

# **DIVIDEND DISTRIBUTION POLICY**

## **1. INTRODUCTION**

The Board of Directors (“**Board**”) of Airox Technologies Limited (“**Company**”) understands the importance of shareholders’ confidence and trust in the Company. In order to preserve the same with transparency, the Board of the Company, has adopted the Dividend Distribution Policy (“**Policy**”) and procedures with respect to Dividends to be declared/ recommended by the Company in accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) as amended from time to time. Dividends if declared, would ordinarily be recommended after the announcement of the full year results and before the Annual General Meeting (**AGM**) of the shareholders, as may be permitted by the Companies Act, 2013 (“**Act**”). The Board may also declare interim dividends as may be permitted by the Act.

The objective of the Policy is to ensure a 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 the Company for distribution of dividend from time to time. Through this Policy, the Company also endeavours to maintain fairness and consistency while considering distributing dividend to the shareholders.

Though the Policy only represents a general guidance to the decision of the Board for recommending dividend, however in exceptional circumstances, the Board reserves the right to recommend dividend in deviation to this Policy, if so deemed necessary in the best interests of the Company and its stakeholders.

## **2. EFFECTIVE DATE**

The Policy is effective from the date of its adoption by the Board of Directors in their Meeting held on 20<sup>th</sup> May, 2022

## **3. SCOPE**

The Policy reflects the intent of the Company to reward its shareholders by sharing apportion 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) CATEGORY OF DIVIDENDS**

The Companies Act, 2013 provides for two forms of Dividend - Final and Interim. The Board 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.

### **Final Dividend**

Final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final Dividend to the shareholders in a general meeting. The declaration of final dividend shall be included in the ordinary business items that are require to be transacted at the Annual General Meeting.

### **Interim Dividend**

Interim dividend may be declared by the Board one or more times in a financial year as may be deemed fit by the Board. The Board of the Company would declare an interim dividend, as and when considered appropriate, in line with this Policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly or half-yearly financial accounts.

## **B) PARAMETERS FOR DECLARATION OF DIVIDEND**

### **(a) FINANCIAL PARAMETERS AND INTERNAL FACTOR**

- i. Cash Balances and Operating cash flow of the Company
- ii. Profit of the year & Trend of Profit
- iii. Earnings Per Share(EPS)
- iv. Working capital requirements
- v. Capital expenditure requirement
- vi. Business expansion and growth
- vii. Expected rate of return
- viii. Additional investment in subsidiaries of the Company
- ix. Technology upgradation and infrastructure
- x. Creation of contingency fund or future requirement
- xi. Acquisition of brands and business
- xii. Cost of Borrowing
- xiii. Repayment of Loans
- xiv. Past dividend payout ratio/trends

### **(b) EXTERNALFACTOR**

- i. Economic environment
- ii. Capital markets (Favorable Market, Unfavorable Market)
- iii. Global Conditions
- iv. Statutory provisions and guidelines (Government Policies, Taxation Policy, Legal Requirements)
- v. Dividend payout ratio of competitors

**C) THE CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:**

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. Decision to undertake any acquisitions, amalgamation, merger, joint ventures etc. which requires significant capital outflow
- ii. Requirement of higher working capital for the purpose of business of the Company
- iii. The Company proposes to utilize surplus cash in entirety for alternative forms of distribution such as buy-back of securities, bonus issue; or
- iv. The Company has incurred losses or inadequacy of profits.

**D) MANNER OF UTILISATION OF RETAINED EARNINGS**

The Board may retain its earnings in order to gain competitive advantage by increasing sales or profit margin, 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:

- i. Market expansion plan;
- ii. Product expansion plan;
- iii. Increase in production capacity;
- iv. Modernization plan;
- v. Diversification of business;
- vi. Long term strategic plans;
- vii. Replacement of capital assets;
- viii. High financial leverage;
- ix. Where the cost of debt is expensive; or
- x. Other such criteria as the Board may deem fit from time to time

**E) PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES**

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.

**F) 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.

**G) DISCLOSURES**

The Policy will be available on the Company's website and the web link of the Policy along- with other requisite details, if any will also be disclosed in the Company's annual report.

**H) CONFLICT IN POLICY**

In the event of any conflict between the Companies Act or the SEBI regulations or any other statutory enactments ("**Regulations**") and the provisions of this Policy, the Regulations shall prevail over this Policy.