

**Bharat
RASAYAN LIMITED**

UNIT-I

UNIT-II

Regd. Off. : 1501, Vikram Tower, Rajendra Place, New Delhi - 110008
Ph. : +91-11-43661111 (30 lines) • Fax : +91-11-43661100, 41538600
E-mail : info@bharatgroup.co.in • Website : www.bharatgroup.co.in
CIN : L24119DL1989PLC036264

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (the “**Regulations**”) mandated top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.

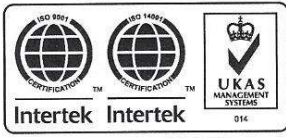
The policy, in the interest of providing transparency to the shareholders, sets out the circumstances and different factors for consideration by the Board at the time of deciding on distribution or of retention of profits. In view of the said requirement, the Board of Directors of the Company recognizes the need to lay down a broad framework about the distribution of dividend to its shareholders and utilization of the retained earnings. The Policy reflects the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for the business needs and growth of the Company.

The Company would ensure to strike the right balance between the quantum of the dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will have regards to this policy while declaring/recommending dividends on the behalf of the Company. Through this policy, the Company would strive to maintain a consistent approach to dividend pay-out plans.

The Board of Directors (the “**Board**”) of Bharat Rasayan Limited (the “**Company**”) at its meeting held on 31st March, 2021 has adopted this Dividend Distribution Policy (the “**Policy**”), pursuant to the terms of Regulation 43A of the SEBI (LODR) Regulations, 2015 read with SEBI (LODR) (Second Amendment), 2016. The policy shall become effective from the date of its approval by the Board i.e. 01.04.2020.

2. DEFINITIONS

- “**Board**” shall mean Board of Directors of the Company;
- “**Companies Act**” shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended;
- “**Dividend**” includes any interim dividend;
- “**Listed Entity / Company**” shall mean Bharat Rasayan Limited;
- “**Policy**” means Dividend Distribution Policy;
- “**Stock Exchange**” shall mean a recognised Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (regulation) Act, 1956.



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3. POLICY

A. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

The dividend pay-out decision of the Board depends upon the following financial parameters, internal and external factors:

Financial parameters and Internal Factors:

- Operating cash flow of the Company
- Profit earned during the year
- Profit available for distribution
- Earnings Per Share (“EPS”)
- Working capital requirements
- Capital expenditure requirements
- Business expansion and growth
- Likelihood of crystallization of contingent liabilities, if any
- Additional investment in subsidiaries and associates of the Company
- Up gradation of technology and physical infrastructure
- Creation of contingency fund
- Acquisition of brands and business
- Cost of Borrowings
- Need for conservation of cash due to economic downturn
- Past dividend payout ratio / trends

External Factors:

- Economic environment
- Government regulations
- Capital markets
- Global conditions
- Statutory provisions and guidelines
- Dividend payout ratio of competitors



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

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- Proposed expansion plans requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- Requirement of higher working capital for the purpose of business of the Company
- Proposal for buy-back of securities
- In the event of loss or inadequacy of profit

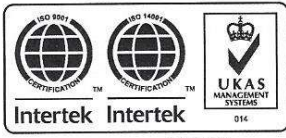
C. UTILIZATION OF THE RETAINED EARNING

The Board may retain its earnings 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:

- Market expansion plan
- Product expansion plan
- Increase in production capacity
- Modernization plan
- Diversification of business
- Long term strategic plans
- Replacement of capital assets
- Where the cost of debt is expensive
- Dividend payment
- Such other criteria's as the Board may deem fit from time to time.

D. Rate/ Quantum of Dividend:

It has always been the Company's endeavour to deliver sustainable value to all its stakeholders, which has been evident from the consistent dividend track record of the Company. The Company will strive



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to distribute an optimal and appropriate level of the profits earned by it in its business, to the shareholders, in the form of dividend. The Company would maintain a dividend pay-out as may be determined by the Board from time to time, considering the general business factors and other significant parameters specified in this policy.

E. MANNER OF DIVIDEND PAYOUT

In case of final dividend:

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

In case of interim dividend:

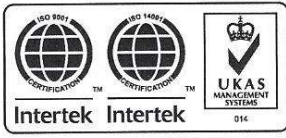
- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

F. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue any other classes of shares.

4. THE POLICY SHALL NOT APPLY TO :

- Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue approved by the shareholders;
- Distribution of dividend in kind, for instance- by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- Distribution of cash as an alternative to payment of dividend by way of Buyback of Securities.



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5. CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the regulations, the regulations shall prevail.

6. DISCLOSURES

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. www.bharatgroup.co.in.

7. POLICY REVIEW AND AMENDMENTS

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this Policy. Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board of Directors.