

## Viyash Policy on Dividend Distribution (“Policy”)

### Introduction:

The Securities Exchange Board of India (SEBI) vide its notification dated July 8, 2016 has amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Regulation”) by inserting a Regulation 43A, which requires top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy. The Policy shall also be disclosed in the annual report of the Company and the website.

The Company being one among the top 500 listed companies based on the market capitalization as on March 31, 2016 frames this policy in line with the requirements of the Regulation.

### Definitions:

“Act” shall mean the Companies Act, 2013 including the Rules framed thereunder, as amended from time to time.

“Applicable Laws” shall mean the Companies Act, 2013 and Rules framed thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder; as amended from time to time and such other act, rules or regulations which regulate the distribution of Dividend.

“Board” or “Board of Directors” shall mean Board of Directors of the Company.

“Company” or “Viyash” shall mean Viyash Scientific Limited

“Dividend” includes any interim dividend as defined under the Companies Act, 2013.

“Regulation” shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder; as amended from time to time

“Policy” or “this Policy” shall mean the Dividend Distribution Policy.

### Scope of the Policy:

This policy is applicable to the Company or any listed subsidiary of the Company for which the provision is applicable.

### Parameters for declaration of Dividend:

The Board of Directors of the Company shall consider the following parameters for declaration of Dividend:

#### 1. Circumstances under which the shareholders may/ may not expect dividend

The equity shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all the expenses, depreciation etc., and complying with all other statutory requirements of the Act.

Company’s immediate expansion plan shall also be an important factor for considering and declaring dividend.

The equity shareholders of the Company may not expect dividend under the following circumstances:

- i. whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- ii. significantly higher working capital requirements adversely impacting free cash flow;
- iii. whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- iv. whenever it proposes to utilize surplus cash for buy-back of securities;
- v. in the event of inadequacy of profits or whenever the Company has incurred losses; and
- vi. such other instances which the Board of Directors consider relevant.

## 2. Financial Parameters

Subject to the provisions of the Act, dividend shall be declared or paid only:

### A. Out of distributable profits of current year or previous financial years:

#### i. Current financial year's profit:

- a. after providing for depreciation in accordance with Applicable Laws and such other laws; and
- b. after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

#### ii. Profits for any previous financial year(s):

- a. after providing for depreciation in accordance with Applicable Laws and such other laws; and
- b. remaining undistributed; or

#### iii. A combination of (i) & (ii) above;

### B. Out of Free Reserves (in the event of inadequacy/ absence of profits)

In the event of inadequacy or absence of profits in any year, Company may declare dividend out of free reserves, subject to fulfilment of conditions specified under the Act read with relevant rules and other applicable laws, as amended from time to time.

### C. Company may, in certain cases, declare dividend using a combination of A and B above.

## 3. External and Internal Factors

The decision regarding dividend pay-out 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.

The Board of Directors will endeavour to take a decision with an objective to enhance shareholders' wealth and market value of the shares.

The Dividend pay-out decision of any company depends upon certain external and internal factors:

## **A. External Factors**

- a. State of Economy - in case of uncertain or recessionary economic and business conditions, Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks.
- b. Capital Markets - when the markets are favorable, dividend pay-out can be liberal. However, in case of unfavorable market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflows.
- c. Statutory Restrictions - The Board will keep in mind the restrictions imposed by various laws and regulatory conditions laid down under the Applicable Laws including Tax Laws with regard to declaration of dividend.

## **B. Internal Factors**

- a. Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which inter-alia will include:
  - i. Profits earned during the year;
  - ii. Present & future capital requirements of the existing businesses;
  - iii. Brand/ Business Acquisitions;
  - iv. Working Capital Requirements;
  - v. Outstanding borrowings;
  - vi. Expansion/ Modernization of existing businesses;
  - vii. Additional investments in subsidiaries/ associates of the Company;
  - viii. Fresh investments into external businesses;
  - ix. Past Dividend Trends;
  - x. Any other factor as deemed fit by the Board.

## **4. Manner of utilization of Retained Earnings**

The Board may retain earnings of the Company 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 plan;
- ii. Product expansion plan;
- iii. Increase in production capacity;
- iv. Modernization plan;
- v. Diversification of business;
- vi. Long term strategic plans;
- vii. Replacement of capital assets;
- viii. Where the cost of debt is expensive;
- ix. Other such criteria as the Board may deem fit from time to time.

## **5. Parameters for various classes of shares**

- a. The factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.
- b. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue

**Amendments and Updates:**

Any change in the Policy shall be approved by the Board. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.