

NAVIN FLUORINE INTERNATIONAL LIMITED

DIVIDEND DISTRIBUTION POLICY

(A) OBJECTIVE:

This Policy is framed pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which was introduced by SEBI on July 8, 2016 pursuant to Notification of SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016.

The aforesaid Regulation requires top 500 listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy. Accordingly, the Board of Directors of the Company has approved this Dividend Distribution Policy (Policy).

The Policy shall comply with all the prevailing laws, rules and regulations as may be prescribed from time to time.

(B) EFFECTIVE DATE:

The Policy shall come into effect from the financial year 2016-17 and shall apply to the interim dividends which may be declared by the Board of Directors from time to time and the final dividend which will be recommended by the Board of Directors for approval by the Members of the Company.

(C) CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND:

The Company shall endeavor to pay dividend to its shareholders in a steady and consistent manner.

Dividend shall be declared or paid out of:

- (i) Profits of the current year after providing for depreciation in accordance with law and after transferring to reserves such amount of profits as may be prescribed under Companies Act, 2013, the Rules framed thereunder or under any other Laws of Statutes;

- (ii) Out of profits for any previous financial years after providing for depreciation in accordance with law and out of the amounts available for dividend after prescribed appropriations;
- (iii) Out of (i) or (ii) above or both.

The Shareholders of the Company may not expect dividend under the following circumstances:

- (i) Whenever significant expansion proposal is undertaken requiring higher allocation of capital;
- (ii) Whenever any acquisitions or joint ventures are undertaken requiring significant allocation of capital;
- (iii) Requirement of higher working capital thereby adversely impacting free cash flows;
- (iv) Whenever it is proposed to utilize surplus cash for buy back or other corporate actions;
- (v) In the event of inadequacy of profits or incurring of losses;

(D) FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND (INCLUDING INTERNAL AND EXTERNAL FACTORS):

The following financial parameters (internal factors) would be considered before declaring or recommending dividend to shareholders:

- (i) Income and Profitability parameters like operating profit, profit after tax, return on equity, dividend payout ratio etc.
- (ii) Working capital requirements
- (iii) Capital expenditure requirements
- (iv) Resources required to fund acquisitions and/or new businesses
- (v) Outstanding borrowings
- (vi) Likely crystallization of contingent liabilities
- (vii) Growth opportunities including inorganic growth.

External factors:

- (i) Economic and business environment
- (ii) Capital market environment
- (iii) Regulatory requirements, conditions or restrictions laid down under applicable laws including tax laws

However, all efforts will be made to maintain a Dividend Pay-out as per the historic trends of the Company.

(E) UTILIZATION OF RETAINED EARNINGS:

The retained earnings shall be utilized for all such activities that in the opinion of the Board of Directors shall enhance the shareholder's value keeping in mind the business objectives and requirements of the Company.

(F) PARAMETERS FOR VARIOUS CLASS OF SHAREHOLDERS:

The holders of equity shares of the Company, as on the Record Date, are entitled to receive dividends. Since, as of now, the Company has issued only one class of equity shares, this Policy shall be suitably revised at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

(G) AMENDMENTS TO THE POLICY:

The Board of Directors of the Company may review and alter, modify, add, delete or amend any of the provisions of this Policy from time to time.

Any or all provisions of this Policy would be subject to the revision/amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.