
DIVIDEND DISTRIBUTION POLICY

[Approved by the Board of Directors on January 27, 2025]

Effective from April 01, 2025

Owner: Corporate Secretarial Department

Last modified Date: January 27, 2025

Refex Industries Limited
A Refex Group Company

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DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND, SCOPE, PURPOSE AND EFFECTIVE DATE

The Securities and Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 to further amend the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**SEBI Listing Regulations**”).

SEBI had inserted Regulation 43A after Regulation 43 of the SEBI Listing Regulations, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.

SEBI has subsequently notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, w.e.f. May 05, 2021, which extends the applicability of Regulation 43A pertaining to formulation of Dividend Distribution Policy, to top one thousand listed companies (based on market capitalization of every financial year).

Refex Industries Limited (“**Refex**”/ “**Company**”) being one of the top thousand listed companies, as per the criteria mentioned above, the Company has approved and adopted this Dividend Distribution Policy (“**Policy**”), pursuant to the approval of its Board of Directors at its meeting held on **January 27, 2025, Effective from April 01, 2025**.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

The Policy shall not apply to:

- Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue approved by the shareholders
- Issue of Bonus Shares by the Company
- Buyback of Securities.

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 decided as relevant by the Board.

Declaration of dividend on the basis of parameters in addition to the elements of this Policy or resulting in amendment of any element or the Policy will be regarded as deviation. Any such deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board.

The Company stands committed to enhance long term shareholder value and deliver sustainable growth to all its shareholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business, with the shareholders while maintaining a strong financial foundation for the Company, in the form of dividend. In future, the Company would endeavor to pay sustainable dividend keeping in view the Company's policy of meeting the long-term growth objectives from internal cash accruals.

2. DEFINITIONS

- 2.1 **"Board"** shall mean the Board of Directors of the Company.
- 2.2 **"Companies Act"** shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, the Government of India, as amended.
- 2.3 **"Dividend"** includes any interim dividend/ final dividend/ special dividend.
- 2.4 **"Listed Entity / Company"** shall mean Refex Industries Limited.
- 2.5 **"Policy"** means Dividend Distribution Policy.
- 2.6 **"SEBI Listing Regulations"** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by the Securities and Exchange Board of India, as amended, from time to time.
- 2.7 **"Stock Exchange"** shall mean a recognised Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (Regulations) Act, 1956, where the securities of the Company are listed.

3. POLICY

A. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

The dividend pay-out decision of the Board depends upon the following financial parameters and internal and external factors-

Financial parameters and Internal Factors:

- i. Operating cash flow of the Company
- ii. Profit earned during the year
- iii. Profit available for distribution
- iv. Earnings Per Share (EPS)
- v. Working capital requirements
- vi. Capital expenditure requirement
- vii. Business expansion and growth
- viii. Likelihood of crystalization of contingent liabilities, if any
- ix. Additional investment in subsidiaries and associates of the company
- x. Upgradation of technology and physical infrastructure
- xi. Creation of contingency fund
- xii. Acquisition of brands and business
- xiii. Cost of Borrowing
- xiv. Past dividend payout ratio / trends
- xv. Turnover
- xvi. Financial Ratios
- xvii. The Company's liquidity position and future cash flow need
- xviii. Stipulation/Covenants of Loan Agreements
- xix. Such other criteria as the Board may deem fit from time to time.

External Factors:

- i. Economic environment
- ii. Capital markets
- iii. Global conditions
- iv. Statutory provisions and guidelines
- v. Dividend payout ratio of competitors
- vi. Industry Growth Rate
- vii. Natural Calamities

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

The Board shall consider the factors provided above under Para A before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

C. UTILIZATION OF THE RETAINED EARNING

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:

- Market expansion plan
- Product expansion plan
- Increase in production capacity
- Modernization of plants
- Diversification of business
- Funding inorganic and organic growth needs including working capital, repayment of debt etc.
- Long term strategic plans
- Replacement of capital assets
- Where the cost of debt is expensive
- Dividend payment
- Such other criteria have as the Board may deem fit from time to time.
- Any other permissible purpose

D. MANNER OF DIVIDEND PAYOUT

In case of final dividend:

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

In case of interim dividend:

- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

E. PARAMETERS TO BE 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 receive the same amount of dividend per share.

The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

4. DISCLOSURES

The Dividend Distribution Policy and / or its weblink shall be disclosed in the Annual Report and the Policy shall be published on the website of the Company i.e. at www.refex.co.in.

5. POLICY REVIEW AND AMENDMENTS

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority.

The Board may modify, add, delete or amend any of the provisions of this Policy.

Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board of Directors.

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