

WELDOR CNC MACHINES LIMITED
CIN: U28229GJ2024PLC157041

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Veraval(Shapar), Rajkot, Kotda Sanghani, Gujarat, India, 360024.

DIVIDEND DISTRIBUTION POLICY

Introduction

The Policy's objective is to maintain guidelines for the Board of Directors of the Company (“**Board of Directors/Board**”) to follow when declaring or recommending the amount of dividend (interim or final) per share. A dividend policy determines the ratio of dividends to retained earnings. Retained earnings are an important source of internal finance for the company's long-term growth, whereas dividends reduce the company's available cash funds.

Further predictability in dividend distribution plays a critical role in creating shareholder value. Given the importance of dividend in creating shareholder value, the Company has adopted this Dividend Distribution Policy to promote transparency in its financial operations, which is also a requirement stipulated in Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”).

The Company's Dividend Distribution Policy aims to reward its shareholders by sharing a portion of its profits / earnings, while also ensuring that enough funds are retained to meet the Company's future needs. This policy focuses on ensuring dividend income for shareholders as well as long-term capital appreciation for the Company's stakeholders.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

The policy sets out the principles to determine the amount that can be distributed to equity shareholders as dividend.

DEFINITIONS:

- a) “**The Company**” means “**Weldor CNC Machines Limited**”.
- b) “**Policy**” means Dividend Distribution Policy.
- c) “**Board**” shall mean the Board of Directors of the Company.
- d) “**Act**” shall mean the Companies Act, 2013 and Rules thereunder (including any statutory modification or amendment or re-enactment thereof for the time being in force).
- e) “**Dividend**” shall have the meaning as defined under the Act and includes any interim Dividend.
- f) “**SEBI**” shall mean Securities Exchange Board of India.
- g) “**SEBI (LODR) Regulations, 2015**” shall mean Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- h) “**Stock Exchange**” shall mean a recognized Stock Exchange as defined under Securities and Exchange Board of India Act, 1992 (including any statutory modification or amendment or re-enactment thereof for the time being in force).

Words and Expressions used and not defined in this Policy but defined in the Act or applicable laws shall have the same meaning respectively assigned to them in those Acts/applicable laws.

CATEGORY OF DIVIDENDS

The provisions of the Act provide for two forms of Dividend i.e., Interim & Final. The Board shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board shall have the absolute power to declare interim dividends during the financial year, as and when they consider it fit.

i. Final Dividend

The Board of the Company has the power to recommend the payment of a final dividend to the shareholders in a general meeting, which shall be paid once for the financial year after the annual accounts is prepared. The declaration and payment of such final dividend shall be subject to the approval of shareholders of the Company and shall be included in the ordinary business items that are required to be transacted at the annual general meeting.

ii. Interim Dividend

The Board of the Company, in accordance with article of association of the Company, can declare an interim dividend during the any current financial year, as and when considered appropriate, in line with this Policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT A DIVIDEND

The Board of Directors of the Company, while declaring or recommending a Dividend, shall ensure compliance with statutory requirements under applicable laws, including the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The shareholders of the Company may expect a Dividend only if the Company has adequate profits after complying with all other statutory requirements under the Applicable Laws.

Subject to the discretion of the Board, the shareholders of the Company may not expect a dividend in the following circumstances.

- In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- In the event of higher working capital requirements for business operations or otherwise.
- In the event of inadequacy of cash flow available for distribution.
- In the event of inadequacy or absence of profits.

- Whenever the Company undertakes or proposes to make any decision with regard to any acquisition(s), amalgamation(s), merger(s), joint venture(s), or new product(s) launch which requires significant capital outflow.
- Whenever the Company proposes to utilize surplus cash for buy-back of securities.
- Whenever declaration of dividend is prohibited by any regulatory body.
- Any adverse market conditions and business uncertainty.
- Any change in the government regulations.
- Any other extraordinary circumstances.

