



# AIMCO PESTICIDES LTD.

## Dividend Distribution Policy

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

### **1. BACKGROUND:**

This policy is being adopted and published in compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016. SEBI vide its notification dated July 8, 2016 introduced a new regulation 43A which prescribes that the listed entities other than top one thousand listed entities based on market capitalization may disclose their dividend distribution policies on a voluntary basis in their annual reports and on their websites.

To enable the shareholders to make reasonable estimate of quantum of dividend that they are likely to receive, it would be important for them to know and understand the parameters influencing the Company's decision making in the matter.

The Company currently has only one class of shares, i.e. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

### **2. OBJECTIVE:**

The objective of this Policy is to ensure the right balance between the quantum of dividend paid and amount of profits retained in the business. Accordingly, the Board follows a dynamic dividend policy, considering the immediate and long term needs of the business. The Policy defines and lays down parameters to be considered by the Board of Directors of the Company for declaration of dividend from time to time. The Company follows a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

### **3. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND:**

The factors considered while arriving at the quantum of dividend(s) are:



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<b>Frequency</b>	Dividends will generally be declared once a year after the announcement of full year results but before the Annual General Meeting. In years of exceptional gains or other events a special (Interim) dividend may be declared.
<b>Internal and External Factors</b>	<p>When determining the annual dividend, the Company will consider, amongst other matters:</p> <ul style="list-style-type: none"> <li>• The level of dividends paid historically</li> <li>• Current year profits and outlook in line with the development of internal and external environment and business operations</li> <li>• Providing for anticipated capital expenditures or acquisitions, to further enhance shareholder value or meet strategic objectives</li> <li>• Retaining earnings to provide for contingencies or unforeseeable events</li> <li>• The overall economic environment</li> <li>• Changes in the cost and availability of external financing</li> <li>• Changes in government policy, industry rulings and regulatory provisions</li> <li>• Operating cash flows and treasury position keeping in view the total debt to equity ratio.</li> <li>• Possibilities of alternate usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders.</li> <li>• Providing for unforeseen events and contingencies with financial implications.</li> </ul>
<b>Financial Parameters</b>	Subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Based on the above, the Company will endeavor to maintain the steady level of dividend per share over the medium term.
<b>Utilisation of retained earnings</b>	<ul style="list-style-type: none"> <li>• Capital expenditure</li> <li>• Organic/Inorganic growth</li> <li>• General corporate purposes, including contingencies</li> <li>• Investments in the new/existing business</li> <li>• Any other permitted use under the Companies Act, 2013</li> </ul>
<b>Dividend Range</b>	Pursuant to the provisions of applicable laws, the Company's dividend payout will be determined based on availability of financial resources, investment requirements and also take into account optimal shareholder return.



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The Board may declare interim dividend(s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company.

In case the Board proposes not to distribute the profit; the grounds thereof and information on utilisation of the undistributed profit, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

#### **4. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY NOT EXPECT DIVIDEND:**

The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- Proposed expansion plans requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- Requirement of higher working capital for the purpose of business of the Company
- Proposal for buy-back of securities
- In the event of loss or inadequacy of profit

#### **5. CONFLICT IN POLICY**

In the event of a conflict between this policy and the existing statutory regulations, the statutory regulations will prevail.

#### **6. MODIFICATION OF THE POLICY**

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

#### **7. REVIEW AND DISCLOSURE OF POLICY**

The Board may review the Dividend Distribution Policy of the Company periodically. The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website, <https://aimcopesticides.com/>.