AARTI INDUSTRIES®

DIVIDEND DISTRIBUTION POLICY

AARTI INDUSTRIES LIMITED

INTRODUCTION

The Board of Directors of Aarti Industries Limited ("AIL/Company")has adopted the following policy of Dividend Distribution pursuant to Regulation 43A of the SEBI (LODR) Regulations, 2015 ("Listing Regulations"), which requires top 1000 listed companies (based on market capitalization of every financial year) are required to formulate a Dividend Distribution Policy ("Policy") and to disclose the web-link of the same in their Annual Report.

The Board has endorsed this policy, which aims for fairness, stability, and long-term viability in profit sharing with its Stakeholder. Prioritizing fair returns and member wealth enhancement will be central to the Policy's execution.

SCOPE

Declaration of dividend is one of the key financial decisions of the Company and forms a part of the overall strategy for efficient allocation of Capital. This Policy sets out the circumstances, parameters and factors that will be taken into account by the Board of Directors ("Board") of the Company for determination of distribution of dividend to its shareholders.

a. ***The circumstances under which the shareholders of the Company may or may not expect dividend;***

In the declaration of dividends out of the profits or retained earnings, the Company will adhere to all applicable statutory regulations.

The Board of Directors will determine dividend for any specific period, based on Company's financial results, recommendations from executive management, and the various parameters established within this Policy.

The Board may choose to retain profits and not declare a dividend if:

- ❖ The Company undertakes a large-scale acquisition or high-value CAPEX.
- ❖ There is a significant volatility in the global macro-economic environment affecting cash flows.
- ❖ The Company requires a higher cash buffer to meet unforeseen liabilities or debt obligations.

b. ***The financial parameters that shall be considered while declaring dividend;***

The Company shall declare dividend out of the profits of the company for a particular year arrived at after providing for depreciation or out of the profits of the company for any previous financial year or years arrived at after providing for depreciation.

(In computing profits any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded;)

Considering various financial parameters, the Company may elect to, generally, declare dividends (including dividend tax) considering the payouts of about 5% to 30% of the Profits after Tax.

c. ***Internal and external factors that shall be considered for declaration of dividend;***

The Board of the Company shall consider various internal/external factors as it deems fit while declaring dividend or recommending dividend to shareholders – which may include the following:

Internal Factors;

- ❖ Current financial year's profits and retained earnings;
- ❖ Capital allocation plans including: capital expenditure in technology and infrastructure etc.; Investments required towards execution of the Company's strategy; Funds required for any acquisitions that the Board may approve; and Any share buy-back plans
- ❖ Cash flow requirements to meet working capital needs
- ❖ Outstanding borrowings
- ❖ Any other relevant factors and material events.

External Factors;

- ❖ Significant Changes in Macro Environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- ❖ Global specialty chemical demand cycles, raw material price volatility if any
- ❖ Significant Changes in economic conditions including currency fluctuations,interest rates changes
- ❖ Significant changes in the political, tax, and regulatory environments within the geographies where the Company operates;
- ❖ Any other relevant factors

d. *How the retained earnings shall be utilized.*

Retained earnings shall be utilized for financing capital expenditure and organic growth projects, including the expansion of specialty chemical capacities and strategic backward integration.The company will also invest in Research & Development and sustainability initiatives to drive long-term innovation and ESG compliance. Any surplus remaining after meeting these strategic requirements and maintaining adequate working capital may be considered for distribution to shareholders as dividends.

e. *Parameters that shall be adopted with regard to various classes of shares:*

The provisions contained in this Policy shall apply to all classes of shares of the Company. It may be noted that currently the Company has only one class of shares, namely, equity shares.

AMENDMENTS/REVIEW

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Board.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy

LIMITATION

In the event of any conflict between the provisions of this Policy and the (Listing Obligations And Disclosure Requirements) Regulations, 2015/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such (Listing Obligations And Disclosure Requirements) Regulations, 2015 / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

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