

FILATEX INDIA LIMITED

DIVIDEND DISTRIBUTION POLICY

[Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. PREAMBLE

- i. The Dividend Distribution Policy (hereinafter referred to as the “**Policy**”) has been made in accordance with the applicable provisions of the Companies Act, 2013 and applicable SEBI regulations.
- ii. The Board of Directors (the “**Board**”) of Filatex India Limited (the “**Company**”) has, in its meeting held on 27th July, 2021 adopted the Policy of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).
- iii. In common parlance, “dividend” means the profit of a company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid-up on the shares held by them. “Dividend” includes any interim dividend.

2. OBJECTIVES AND SCOPE

- a. The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending final dividend / Interim dividend.
- b. The philosophy of the Company is to maximise the shareholders’ wealth in the Company through various means.
- c. The Policy reflects the intent of the Company to reward its shareholders 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 in this Policy.

3. PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDENDS

The Board will consider various parameters as mentioned below before arriving at a decision on declaration of dividend:

➤ **Financial Parameters and Internal Factors**

- Profits earned during the financial year
- Retained Earnings / Accumulated reserves
- The Company’s liquidity position including its working capital requirements and debt servicing obligations
- Operating cash flow and future cash flow needs
- Capital expenditure requirements including need for replacement of capital assets, expansion and modernization or augmentation of capital asset including any major sustenance, improvement and growth proposals.

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- Long term growth strategy of the Company requiring it to conserve cash to execute growth plan
- Funds requirement for contingencies and unforeseen events with financial implications
- Stipulations/ Covenants of loan agreements

➤ External Factors

- Prevailing legal requirements, tax laws, Government policies, statutory conditions or restrictions as may be provided under applicable laws
- State of the industry or economy of the country
- Capital market scenario
- Covenants in shareholders Agreements if any

4. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

- i. 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 Listing Regulations as amended from time to time.
- ii. The Board of Directors of the Company may or may not declare / recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board
- iii. The Board shall consider the factors provided above under Clause 3 before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention, etc.
- iv. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

5. UTILIZATION OF RETAINED EARNINGS

- i. 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.
- ii. The Company shall endeavour to utilize retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders in the long run.
- iii. The decision of utilization of the retained earnings of the Company shall *inter-alia* be based on the following factors:
 - Long term strategic plans
 - Augmentation/ Increase in production capacity
 - Market / Product expansion plan
 - Modernization plan
 - Diversification of business

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- Replacement of capital assets
- Balancing the Capital Structure by de-leveraging the company
- Other such criteria as the Board may deem fit from time to time.

6. CATEGORY OF DIVIDENDS

The Companies Act provides for two forms of Dividend- Final & Interim. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

8. DISCLOSURES

The Policy shall be disclosed in the Annual report and on the website of the Company i.e. at www.filatex.com.

9. POLICY REVIEW AND AMENDMENTS

The Board is authorized to change/amend/review this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, SEBI and other Regulations, etc.

10. CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Companies Act, 2013 and Listing Regulations, the Act and Listing Regulations shall prevail.

Disclaimer:

- a) The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.*
- b) Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in the Policy.*