

**SFC Environmental Technologies limited**  
**Dividend Distribution Policy**

**Policy Effective Date: August 14, 2024**

## 1. INTRODUCTION

The Board of Directors (the “**Board**”) of SFC ENVIRONMENTAL TECHNOLOGIES LIMITED (the “**Company**”) has formulated and adopted Dividend Distribution Policy, in compliance with applicable provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”) and has uploaded the same on the Company’s website at [www.sfcenvironment.com](http://www.sfcenvironment.com).

## 2. DEFINITIONS

The terms referred to in this policy (“**Policy**”) will have the same meaning as defined under the Companies Act, 2013 (the “**Act**”) and the rules made there under and the Listing Regulations.

## 3. STATUTORY REQUIREMENTS

The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Companies Act, 2013, read with applicable rules framed thereunder, as may be in force for the time being, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, such other applicable provisions of law and the Articles of Association of the Company as amended.

## 4. EFFECTIVE DATE

The Policy will come into effect on its adoption by the Board.

## 5. OBJECT

The object of this Policy is to establish the parameters to be considered by the Board before declaring or recommending dividend. The Policy aims to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient funds are retained for the growth of the Company.

## 6. PARAMETERS TO BE CONSIDERED

The Board shall consider following parameters, factors and circumstances before declaring or recommending dividend:

- a. **Financial/Internal Factors**: The Board shall consider following internal factors:

1. Company's Liquidity position including its present and expected obligations.
  2. Profits earned and available for distribution during the financial year
  3. Accumulated reserves, including retained earnings
  4. Present and Future Capital expenditure plans of the Company including organic / inorganic growth opportunities.
  5. Financial requirement for business expansion and/or diversification, acquisition etc of new businesses.
  6. Past dividend trend of the Company and the Industry.
  7. Covenants in loan agreements, Debt servicing obligations and Debt maturity profile
  8. Other Corporate Action options (For example. Bonus issue, Buy back of shares).
  9. Any other relevant or material factor as may be deemed fit by the Board.
- b. **External Factors:** The Board shall consider following external factors:
1. Economic environment, both domestic and global.
  2. Changes in Government policies and regulatory provisions
  3. Inflation rates
  4. Any other relevant or material factor as may be deemed fit by the Board.
- 7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS 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 amount of profit to be retained in business.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board.

## 8. ENTITLEMENT AND TIMELINES FOR DIVIDEND PAYMENTS

- a. Entitlement: The dividend shall be paid to the shareholders entitled to receive dividend on the record date / book closure date as per applicable laws.
- b. Timelines: The payment of dividend shall be made within the time prescribed under the Act or the rules made there under. Presently, dividend is to be paid within 30 days from the date of declaration by the Board in case of Interim Dividend and within 30 days from the declaration by the shareholders in the AGM in case of Final Dividend.

## 9. MANNER OF UTILISATION OF RETAINED EARNINGS

The retained earnings shall be deployed in line with the objects of the Company as detailed in Memorandum of Association of the Company. The Company shall endeavour to utilize its retained earnings in a manner which shall be beneficial to the interest of the Company and also its shareholders. The decision of utilization of the retained earning shall be based on the factors like strategic and long term plans of the Company, future equity acquisitions, diversification opportunities or any other criteria that may be considered relevant by the Board in this regard.

## 10. AMENDMENT

The Board may, from time to time, make amendment(s) to this Policy to the extent required due to change in applicable laws and / or regulations or as deemed fit on a review.