



Foseco India Limited

DIVIDEND DISTRIBUTION POLICY

Adopted at the Board Meeting of the Company held on 27th July 2021



1. PURPOSE OF THIS POLICY

- 1.1 The purpose of this policy is to establish the principles and criteria to be considered by the Board of Directors prior to recommending dividend to the equity shareholders of Foseco India Limited (“Foseco” or the “Company”).
- 1.2 Foseco aims to deliver long-term dividend growth, provided that this is supported by underlying earnings, cash flows, capital expenditure requirements and the prevailing market outlook.
- 1.3 The purpose of this Policy is to document the Company’s Dividend Distribution Policy in compliance with the Company Law and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Regulations”).
- 1.4 This Policy applies to dividends declared or recommended by the Board of Directors of the Company.
- 1.5 Foseco has had a consistent dividend policy and has endeavoured to judiciously balance rewarding shareholders through dividends, whilst supporting future growth and long-term interests of the Company and its stakeholders.
- 1.6 The Company’s dividend policy is to return to the shareholders that cash, which in the opinion of the Board, is in excess of medium term cash requirements.

2. DEFINITIONS

- 2.1 The definitions of terms mentioned in this Policy will be the definitions mentioned in the corresponding statute in context to which they are used, as amended from time to time, and the interpretations mentioned under the relevant provisions of the Companies Act, 2013, SEBI Regulations and the General Clauses Act, 1897, shall prevail.

3. FINANCIAL PARAMETERS AND INTERNAL & EXTERNAL FACTORS TO BE CONSIDERED

The Board of Directors shall *inter alia* consider the following parameters before recommending dividend:

- 3.1 The Company endeavours’ to maintain an annual growth in dividend unless circumstances otherwise provide. The aim of the Company is to maintain uninterrupted sustainable dividend payments.
- 3.2 The Company intends to use its retained earnings judiciously.
- 3.3 Future cash flow requirements including for routine capital expenditure, capital investment to expand capacity and to maintain existing facilities, working capital needs, expansion or acquisition plans would be considered before determining dividend payments.



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- 3.4 Other requirements of future cash includes the possibility of contingent liabilities crystallising, the projected business performance and internal cash generation, possible funding requirements, sudden changes in the fiscal environment and contingency planning.
 - 3.5 Other financial considerations would include availability of adequate profits, net free cash generation, tax and liability payments, employee dues and retirement accruals/provisions, loan repayments, transfer to reserves and other appropriations, new statutory impositions etc.
 - 3.6 Consideration will also be given to circumstances of uncertainty relating to or arising from weakening of economic or business conditions, production volumes of major customers, adverse foreign exchange impact, price and availability of imported and local raw materials, opportunities for mergers and acquisitions, adverse statutory restrictions, obligations or impositions etc.

4. FREQUENCY OF PAYMENT OF DIVIDEND

- 4.1 The Board of Directors may declare interim and/or recommend final and/or special dividend as may be permitted under the Companies Act, 2013 or any amendment, modification, variation or re-enactment thereof.

5. PARAMETERS FOR DIFFERENT CLASSES OF SHARES

- 5.1 The Company has issued only one class of Equity shares and therefore this Policy is applicable to the issued Equity Shares of the Company.
- 5.2 If the Company issues any other kind of shares or classes of shares, this Policy may be amended to provide for dividend distributions applicable to the said different kinds or classes of shares.

6. CIRCUMSTANCES WHICH MAY AFFECT THE DECLARATION OR PAYMENT OF DIVIDEND

- 6.1 The Company may either not pay any dividend or may reduce its dividend rate where the company in its absolute discretion, resolves to be prudent to support the working capital or other financing needs of the business, including commitments towards capital expenditure. This may include circumstances in which the Company has incurred losses or earned inadequate profits during the year.
- 6.2 The Company may either not pay any dividend or may reduce its dividend rate in circumstances where uncertain or weakening economic and business conditions are foreseen or any statutory restrictions/obligations are imposed or likely to be imposed which may affect the Company or its major customers.



7. UTILISATION OF RETAINED EARNINGS

- 7.1 The Company may retain balances in Reserves and Surplus to leverage its finances to meet growth opportunities.
- 7.2 The Board of Directors intends to declare any dividend out of current year profits or retained earnings and not from its free reserves, as far as possible. Retained earnings would, inter alia, be utilised in accordance with and subject to the provisions of the Companies Act, 2013 and rules thereunder, the Articles of Association of the Company, the provisions of SEBI regulations and other statutory directions/enactments towards the following in such manner and for such amount as the Board of Directors may determine:
- a) Transfer to General Reserve and other reserves;
 - b) Payment of Dividends;
 - c) Payment of taxes on Dividends, if any;
 - d) Contributions towards Corporate Social Responsibility initiatives of the Company;
 - e) Other purposes as permitted under the Companies Act, 2013, the rules thereunder, the Articles of Association of the Company and the applicable Accounting Standards.

8. GENERAL

- 8.1 This Policy may be subject to review and amendments to align with changes in Companies Act, 2013 or SEBI guidelines and also in respect of any major changes in the financial circumstances of the Company. In the event of a conflict between this policy and the existing enactments / regulations, the existing enactments / regulations shall prevail.
- 8.2 To the extent any change/amendment is required in terms of applicable law or change in regulations, the law/ regulations would prevail over the policy and the provisions in the policy would be suitably modified to make it consistent with the said enactments / regulations. Such amended policy shall be placed before the Board for noting and necessary ratification.
- 8.3 This Policy details the Company's intention in respect of dividend. It does not restrict the Board from determining an alternative dividend strategy or Policy in future, should the Board deem such an alternative dividend strategy or Policy to be in the best interests of the Company.