PARAMETERS FOR DECLARATION OF DIVIDEND

The Board shall consider the following various circumstances like current year's profit, future outlook, reinvestment opportunities of the Company, tax benefits, Company's present and future performance for declaration and payment of Dividend.

Financial Parameters

- i. Availability of profit;
- ii. Past dividend pattern;
- iii. Financial performance of the Company for the year for which Dividend is recommended;
- iv. Operating cash flow of the Company;
- v. Working capital requirements;
- vi. Capital expenditure requirements;
- vii. Past Dividend payout ratio / trends;
- viii. Liquidity position;
- ix. Such other factors and/or material events which the Company's Board may consider.
- x. Debt-equity ratio;
- xi. Cost of borrowing of the Company, keeping in view the growth opportunities;
- xii. Debt Obligations;
- xiii. Investment in new business;
- xiv. Applicable taxes including tax on dividend
- xv. Restrictions/covenants if any, contained in any lender agreements or any other arrangement agreement entered into by the Company

External Factors

The external factors which shall be considered by the Board of Directors while recommending/ declaring Dividend to the shareholders:

- i. Shareholders' expectations;

- ii. Statutory provisions and guidelines; restrictions imposed under the Act with regard to declaration of Dividend;
- iii. Regulatory requirements;
- iv. Economic requirements;
- v. Sectoral performance;
- vi. Inflation rate
- vii. Future uncertainty and industrial downturn;
- viii. Government policy;
- ix. Cost of financing;
- x. Global conditions
- xi. Applicable taxes
- xii. Any other factor that has a significant influence / impact on the Company's working / financial position of the Company.

Internal Factors

- i. Growth rate of past earnings;
- ii. Growth rate of predicted earnings;
- iii. Expansion and modernization of existing business;
- iv. Investment in research and development;
- v. Working capital requirements;
- vi. Any proposed mergers and acquisitions;
- vii. Approach adopted – residual, stability or hybrid.

Manner of Utilisation of Retained Earnings

The Board may retain its 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 the following factors:

- i. Acquisition/ diversification of business;
- ii. Long term strategic plan;
- iii. High cost of debt;
- iv. Market or product development/ expansion plan;
- v. Increase in production capacity;
- vi. Modernisation Plan;
- vii. Capitalisation of shares;
- viii. Buy back of shares;
- ix. General corporate purposes, including contingencies;
- x. Replacement of capital-intensive assets.

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 applicable laws.
- b) Timelines: The payment of dividend shall be made within the time prescribed under the Act or the rules made thereunder. Presently, dividend is to be paid within 30 days from the date of declaration by the Board in case of Interim Dividend and within 30 days from the declaration by the shareholders in the AGM in case of Final Dividend.

Conflict in policy

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

Parameters for various classes of Shares

The Company, as of date, has only Equity shares with the same rights for all the shareholders.

In the event the Company issues in the future any shares with preferential rights over equity shares, the same shall be adhered to in accordance with the terms of such issue.

Amendments

This policy will be reviewed periodically by the Board/ Committee as may be deemed necessary and to comply with any regulatory amendments or statutory modifications and subject to the necessary approvals of the Board of Directors in cases of material changes to the Policy. The modifications, if any, made to the Policy shall be disclosed on the website of the Company. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Disclosure

The Policy shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company. The policy will also be disclosed in the Company's annual report.

In case, the Company proposes to declare a dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, the Company shall disclose such changes along with the rationale in its annual report and on its website.

Interpretation

In case of any subsequent changes in the provisions of the aforementioned statutes, the statutes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with prevailing law. Any subsequent

amendment/modification in Companies Act, SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

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.

Disclosure

This Policy will be disclosed on the Company’s website at thereof <https://weldorcncmachines.com/> or any modification.

Version History

Version	Approved By	Approval Date	Effective Date
1 st Version	Board of Directors	February 17, 2026	February 17, 2026