



B.S. SPONGE LIMITED

DIVIDEND DISTRIBUTION POLICY

1. Introduction

The Securities and Exchange Board of India (“SEBI”) vide the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (“SEBI Listing Regulations”), has made it mandatory for the top 1000 listed companies based on the market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy, which will be disclosed on their website. The SEBI Listing Regulations further stipulate that other listed entities may undertake such compliance on a voluntary basis.

B.S. Sponge Limited (“Company”) has framed this Dividend Distribution Policy (“Policy”) in compliance with the SEBI Listing Regulations. This Policy has been approved by the board of directors (“Board”) of the Company at its meeting held on September 26, 2026 being the effective date of this Policy.

This Policy shall come into force with effect from the date the SEBI Listing Regulations take effect with respect to the Company.

The dividend distribution shall be in accordance with the relevant and applicable provisions of the Companies Act, 2013 (“Act”), rules framed thereunder, the articles of association (“AoA”) of the Company, and other relevant legislations governing dividend distribution applicable to the Company, as in force and as amended from time to time.

2. Purpose & background

The Company endeavours to ensure fairness, consistency, transparency and sustainability while distributing profits to the shareholders. The policy also specifies both the external and internal factors, including financial parameters, that shall guide while declaring dividends. It outlines the circumstances under which the shareholders of the Company may or may not expect dividend, as well as how the retained earnings will be utilised. Depending on the long-term growth strategy of the Company and the prevailing circumstances, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained for growth of the Company.

3. Definitions

In this Policy:

- i. **Applicable Laws:** shall mean the Act, the SEBI Listing Regulations, together with the circulars issued thereunder; and such other acts, rules or regulations which deal with the distribution of dividend.
- ii. **Dividend(s):** includes interim dividend.

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 the Act/Applicable Laws.

4. Effective date

This Policy shall be effective from the date of approval of the Board on September 26, 2026.

5. Dividend

Dividend is the payment made by the company to its shareholders out of the profit made by the company in proportion to the equity capital they hold, dividend included interim Dividends.

REGISTERED OFFICE

34A, Metcalfe Street, 2nd Floor, Room No. 2C/3,
Kolkata - 700 013, West Bengal, India

CORPORATE OFFICE

202, 2nd Floor, Block A, Crystal Arcade, Lodhipara
Chowk, Raipur - 492 001, Chhattisgarh, India

MANUFACTURING FACILITY

Village Taraimal, P. O. Gerwani, Tehsil Gharghoda,
District Raigarh, Chhattisgarh - 496 001



6. Dividend distribution framework

The Company may, subject to its AoA, pay dividends in proportion to the amount paid-up on each share. The Act provides for two forms of Dividend - final and interim.

i. Final Dividend

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

ii. Interim Dividend

This form of Dividend can be declared by the Board one or more times in a financial year as may be deemed fit by it or at any time during the period from closure of financial year till holding of the annual general meeting out of the surplus in the profit and loss account or out of profits of the financial year for which such interim Dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim Dividend. Further, such declaration of interim Dividend shall be in line with this Policy. By way of guidance, the Board should usually declare an interim Dividend after finalization of quarterly (or half yearly) financial accounts.

7. Parameters for declaration of Dividend

The Board of Directors of the Company shall consider the following parameters for declaration of Dividend: -

i. Financial parameters (internal factors)

- a) Consolidated net operating profit after tax;
- b) Working capital requirements;
- c) Capital expenditure requirements;
- d) Resources required to fund acquisitions and/or new businesses
- e) Cash flow required to meet contingencies;
- f) Outstanding borrowings;
- g) Past Dividend Trends
- h) Other internal/financial parameters that may be considered by the Board of the Company while declaring or recommending Dividend to shareholders include profits earned and available for distribution during the financial year, accumulated reserves including retained earnings, upgradation of technology and physical infrastructure, expansion or diversification of business of the Company, major capital expenditure to be incurred by the Company, acquisition and divestitures of any business, merger, restructuring, etc., restrictions/covenants, if any, contained in any lender agreements or any other arrangement or agreement entered into by the Company; debt-equity ratio of the Company, cost of borrowing of the Company, keeping in view the growth opportunities, debt obligations of the Company, provisioning for financial implications arising out of unforeseen events and/or contingencies, reputation of the Company, and any other relevant factors and material events.

ii. External factor

- a) Prevailing legal requirements

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- b) Regulatory conditions or restrictions laid down under the Applicable Laws including tax laws.
- c) Dividend pay-out ratio of companies in the same industry.

