

ESTER**INDUSTRIES LTD.**

CIN : L24111UR1985PLC015063

Date: 19th June, 2020

BSE Limited Department of Corporate services Phirojee Jeejeebhoy Towers Dalal Street, Mumbai – 400023 Symbol : 500136	National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051 Symbol : ESTER
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Dear Sir

Subject : Approval of Dividend Distribution Policy

Further to our earlier intimation dated 17th June, 2020 for the outcome of the meeting held on the same date, we wish to inform you that a Dividend Distribution Policy has been approved by the Board of Directors of the Company in the meeting held on Wednesday, 17th June, 2020.

This Policy has been framed by the Company voluntarily, in the manner mentioned in the Regulation 43A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Copy of the Policy is enclosed herewith.

Please take the above on your record.

Thanking You

Yours Faithfully
For **Ester Industries Limited**

Diwakar Dinesh
Head-Legal & Company Secretary

Encls: As above

Ester Industries Limited

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Ester Industries Ltd
Dividend Distribution Policy

1. OBJECTIVE

The objective of Dividend Distribution Policy is to lay down criteria to be considered by the Board of Directors of the Company before the recommendation/declaration of dividend to the Shareholders. This Policy is framed by the Board of Directors voluntarily. The Board of Directors has approved the policy in its meeting held on 17th June, 2020.

2. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities, government policies & regulations and other relevant factors as mentioned in this policy and accordingly recommend/declare dividend in any financial year.

The Board may not declare/recommend the dividend if it is of the view that it would be prudent to conserve capital for the ongoing and proposed expansion plans or due to other factors/events in which the Board may deem fit to not declare/recommend dividends.

While taking decision for recommendation/declaration of dividend, the Board shall ensure to balance between the dual objectives of rewarding shareholders through dividends and retaining profits to maintain a healthy capital ratio for future growth.

3. FINANCIAL PARAMETERS AND OTHER INTERNAL AND EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND

The decision of the Board to recommend/declare dividend will depend on various financial parameters and other internal & external factors. An illustrative list is as stated below –

- Profit earned during the year and distributable surplus available as per the applicable laws
- Accumulated reserves and earning stability
- Working capital requirements
- Capital expenditure requirements considering the expansion plans and acquisition opportunities
- Upgradation of technology and physical infrastructure
- Major Contingent liabilities, if any
- Liquidity position and future cash flow requirements
- Track record of Dividends distributed by the Company
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- Stipulations/ Covenants of agreements with lenders, if any
- Cost and availability of alternative sources of financing

- Industry outlook for the future years
- Macroeconomic and business conditions in general
- Changes in the Government policies, industry specific rulings & regulatory provisions
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend

After considering the above parameters/factors, the Company shall endeavor to declare/recommend total dividend amount (both interim and final dividend) including applicable tax upto 20% of the annual Profits after Tax (PAT) of the company in any financial year.

4. UTILISATION OF RETAINED EARNINGS

In compliance with the applicable laws, the Company may decide to utilise the retained earnings for creating reserves for specific objectives, fortifying the balance sheet against contingencies, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and any other specific purpose as approved by the Board of Directors of the Company.

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

5. PARAMETERS FOR VARIOUS CLASSES OF SHARES

At present the Company has issued only one class of Equity Shares with equal voting rights. In the absence of the any other class of shares, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders.

6. REVIEW AND AMENDMENT

The Policy may be reviewed by the Board of Directors due to change in law or as may be felt appropriate by the Board. In case of any amendment, changes in the Companies Act, 2013 (the Act), Securities Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 and/or any other law (applicable laws) which makes any of the provisions in the policy inconsistent with their provisions then the provisions of such applicable laws would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.