Fabtech®
Technologies Cleanrooms Ltd.
(Formerly known as Fabtech Technologies Cleanrooms Private Limited)

DIVIDEND DISTRIBUTION POLICY

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DIVIDEND DISTRIBUTION POLICY

a) Preamble

The Board of Directors (the "**Board**") of Fabtech Technologies Cleanrooms Limited (the "**Company**") is committed to create value for all its stakeholders and focus on providing sustainable returns. The Board philosophy is to distribute maximum possible surplus cash to the stakeholders.

Accordingly, the Company has adopted this Dividend Distribution Policy as require by Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**").

b) Scope, purpose and effective date

a) The objective of this Policy is to reward the shareholders of the Company by sharing a portion of the profits, whilst also ensuring that sufficient funds are retained for future growth of the Company. Towards this end, the Policy lays down parameters to be considered by the Board of the Company for declaration of Dividend from time to time. Through this Policy, the Company would endeavour to maintain a consistent approach to Dividend pay-out plans..

b) This Policy is framed under the Listing Regulations.

c) The Board has approved and adopted this Dividend Distribution Policy (the "**Policy**") at its meeting held on July 25, 2024, being the effective date of the Policy.

c) Applicability

1. The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

2. The Policy shall not apply to:

    1. determination and declaration of the Dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue approved by the stakeholders; and

    2. issue of Bonus Shares by the Company.

d) **Definitions**

In this Policy, words and expressions shall have the meaning assigned to them below:

"*Board*"	shall mean Board of Directors of the Company.
"*Act*"	shall mean the Companies Act, 2013 and rules framed thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended from time to time.
"*Company*"	shall mean Fabtech Technologies Cleanrooms Limited
"*Dividend*"	includes any interim dividend.
"***Listing Regulation***"	shall mean Listing Regulations, as amended from time to time;
"*Policy*"	means Dividend Distribution Policy.

e) Dividend

1. The Dividend represents the profit of the Company, which is distributed to stakeholders in proportion to the amount paid-up on shares they hold. The Dividend includes Interim Dividend.

2. The term 'Dividend' has been defined under Section 2(35) of the Act as which includes any interim dividend. It is an inclusive and not an exhaustive definition.

f) Laws and Regulations

a) The declaration and payment of Dividend is governed by-

i. Chapter - VIII of the Act, from section 123 to 127 which deals with Declaration and payment of the Dividend

ii. The Companies (Declaration and Payment of Dividend) Rules, 2014

iii. Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001

iv. Listing Regulations

v. Section 27 of Securities Contract Regulation Act, 1956

vi. Income Tax Act, 1961

vii. SEBI Guidelines/Circulars etc. as amended from time to time and to the extent applicable.

b) The Company will adhere to the provisions of applicable Laws as amended from time to time and to the extent applicable.

g) Policy

a) Parameters and factors for declaration of the Dividend

The Board shall *inter alia* consider the following parameters before declaring or recommending the Dividend to the stakeholders:

a) Statutory and Regulatory Parameters

The Company shall declare the Dividend only after ensuring compliance with provisions of the Act and rules made thereunder, the Listing Regulations as amended and any other regulations as may be applicable from time to time.

b) Financial parameters and Internal Factors:

a) Financial performance including profits earned by the Company (standalone) during the financial year;
b) Available distributable reserves;
c) Cash balance and operating cash flows of the Company;
d) Earnings Per Share (EPS);
e) Working capital requirements;
f) Capital expenditure requirement such as for business expansion, technological advancement, corporate restructuring including investments in subsidiaries, joint ventures and associates of the Company;
g) Likelihood of crystalization of contingent liabilities, if any;
h) Upgradation of physical infrastructure;
i) Fund requirement for contingencies and unforeseen events with financial implications;

j) Cost of Borrowing;
k) Past Dividend payout ratio / trends;
l) Any other factor as may be deemed fit by the Board.

c) External Factors:

1. Economic conditions;
2. Financing costs;
3. Government regulations;
4. Global conditions;
5. Taxation policy of the Government.

b) Circumstances under which the stakeholders of the company may or may not expect the Dividend

The decision regarding the Dividend pay-out is crucial as it determines the amount of profit to be distributed among stakeholders of the Company and the amount of profit to be retained in business. The Company ought to balance its decision to pay-out the Dividend after considering meeting of the dual objectives of appropriately rewarding stakeholders through the Dividends while at the same time ensuring instant availability of internal sources of funding for achieving business goals of the Company.

The Board may not recommend the Dividend and the stakeholders of the Company may not expect the Dividend in the following circumstances, subject to discretion of the Board:

a) Proposed expansion plans requiring higher capital allocation

b) Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow

c) Requirement of higher working capital for the purpose of business of the Company

d) Proposal for buy-back of securities

e) Inadequacy of profits earned during the financial year

f) Inadequacy of cash balance

g) Adverse market conditions and business uncertainty

c) Utilization of the retained earnings

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

i. Market expansion plans

ii. Product expansion plans

iii. Increase in production capacity

iv. Technological advancement and modernization plans

v. Diversification of business

vi. Long term strategic plans

vii. Replacement of capital assets

viii. Where the cost of debt is expensive

ix. Dividend payment

x. Such other criteria as the Board may deem fit from time to time.

d) Manner of the Dividend payout

1. In case of final Dividend:

(i) Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the stakeholders of the Company.
(ii) The Dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
(iii) The payment of the Dividends shall be made within the statutorily prescribed period after declaration, to those stakeholders who are entitled to receive the Dividend on the record date/book closure period, as per the applicable law.

2. In case of interim Dividend:

(i) Interim Dividend, if any, shall be declared by the Board.
(ii) Before declaring interim Dividend, the Board shall consider the financial

position of the Company that allows the payment of such Dividend.

(iii) The payment of the Dividends shall be made within the statutorily prescribed period after declaration, to those stakeholders who are entitled to receive the Dividend on the record date/book closure period, as per the applicable laws.

(iv) In case no final Dividend is declared, interim Dividend paid during the year, if any, will be regarded as the final Dividend in the Annual General Meeting.

e) Parameters to be adopted with regard to various classes of shares

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of the Dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

h) **Disclosures**

The Dividend Distribution Policy shall be disclosed on the website of the Company i.e. Fabtech Technologies Cleanrooms Limited

i) Conflict in Policy

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the said regulations shall prevail.

j) Policy review and amendments

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority.

The Board may periodically review this Policy after taking into account the national and global economic conditions, company's growth and expansion plans, financial position, etc. and suitably amend this Policy.

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