

**INDO RAMA SYNTHETICS (INDIA) LIMITED****(CIN: L17124MH1986PLC166615)****POLICY ON DIVIDEND DISTRIBUTION****[Pursuant to Regulation 43A of the SEBI (LODR) Regulations, 2015]****1. BACKGROUND, SCOPE, PURPOSE AND EFFECTIVE DATE:**

On 5<sup>th</sup> May 2021, Securities and Exchange Board of India (“SEBI”) notified SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021. Vide this notification, SEBI amended Regulation 43A of the Listing Regulations, thereby requiring top one thousand listed Companies (based on market capitalization of every financial year) to formulate Dividend Distribution Policy which shall be disclosed on the website of listed entity and a web-link shall also be provided in their Annual Reports.

Indo Rama Synthetics (India) Limited (the “Company”) being one of the top one thousand listed Company as per the criteria mentioned above, the Company has approved and adopted this Dividend Distribution Policy (the “Policy”) at its meeting held on 19<sup>th</sup> May 2021, being the effective date of the Policy.

The Policy reflects the intent of the Company to reward its equity shareholders by sharing a portion of its profits after adjusting for accumulated losses and unabsorbed depreciation, if any, and also retaining sufficient funds for growth of the Company pursuant to Section 123 of the Companies Act, 2013. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, progressive dividend, which shall be consistent with the performance of the Company over the years.

This Policy shall not apply in the following case:

- (i) Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law; and
- (ii) Distribution of funds as an alternative to payment of dividend by way of buyback of equity shares.

**2. CIRCUMSTANCES UNDER WHICH DIVIDEND MAY OR MAY NOT BE DECLARED:**

Payment of dividend will depend on the financial performance of the Company and profit earned by it in a particular financial year. The Board of Directors (the Board) of the Company shall consider payment of dividend to the shareholders considering the financial parameters, internal and external factors, etc. set out in this policy while declaring dividend. The Board may, at its sole discretion, declare interim dividend for any financial year depending on the financial performance of the Company.

The Company may not declare dividend due to inadequacy of profits, retaining of profit to undertake expansion of business, Capital expenditure, working capital requirements, reducing debt, creating reserves, acquisitions, joint ventures requiring substantial investment of capital, utilization of surplus funds for buy-back of securities, embargo placed by any law, etc. In the event the Board decides not to recommend dividend in a financial year, the grounds thereof and utilization of undistributed profit, if any, will be disclosed to the shareholders in the Annual Report of the Company.

**3. FINANCIAL PARAMETERS TO DECLARE A DIVIDEND:**

3.1.1. Following financial parameters will be considered for declaration of dividend:

- Profit after Tax;
- Working capital requirement;
- Capital expenditure requirement;
- Resources for acquisition/ expansions;
- Cash flow required to meet contingencies;
- Operating cash flows and treasury position keeping in view the total debt to equity ratio; and
- Pay-out ratio to be decided by the Board.

3.1.2. The aforesaid financial parameter to be considered for the dividend payout will be subject to prior compliance of financial covenant prescribed by the lenders for any borrowing facility provided to the Company.

3.2. The Board shall also consider following external and Internal factors for declaration of dividend:

**3.2.1. External Factors**

- Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend;
- The tax on distributed profit paid by the Company would be treated as the final payment of tax in respect of dividend; and
- Any restrictions on payment of dividends by virtue of any regulation, specific order of Court or Tribunal or Statutory Authority, as may be applicable to the company at the time of declaration of dividend.

**3.2.2. Internal Factors**

**Product/ market expansion plan**

- The Company's growth oriented decision to conserve cash in the Company for future expansion plan impacts shareholders expectation for the long run which shall be considered by the Board before taking dividend decision.

**4. UTILIZATION OF RETAINED EARNINGS:**

The earnings retained by the Company will be utilized for the earmarked purposes only in compliance with applicable laws. The earnings may be retained by the Company for the following purposes.

- Capacity expansion / modernization;
- Brand expansion / new launches;
- Long term strategy plans;
- Partly funding acquisitions;
- Working capital requirement;
- Capital expenditure requirement; and
- Such other purposes as the Board may deem fit from time to time.

**5. DECLARATION AND DISTRIBUTION OF DIVIDEND:**

Declaration and distribution of dividend shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, Listing Regulations, Articles of Association of the Company and other applicable laws as in force and as amended from time to time.

**6. PROVISIONS FOR VARIOUS CLASSSS OF SHARES:**

The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue. Presently the issued share capital of the Company comprises of equity shares only. However, in future, if the Company issues any preference shares, dividend shall be first paid on the preference shares and then on equity shares. The Board may revise this policy as and when the Company will allot preference shares.

**7. POLICY REVIEW / AMENDMENT:**

This policy is subject to review from time to time. Any amendment to this policy shall be subject to approval of the Board.

**8. DISCLOSURE:**

This policy shall be disclosed in the Annual Report and displayed on the website of the Company.

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