

Oriental Aromatics

DIVIDEND DISTRIBUTION POLICY

Policy Approved on 26th October, 2021

DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND:

In terms of Regulation 43A of the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) are required to formulate a Dividend Distribution Policy (“Policy”) which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

Accordingly, the Board of Directors (“the Board”) of Oriental Aromatics Ltd. (“the Company”) after taking into consideration, the recommendations of the Audit Committee, has adopted the Dividend Distribution Policy (“the Policy”) with respect to Dividends to be declared/ recommended by the Company in accordance with the provisions of Listing Regulations. The Policy shall come into force for accounting period beginning from April 1, 2021.

2. OBJECTIVE:

The Policy sets forth the broad parameters that would guide the Board in declaring and distributing Dividend. The Policy reflects the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for supporting future growth of the Company.

The Company would endeavour to strike a balance between the quantum of Dividend paid and the amount of profits retained in the business for various purposes.

The Board may consider the declaration of interim Dividend during the Financial Year, depending upon the profits and cash flow for the period of the Company. The same shall be confirmed by the shareholders in the ensuing Annual General meeting. The final Dividend may be recommended by the Board and shall be subject to the shareholders’ approval at the Annual General Meeting of the Company.

The objective of the Policy is to specify:

- i) The financial parameters and other internal and external factors that shall be considered at the time of Dividend declaration
- ii) The circumstances under which the shareholders of the Company may or may not expect Dividend
- iii) How the retained earnings shall be utilized.

3. DEFINITIONS:

- i) **“Act”** shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time
- ii) **“Applicable Laws”** shall mean the Companies Act, 2013 and the Rules made thereunder; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time; and such other Acts, Rules or Regulations which provides for the distribution of Dividend
- iii) **“Company”** shall mean Oriental Aromatics Limited
- iv) **“Dividend”** shall mean Dividend as defined under the Companies Act, 2013
- v) **“Policy”** shall mean this Dividend Distribution Policy
- vi) **“SEBI Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

4. FINANCIAL PARAMETERS AND OTHER INTERNAL AND EXTERNAL FACTORS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND:

Dividend can be declared by the Board based on the evaluation of various financial and economic parameters that impact the operations and financial state of the Company. Three sets of parameters are broadly envisaged as under:

i) Financial Parameters:

- a) Net operating profit after tax
- b) Cash flow position of the Company and liquidity position
- c) Accumulated reserves
- d) Outstanding borrowings
- e) Debt to equity ratio
- f) Cost and availability of alternative sources of financing
- g) Retained Earnings

ii) Internal Factors:

- a) Working capital requirements
- b) Capital expenditure requirement
- c) Business expansion and growth
- d) Acquisitions including any strategic acquisitions
- e) Up-gradation of technology and physical infrastructure
- f) Investment requirements of subsidiaries and associates of the company

iii) External Factors:

- a) Overall economic scenario of the country and worldwide
- b) Macroeconomic and business conditions in general
- c) Changes in the Government policies or industry specific rulings and regulatory requirements
- d) Any political, tax and regulatory changes in the jurisdiction in which the Company operates
- e) Past Dividend trends and Dividend pay-out ratios of peers and also of leading companies
- f) Industry Trend.
- g) Prevailing Taxation Policy or any subsequent amendments thereof, with respect to Dividend distribution

5. SHAREHOLDERS' EXPECTATION:

The Equity Shareholders of the Company may expect Dividend only if the Company is having surplus profits after providing for all expenses, depreciation and other necessary deductions and after complying with all other statutory provisions of the Companies Act, 2013 and other Applicable Laws. The financial parameters and the internal and external factors specified above shall be a guide for taking a Dividend declaration decision and determining the Dividend distribution amount.

The Equity Shareholders of the Company may not expect Dividend, if:

- i) the financial parameters and the internal and external factors specified above warrant full retention of the surplus profit
- ii) there are significantly higher working capital requirements adversely impacting free cash flow
- iii) undertakes any acquisitions or joint ventures or undertakes a significant expansion project requiring significant allocation of capital.

6. RETAINED EARNINGS:

The Company shall endeavour to utilize retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders in the long run.

Potential methods of utilization:

- i) product expansion plan
- ii) diversification of business
- iii) long term strategic plan
- iv) Dividend payment
- v) Buy back of shares
- vi) Correcting the capital structure and such other criteria as the Board may deem fit from time to time
- vii) General corporate purposes including contingencies
- viii) Any other permitted usage as per the provisions of the Act.

7. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the issued and paid-up share capital of the Company comprises only equity shares at present, all the members of the Company are entitled to receive the same amount of Dividend per share. The Policy shall be revisited and suitably amended at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

8. DISCLOSURES:

This Policy shall be uploaded on the Company's website for public information and the web link of the same shall be provided in the Annual Report of the Company.

9. DISCLAIMER:

This Policy will be reviewed by the Board of the Company as and when deemed necessary. The Policy will also be subject to amendments necessitated due to changes in laws, rules, and regulations as and when required. In case of any inconsistency between the terms of this Policy and the provisions of the Listing Regulations & Companies Act, 2013, the provisions of the Listing Regulations & Companies Act, 2013 shall prevail.

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