

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

Adhering to the best corporate governance practice and complying with provisions of the Listing Regulations as and when it becomes applicable, Crest Speciality Resins Private Limited ("Company") frames this Policy. The Board of Directors of the Company ("Board") has adopted this Policy at its meeting held on 30th September, 2023. This Policy becomes effective from the date of its adoption by the Board.

The objective of this document is for the Company to follow a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and supporting future growth.

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.

2. Parameters to be considered while recommending/declaring dividend

While determining the nature and quantum of the dividend payout, the Board would take into account the following factors:

- Financial/Internal Factors:
 - I. Distributable surplus available as per the Companies Act and the Listing Regulations,
 - II. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - a. Previous years and
 - b. Internal budgets
 - III. Liquidity and cash flow position of the Company
 - IV. Accumulated reserves,
 - V. Earnings stability,
 - VI. Future cash requirements for organic growth/expansion and/or for inorganic growth,
 - VII. Brand acquisitions, if any,
 - VIII. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
 - IX. Deployment of funds in short term marketable investments,
 - X. Long term investments, xi. Capital expenditure(s),
 - XI. The ratio of debt to equity (at net debt and gross debt level), and

XII. Debt covenants under the Company's financing agreements pertaining to dividend declaration, if any.

• **External Factors:**

- I. Economic environment,
- II. Unfavorable market conditions
- III. Cost of external financing,
- IV. Applicable taxes,
- V. Industry outlook for the future years,
- VI. Inflation rate,
- VII. Changes in the Government policies, industry-specific rulings & regulatory provisions, and
- VIII. Any other factors as deemed fit by the Board.

3. Circumstances under which shareholders of the Company may or may not expect dividend

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders and the amount of profit to be retained in the business. Hence, the shareholders of the Company may expect dividends only if the Company has surplus funds after providing for all the expenses, depreciation, etc., and after complying with the statutory requirements under the Applicable Laws.

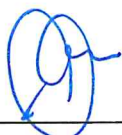
The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board of Directors:

- Inadequacy of profits or whenever the Company has incurred losses;
- Expansion of business, acquisitions or joint ventures requiring significant allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow;
- the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital.
- the Company proposes to utilize surplus cash for buy- back of securities;
- the Company is prohibited to recommend/declare dividend by any regulatory body.
- Operation of any law in force which restricts payment of dividend in particular circumstances;

Additionally, the Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment and/or adverse economic cycles. In such events, the Board will provide rationale for such lower or "nil" dividend.

Subject to the applicable laws, the retained earnings of the Company may be used in any of the following ways:

- I. Expenditure for working capital,



- II. Organic and/ or inorganic growth,
- III. Investment in new business(es) and/or additional investment in existing business(es),
- IV. Declaration of dividend,
- V. Capitalization of shares,
- VI. Buy back of shares,
- VII. General corporate purposes, including contingencies,
- VIII. Correcting the capital structure,
- IX. Any other permitted usage as per the Companies Act.

4. Quantum and manner of dividend payout

Subject to the circumstances and scenarios mentioned above, the board will endeavor to achieve a total dividend pay-out ratio (including all applicable taxes on dividend distribution) upto 40% of the consolidated profit after tax, net of dividend payout to preference shareholders, if any.

The Company may declare dividends for a year, usually payable for a financial year at the time when the Board considers and recommends the Annual Financial Statements, which is called final dividend. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the Annual General Meeting of the Company.

The Board of Directors may also declare interim dividend during the financial year, between two Annual General Meetings as and when they consider it fit.

Dividend shall be declared or paid only out of

- 1) Current financial year's profit:
 - a) after providing for depreciation in accordance with the law
 - b) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion
- 2) The profits for any previous financial year(s) after providing for depreciation in accordance withdrawal and remaining undistributed; or
- 3) out of r1 & 2) both

5. Disclosures

The Policy shall be disclosed on the website of the Company.

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

