

## **DIVIDEND DISTRIBUTION POLICY OF SINTEX PLASTICS TECHNOLOGY LIMITED**

The Board of Directors (the "Board") of Sintex Plastics Technology Limited (the "Company") has adopted the Dividend Distribution Policy (the "Policy") of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") in its Meeting held on 9<sup>th</sup> May, 2018.

### **EFFECTIVE DATE**

The Policy shall become effective from the date of its adoption by the Board i.e. 9<sup>th</sup> May, 2018.

### **PURPOSE, OBJECTIVES AND SCOPE**

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.

The Policy reflects the intent of the Company to reward its Members by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, dividend, which shall be consistent with the performance of the Company over the years.

### **A- GENERAL POLICY OF THE COMPANY AS REGARDS DIVIDEND**

The Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company.

### **B - CONSIDERATIONS RELEVANT FOR DECISION OF DIVIDEND PAY-OUT**

The Board shall consider the following, while taking decisions of a dividend payout during a particular year:

#### **1. Statutory requirements**

The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, if any, Capital Redemption Reserve etc. as provided in the



Companies Act, 2013, which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.

## **2. Agreements with lending institutions/ Debenture Trustees**

The decision of dividend pay-out shall also be affected by the restrictions and covenants contained in the agreements as may be entered into with the lenders of the Company from time to time.

## **3. Prudential requirements**

The Company shall analyse the prospective projects and strategic decisions in order to decide-

- to build a healthy reserve of retained earnings;
- to augment long term strength;
- to build a pool of internally generated funds to provide long-term resources as well as resource-raising potential for the Company; and
- the needs for capital conservation and appreciation.

## **4. Proposals for major capital expenditures etc.**

In addition to plough back of earnings on account of depreciation, the Board may also take into consideration the need for replacement of capital assets, expansion and modernization or augmentation of stock, including any major capital expenditure proposals.

## **5. Expectations of major stakeholders, including small Members**

The Board, while considering the decision of dividend pay-out or retention of a certain amount or entire profits of the Company, shall, as far as possible, consider the expectations of the stakeholders in general.

## **C. OTHER FINANCIAL PARAMETERS**

In addition to the aforesaid parameters such as realized profits and proposed major capital expenditures, the decision of dividend payout or retention of profits shall also be based on the following-

### **1. Operating cash flow of the Company**

If the Company does not generate adequate operating cash flow, it has to rely on outside funding to meet its financial obligations and sometimes to run the day-to-day operations. The Board will consider the same before its decision whether to declare dividend or retain its profits.



## **2. Net sales of the Company**

To increase its sales in the long run, the Company will need to increase its marketing and selling expenses, advertising etc. The amount outlay in such activities will influence the decision of declaration of dividend.

## **3. Return on invested capital**

The efficiency with which the Company uses its capital will impact the decision of dividend declaration.

## **4. Magnitude of earnings of the Company**

Since dividend is directly linked with the availability of earning over the long haul, the magnitude of earnings will significantly impact the dividend declaration decisions of the Company.

## **5. Cost of borrowings**

The Board will analyze the requirement of necessary funds considering the long term or short term projects proposed to be undertaken by the Company and the viability of the options in terms of cost of raising necessary funds from outsiders such as bankers, lending institutions or by issuance of debt securities or plough back its own funds.

## **6. Obligations to creditors**

The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time. Considering the volume of such obligations and time period of repayment, the decision of dividend declaration shall be taken.

## **7. Inadequacy of profits**

If during any financial year, the Board determines that the profits of the Company are inadequate, the Board may decide not to declare dividends for that financial year.

## **8. Post dividend EPS**

The post dividend EPS can have strong impact on the funds of the Company, thus, impacting the overall operations on day-to-day basis and therefore, affects the profits and can impact the decision for dividend declaration during a particular year.



## **D. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT**

### **External Factors**

#### ***(1) Taxation and other regulatory concern***

- 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.
- Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.

#### ***(2) Product/ market expansion plan***

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

#### ***(3) Macroeconomic conditions***

Considering the state of economy in the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

### **Internal Factors**

#### ***1. Past performance/ reputation of the Company***

The trend of the performance/ reputation of the Company that has been during the past years determine the expectation of the Members.

#### ***2. Working capital management in the Company***

The current working capital management system within the Company also impacts the decision of dividend declaration.

#### ***3. Age of the Company and its product/market***

The age of the Company and its product or the market in which the Company operates will be one of the most significant determining factors to the profitability of the Company and dividend declaration or retention.

