



**Fiem Industries Limited**  
**Dividend Distribution Policy**

## **1. OBJECTIVE**

The objective of Dividend Distribution Policy ('Policy') is to provide guidance document to the Board of Directors for recommending / declaration of dividend (final and interim) considering all relevant factors, circumstances and broad parameters. Further, the Policy shall also act as informative document to shareholders about relevant factors, circumstances and broad parameters governing dividend payment. However, the Policy is subject to applicable law on dividend distribution.

## **2. LEGAL FRAMEWORK**

- a) Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") vide amendment dated 5<sup>th</sup> May, 2021, mandated top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be disclosed on Company's website and web-link shall also be provided in annual reports of the company.
- b) The Company being among the top 1000 companies as explained above, hence, in compliance of amended Regulation 43A of the Listing Regulations, the Board of Directors of Fiem Industries Limited (the "Company") approved this Policy in their meeting held on June 30, 2021.
- c) All terms in context of dividend, whether interim, final or special dividend referred here in will have the same meaning as ascribed to them under Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time.

## **3. THIS POLICY HAS INCLUDED THE FOLLOWING PARAMETERS**

- a) The circumstances under which the shareholders of the Company may or may not expect dividend;
- b) The financial parameters that shall be considered while declaring dividend;
- c) Internal and external factors that shall be considered for declaration of dividend;
- d) Policy as to how the retained earnings shall be utilized; and
- e) Parameters that shall be adopted with regard to other classes of shares. (In case Company issues such share in future).

In case the Company proposes to declare dividend on the basis of parameters, in addition to above or proposes to change such additional parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

#### **4. BACKGROUND AND WAY FORWARD**

The Company has remained a dividend paying Company since listing of shares on the stock exchanges and aim to keep this practice in future as well by regularly rewarding the shareholders in the form of dividends. At the same time Company utilized the retained earnings and internal accruals for working capital, capital nature expenditure and other corporate purposes along with the external resources in the form of funds raised by issuance of equity shares and also debt availed from banks / financial institutions from time to time. The Company has prudently maintained all these factors and aim to maintain the same in future as well.

**With above background, following parameters will be considered by the Board, while declaring / recommending the dividend:**

**a) Internal Factors and Financial Parameters:**

- Performance of the Company in terms of turnover and profitability in comparison to previous years and outlook in next year;
- Net operating profit after tax and cash profits for the year;
- Reserves / retained earnings available with the Company;
- Outstanding borrowings, repayment schedules, financial leverage and liquidity ratios;
- Capital expenditure requirements of all nature;
- Funds requirement for brown field, green field expansion and organic, inorganic growth opportunities and investment plans;
- Cash flow requirements and liquidity position;
- Past dividend paying trends of the Company;
- Contractual provisions in the business agreements including financing and banking agreements;
- Any other similar internal factor and financial parameter that may be prevailing at the time of declaration / recommendation of dividend.

**b) External Factors and Regulatory Provisions:**

- Government policies, technological trends, customer preference and market dynamics impacting the industry in which Company operates;
- Government policies, regulatory framework impacting the Company and its performance;
- Legal provisions applicable on dividend under Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other law, as amended from time to time;
- Taxation laws applicable on the dividend or profits of the Company;
- Any other similar external factor and regulatory provision that may be prevailing at the time of declaration / recommendation of dividend.

**c) The circumstances under which the shareholders of the Company may or may not expect dividend:**

- Subject to this Policy, and considering the past trends of dividend payment by the Company, the shareholders of the Company can have optimistic expectation of dividend, if the Internal Factors. Financial Parameters as well as External Factors remain favorable in that year. However, in case of unfavorable or adverse Financial Parameters, Internal and External Factors, the shareholders may not expect the dividend for that year.

**d) Utilization of Retained Earning:**

- Subject to applicable law, and as per need of the Company from time to time, the retained earnings of the Company would be utilised for working capital requirements, capital expenditure requirements of all nature, debt repayment, business expansion and other business purposes and investments.
- Subject to applicable law, the Board may declare / recommend the dividend out of the profits of the Company for that year or out of the profits for any previous year(s) or out of free reserves or retained earnings.

**e) Parameters that shall be adopted with regard to various other classes of shares:**

- Presently Company has only one type of shares i.e Equity Shares of face value of Rs. 10/- each, all fully paid-up.

**5. REVISIONS/ AMENDMENTS**

- a) Subsequent amendment in any applicable provision of Act or Listing Regulations, requiring change in this Policy shall have impact as if Policy stand amended to give effect to that amendment. Further, the Policy will be revised in due course of time by Board of Directors.
  - b) In the event of any conflict between the provisions of applicable law and the Policy, the provisions of law shall prevail over the Policy.
  - c) The Board of Directors of the Company can revise the Policy at any time, as they may think fit and proper.
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