



**apcotex industries limited**

## **Dividend Distribution Policy**

Approved on: 28<sup>th</sup> July 2021

## **DIVIDEND DISTRIBUTION POLICY**

### **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.

The Company had good track record of dividend payout history. In future, the Company would endeavour to pay sustainable dividend keeping in view the Company's policy of meeting the long-term growth objectives from internal cash accruals.

### **Circumstances under which the Shareholders may or may not expect Dividend**

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Board of Directors, while determining the dividend to be declared or recommended, shall take into consideration the advice of the executive management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy.

The Board of Directors may not declare or recommend dividend under the following circumstances:

- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- Whenever it proposes to utilise surplus cash for buy-back of securities; or
- In the event of inadequacy of profits or whenever the Company has incurred losses.
- Any other factors which may be considered by the Board of Directors.

### **Dividend Payout:**

- Dividend will be declared out of the current year's Profit after Tax of the Company.
- Only in exceptional circumstances including but not limited to loss after tax in any particular financial year, the Board may consider utilising retained earnings for declaration of dividends, subject to applicable legal provisions.
- The Board will endeavor to achieve a dividend payout ratio in the range of 30 % to 50% of the Profit after Tax but may decide on the final payout taken into account other circumstances.

### **Parameters to be considered before Dividend Payout:**

The Board of Directors shall consider the following financial / internal parameters:

- Profits earned during the financial year
  - Retained Earnings
  - Earning outlook in next 3 to 5 years
  - Working capital requirements;
  - Capital expenditure requirements;
  - Resources required to fund acquisitions and / or new businesses
  - Cash flow required to meet contingencies;
  - Outstanding borrowings;
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The Board of Directors shall consider the following external parameters:

- Significant changes in Macroeconomic environment materially affecting the businesses in which the Company is engaged and/or in the geographies in which the Company operates
- Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the businesses in which the Company is engaged
- Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged

### **Utilisation of Retained Earnings**

The Company shall endeavour to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

The Company may utilise the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

### **Parameters that shall be adopted with regard to various Classes of Shares**

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, as and when the Company decides to issue other classes of shares.

### **Conflict in Policy**

In the event of any conflict between this Policy and the provisions contained in the SEBI (LODR) Regulations, 2015, the SEBI (LODR) Regulations, 2015 shall prevail.

### **Disclosure**

The Company shall make appropriate disclosures as required under the SEBI (LODR) Regulations, 2015.

### **Amendments**

The Board of Directors may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and SEBI (LODR) Regulations, 2015 or as deemed fit on a review.

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