Other external parameters that may be considered by the Board of the Company while declaring or recommending Dividend to shareholders include business cycles, global conditions, economic environment, political/geographical situations, competition or client related risks, inflation rate, industry outlook for future years, other factors like statutory and contractual restrictions and any other relevant factors and material events.

8. Circumstances under which the shareholders may or may not expect Dividend

The Company aims to offer maximum return on investment to the shareholders, keeping in mind the growth and future prospects. The decision regarding declaration and payment of Dividend is an important decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may expect Dividend only if the Company is having adequate profits after making adequate provisions for the Company's operational requirements and any proposed or planned investments and after complying with all other statutory requirements under the Applicable Laws. The Board of Directors, while declaring or recommending a dividend, shall ensure compliance with all statutory requirements under Applicable Laws. When determining the dividend to be declared or recommended, the Board of Directors will consider the advice of the executive management.

However, the Board may consider not to declare a dividend or declare a lower rate based on the following:

- i. If the Company undertakes or proposes to undertake a significant expansion of project/acquisitions of business/brand/company or joint ventures requiring higher allocation of capital;
- ii. Significantly higher working capital requirements for business operations adversely impacting free cash flow;
- iii. For purpose of maintaining any minimum solvency requirements that may be required under Applicable Laws;
- iv. Insufficient or absent profits;
- v. For purpose of maintaining any minimum solvency requirements that may be required under Applicable Laws;
- vi. in case of being prohibited to recommend/declare Dividend by any regulatory body;
- vii. Repayment of any loans or financial indebtedness incurred by the Company
- viii. Whenever it proposes to utilize surplus cash for buy-back of securities or setting off of previous year losses or losses of its subsidiary/ies; or
- ix. In the event of inadequacy of profits or whenever the Company has incurred losses.

The statement of this Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the financial year and the Board reserves the right to depart from the Policy as and when circumstances so warrant. Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in this Policy, if any.

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9. Utilization of retained earnings

The retained earnings after declaration of the Dividend if any, shall be utilized in the manner as considered appropriate by the Board and subject to the Applicable Laws.

10. Parameters adopted with regard to various classes 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 the same Dividend per share.

11. Approval process

The decision regarding declaration of dividend shall be taken by the **Board of Directors at a duly convened meeting of the Board** and shall not be delegated to any committee of the Board or approved by means of a resolution passed by circulation.

The **final dividend** shall be declared by the Members of the Company at the Annual General Meeting, based on the recommendation of the Board of Directors, and shall be paid only after such declaration by the Members.

The **interim dividend** may be declared by the Board of Directors in accordance with the applicable provisions of the Companies Act, 2013, and shall not require separate approval of the Members.

12. Amendments to the Policy

The Board of Directors can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the rules, regulations, notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not 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.

13. Interpretation

In case of any conflict between the provisions of this Policy and of the statutory provisions, the statutory provisions shall prevail over this Policy. Any subsequent amendment/ modification in the statutory provisions shall automatically apply to this Policy.

14. Review

The Board of director of the Company may review this Policy from time to time and any changes or revisions will be communicated to shareholders in a timely manner. In case of any amendment(s), clarification(s) circular etc. issued by relevant authorities not being consistent to the provisions laid down under this Policy then such amendment, clarification, circular etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment, clarification, circular etc.

15. Disclosure

This Policy shall be disclosed in the Company's annual reports and on the Company's website, www.bsstm.com. Further, in case the Company decides to declare Dividend on the basis of parameters in addition to those mentioned in this Policy, or proposed to change the parameters, or change the Policy, all such changes along with rationale for the same shall be disclosed in the annual reports and on the Company's website, cs@bsstm.com

SD/-
Ashish Agarwal
Managing Director

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