



VASUKI GLOBAL INDUSTRIES LIMITED

DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

As Per regulation 43A, the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports. Though at present the entity is not coming under the purview of top 1000 Companies, however for better corporate governance the management decided to formulate the Dividend Distribution Policy.

OBJECTIVE

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

The Board of Directors (Board) may consider declaration of interim dividend depending upon the cash flow situation of the Company. The dividend distribution shall be as per the recommendations of the Board and shall always be decided at an annual general meeting of shareholders in case of final dividend. Depending on the long-term growth strategy of the Company and the prevailing circumstances, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained for growth of the Company.

DEFINATION

- (I) **“Act”** means the Companies Act, 2013 and Rules made thereunder, including any statutory amendment(s) or modification(s) thereof for the time being in force.
- (II) **“Dividend”** includes final and interim dividend.
- (III) **“Dividend Payout ratio”** means a fraction of net income a company pays to its shareholders as dividend.
- (IV) **“Market capitalization”** means the aggregate value of the company based on its current market price and the total number of outstanding shares of the company.
- (V) **“Paid-up Share Capital”** means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called.
- (VI) **“Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, from time to time and as notified by the Securities and Exchange Board of India.

DECLARATION AND PAYMENT OF DIVIDEND

In compliance with Section 51 of the Act, the Company shall pay dividend proportionately, i.e., in proportion to the amount paid-up on each share. Dividend for a financial year shall be paid after the annual financial statements of the Company are finalized and the amount of distributable profits is available. The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board shall recommend dividend for any financial year subject to the following:

- (a) out of the profits of the Company for that year arrived after providing for depreciation; or
- (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- (c) out of both (a) and (b).

PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDENDS

➤ Financial Parameters

The Board of Directors may consider the following financial parameters while recommending any payment of dividend to the Shareholders subject to the approval of the Shareholders: -

- The working Capital requirement;
- The requirement of capital expenditure;
- Quantum of consolidated Net Profit after Tax;
- Fund required for acquisition or new line of business/product diversification;
- Contingency requirement of funds;
- Requirement of funds for payment / repayment/pre-payment of any outstanding borrowings;
- Consideration of past dividend track record;
- Considering legal requirements, regulatory conditions or restrictions as prescribed under the applicable law rules and regulations including Taxation laws;
- The pay-out ratio of the Companies in the same industry.

➤ Statutory requirements

The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve etc. as provided in the Companies Act, 2013, which may be applicable

to the Company at the time of taking decision with regard to dividend declaration or retention of profit.

➤ **Internal & External Factors That Shall Be Considered for The Declaration Of Dividend**

The Board of Directors will consider the various internal and external factors while recommending any payment of Dividend: -

- Past dividend trend;
- Cash flow from Operations;
- Consistency and stability in earnings;
- Future fund requirement for inorganic growth plan and Investment Opportunities including any investments in subsidiaries/associates of the Company;
- Leverage of profits and capital adequacy matrix;
- An Outlook of Industry, Business Cycle for the underline business;
- Economic growth and regulatory environment;
- Contingent liabilities;
- Buy-back plan for alternate to the distribution of profit; and
- Any other factor as deemed fit by the Board.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE LISTED COMPANY MAY OR MAY NOT EXPECT THE DIVIDEND

The Shareholders of the Company may not expect the dividend under the following circumstances: -

- Whenever the fund requires for a significant expansion of the project requiring more allocation of capital;
- The requirement of significantly more working capital due to higher capacity utilization or any other factor which may adversely impact the Cash flow of the Company;
- Proposed to undertake any acquisition, merger, amalgamation or Joint Venture as this may require allocation of additional capital expenditure;
- If Company proposes to utilize its accumulated surplus for buy-back of securities;
- Circumstances under which Company has incurred losses or there is any inadequacy of Profit;
- In the performance of any covenant imposed by any of the financial institution, Bank or any Investor/ Investor Group

MANNER OF DIVIDEND PAYOUT

The given below is a summary of the process of declaration and payment of dividends and is subject to applicable regulations.

➤ In case of final dividend

- The recommendation, if any, shall be done by the Board, usually in the Board Meeting that considers and approves the annual financial statements, subject to the approval of the shareholders of the Company.
- The dividend as recommended by the Board shall be approved/declared at the annual general meeting of the Company.
- The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.

➤ In case of interim dividend

- Interim dividend, if any, shall be declared by the Board.
- Before declaring an interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend
- The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable laws.
- In case no final dividend is declared, an interim dividend paid during the year, if any, will be regarded as the final dividend in the annual general meeting.

REPORTING AND DISCLOSURE

As prescribed by Regulation 43A of the Listing Regulation, this Policy shall be disclosed on the Company's website and the Annual report.

REVIEW OF THE POLICY/ MODIFICATION

This Policy shall be subject to modification and amendments pursuant to any further guidelines / certifications as may be issued by regulatory authority/(ies) (SEBI/ MCA) from time to time and the Board of Directors may amend or modify the policy as may be deemed necessary pursuant to those guidelines.

This Policy is issued with the consent of the Board of Directors of the Company and can be amended only with the authority of the Board of Directors.