

RAJ POLYPACK LIMITED

DIVIDEND POLICY

1. Purpose

This Dividend Policy (“Policy”) sets out the principles and parameters to be considered by the Board of Directors (“Board”) of **Raj Polypack Limited** when recommending dividend distribution to shareholders. The Policy ensures transparency, consistency, and alignment with the Company’s long-term objectives.

2. Scope

This Policy applies to:

- All forms of dividend declared or recommended by the Company
- Equity shareholders of the Company
- Interim and final dividend decisions

3. Regulatory Framework

Dividend decisions shall comply with:

- Companies Act, 2013
- Companies (Declaration and Payment of Dividend) Rules, 2014
- SEBI (ICDR) Regulations, 2018 (for SME IPO requirements)
- Applicable accounting standards and tax laws

4. Types of Dividend

4.1 Interim Dividend

- Declared by the Board during the financial year based on financials of the quarter/period.

4.2 Final Dividend

- Recommended by the Board and approved by shareholders at the AGM.

5. Key Factors Considered for Dividend Declaration

While recommending or declaring dividend, the Board shall consider the following factors:

A. Financial Parameters

1. Profit after tax and retained earnings
2. Free cash flow

3. Liquidity position and working capital requirements
4. Company's future capital expenditure and investment plans
5. Leverage levels and debt obligations

B. Internal Factors


1. Planned growth, expansion, and R&D projects
2. Funding needs for acquisitions or new business opportunities
3. Contingency reserves and risk buffers
4. Past dividend track record

C. External Factors

1. Economic conditions and market environment
2. Regulatory changes
3. Tax implications for shareholders

6. Dividend Payout Range

While the Company does not commit to a fixed dividend payout ratio, the Board may, based on financial performance and future requirements, aim for a payout (subject to availability of profits) of:

 **Indicative payout range: 10% – 30% of profit after tax**

This is only indicative and not binding.

The Board reserves the right to deviate depending on business needs.

7. Circumstances Under Which Dividend May Not Be Declared

Dividends may not be declared in the following situations:

- Ongoing or planned capex or acquisition requirements
- Negative cash flows
- High debt levels or inability to meet financial covenants
- Business uncertainty or adverse economic conditions
- Regulatory restrictions

8. Utilization of Retained Earnings

Retained earnings may be used for:

- Business expansion
- Strengthening the balance sheet
- Repayment of debt
- Meeting long-term working capital needs
- General corporate purposes

9. Manner of Payment of Dividend

Dividends will be paid:

- In accordance with Section 123 of the Companies Act, 2013
- Through electronic modes (NEFT/RTGS/IMPS) or dividend warrants, as applicable
- Within statutory timelines

10. Disclosure of the Policy

After listing on the SME Exchange:

- This Policy will be placed on the Company's website
- Any changes will be disclosed in the Annual Report or as per SEBI requirements

11. Amendment / Review of Policy

- The Board may review this Policy annually or as required.
- Any amendments will be approved by the Board.
- The Board has full discretion to override the Policy under exceptional circumstances to act in the Company's best interest.

Conclusion

This Dividend Policy ensures balanced, fair, and transparent distribution of profits to shareholders while supporting the Company's long-term growth strategy, especially in view of its proposed SME IPO.