

DIVIDEND DISTRIBUTION POLICY

STYRENIX PERFORMANCE MATERIALS LIMITED

Version 2 February, 2023

Authorised by Board of Directors

Approved on February 13, 2023

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Introduction

The Dividend Distribution Policy ('the policy') applies to the distribution of dividend by Styrenix Performance Materials Limited (*formerly known as INEOS Styrolution India Limited*) (the "Company") amongst its shareholders in accordance with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (Listing Regulations). The policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. The policy shall come into force for the financial year beginning from April 01, 2021.

Definitions

The terms referred to in the policy will have the same meaning as defined under the Act and the Rules made thereunder, and the Listing Regulations.

Background

SEBI, through its notification dated May 5, 2021, has amended the Listing Regulations and accordingly, Regulation 43A, mandating a Dividend Distribution Policy, is now applicable to the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) and such policy shall be disclosed in their annual reports and on their websites.

Policy

Dividend would continue to be declared on per share basis on the Equity Shares of the Company having face value Rs. 10/- each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date, subject to extant treaties & tax laws on distribution and withholding.

Dividends will generally be recommended by the Board once a year, after the approval and declaration of audited financial results for the financial year and before the Annual General Meeting (AGM) of the shareholders, in accordance with the provisions of the Act. The Board may also declare interim dividends as may be permitted by the Act. The Board may additionally recommend special dividend in special circumstances.

The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

Subject to the provisions of the applicable law and future funding requirements of the Company, on an annual basis, after retaining a cash balance equivalent to 1% of the annual sales / turnover, the remaining cash balance may be distributed by the Company to the equity shareholders as dividend.

Parameters to be considered while recommending/declaring dividend

The Board while declaring or recommending dividend to the shareholders, will consider following financial/ internal and external factors:

I. Financial parameters:

- Profits earned and available for distribution during the financial year;
- Cash flow position of the Company;
- Accumulated reserves, including retained earnings;
- Future cash requirements for growth/expansion and/or other business strategies;
- Minimum cash required for contingencies or unforeseen events;
- Liquidity and return ratios, debt servicing, debt equity ratios;

II. Internal and External factors:

- Past dividend trends – rate of dividend, EPS and payout ratio, etc.;
- Any other significant developments that require cash investments;
- Any significant changes in macro-economic environment or of the business of the Company or its clients;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Cost of external financing;
- Any changes in the competitive environment requiring significant investment.

Circumstances under which shareholders of the Company 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.

Hence, the shareholders of the Company *may expect dividend* if the Company is having surplus plus funds and profitability after providing for all the expenses, depreciation etc. and after complying with the statutory requirements under the applicable laws. The Company may, subject to the provisions of the applicable laws and its future funding requirements, on an annual basis, after retaining a cash balance equivalent to 1% of the annual sales / turnover, distribute the remaining cash balance to the equity shareholders as dividend.

The shareholders of the Company *may not expect dividend* in the following circumstances, subject to the discretion of the Board of Directors:

- (1) The Company in any given financial year is generating a negative profit after tax (PAT)
- (2) The cash balance is less than 1% of the annual sales/ turnover; or
- (3) The dividend is prohibited to be declared by any regulatory body.

Policy as to how the retained earnings shall be utilized

The retained earnings of the Company may be used in any of the following ways:

- i. Capital expenditure for working capital,
- ii. Organic and/ or inorganic growth,
- iii. Investment in new business(es) and/or additional investment in existing business(es),
- iv. Declaration of dividend,
- v. Capitalisation / issue of bonus shares,
- vi. Buy back of shares,
- vii. General corporate purposes, including contingencies,
- viii. Correcting the capital structure, if required
- ix. Any other permitted usage as per the Companies Act, 2013.

Limitation and Amendment

In the event of any conflict between the provisions of this policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this policy.

Review

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

Disclosure of the policy

This policy will be available on the website of the Company www.styrenix.com in the Investors' section. The policy will also be disclosed in the Company's annual report.

Disclaimer

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend distribution. The policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.

