled to receive dividend on the record date / book closure date as per Statutory Guidelines.

- b. Timelines: The payment of dividend(s) will be made, in the manner and within the time as may be prescribed under applicable Statutory Guidelines.

13. **Statutory Amendments:**

Any subsequent amendments or modifications in the Companies Act, 2013 and rules thereunder and other applicable laws in this regard shall automatically apply to the Policy.

14. **Disclosure of Policy**

The Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website, www.sbimf.com.

15. **Conflict in Policy**

In the event of any conflict between this policy and the provisions contained in the applicable Statutory Guidelines, the provisions of the Statutory Guidelines shall prevail.

16. **Review of Policy:**

The Board shall review the Dividend Distribution Policy of the Company periodically, but not later than 5 years, or more frequently if required by regulatory changes or corporate actions or as deemed necessary by the Board of Directors.

