

# FINEOTEX CHEMICAL LIMITED

## DIVIDEND DISTRIBUTION POLICY

Approver	Board of Directors
Updated On	23.07.2021

### 1. Applicability and objective:

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) require the top 1000 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy (“the Policy”) in the annual report and on their website.

The Board of Directors (“Board”) of Fineotex Chemical Limited has adopted this Dividend Distribution Policy to comply with these Regulations.

The objective of the Policy is to lay down the parameters that are required to be considered by the Board of the Company for declaration of Dividend from time to time.

### 2. Scope :

The Company currently has only one class of shares i.e. equity, for which the Policy is applicable.

The Policy is subject to review if and when the Company issues different classes of shares.

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value Rs. 2/- each.

### 3. Dividend:

Dividend represents the profit of the Company, which is distributed to the shareholders in proportion to the amount paid-up on the equity shares held by them. The term ‘Dividend’ includes Interim Dividend.

4. Parameters and factors for declaration of dividend :

The Company shall ensure compliance of the provisions of Companies Act, 2013 (“the Act”) read with the Rules and the following financial parameters and internal and external factors shall also be considered:-

Financial Parameters and Internal Factors:

- i. Distributable Surplus available as per relevant statutory regulations;
- ii. Past dividend payout trends of the Company;
- iii. Working capital requirements;
- iv. Business expansion and growth;
- v. Company’s liquidity position and future cash flow requirements;
- vi. Additional investments in subsidiaries and associates of the Company;
- vii. Current year’s profits and future outlook in light of the development of internal and external environment;
- viii. Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution;
- ix. Operating cash flows and treasury position keeping in view the total debt to equity ratio;
- x. Possibilities of alternate usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders;
- xi. Providing for unforeseen events and contingencies with financial implications;
- xii. Such other factors and/ or material events which the Company’s Board may consider.

External Factors:

- i. Economic environment;
- ii. Capital Markets;
- iii. Inorganic growth plans;
- iv. Statutory provisions and guidelines;
- v. Dividend pay-out ratios across industries;
- vi. Business cycles and long term/ Short –term Industry Outlook;
- vii. Cost of external financing;
- viii. Changes in the Government policies, rate of inflation and taxes structure etc;

5. Circumstances under which the shareholders of the Company 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 in this policy) and declare Dividend in any financial year.

The Board may not recommend any dividend if the Board is of the considered opinion that it is prudent to conserve capital based on the factors outlined above or other exigencies.

6. Utilization of retained earnings :

The Company would utilize the retained earnings in a manner which is beneficial to the interest of the Company & its stakeholders, including, but not limited to meeting the Company's future business growth/ expansion and strategic plans or such other purpose the Board may deem fit from time to time.

7. Conflict in Policy:

In the event of a conflict between this policy and the statutory provisions, the statutory provisions shall prevail.

8. Modification of the Policy:

The Board is authorised to change or amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Act, the Regulations, or any other applicable law. The modifications, if any, made to the policy shall be disclosed on the website and in the Annual Report.

9. Review of the Policy:

The Board may review the Dividend Distribution Policy of the Company as appropriate.

10. Disclosure of Policy:

This Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website, [www.fineotex.com](http://www.fineotex.com)

(As approved by the Board of Directors of the Company vide Board Resolution dated 23<sup>rd</sup> July, 2021, the Policy shall be operative with effect from that date)