



# **DIVIDEND DISTRIBUTION POLICY**

## **INDEX**

<b>SR. NO.</b>	<b>PARTICULARS</b>	<b>PAGE NO.</b>
1	Background	2
2	Objectives	2
3	Applicability	2
4	Parameters to be considered for recommendation / declaration of Dividend	2
4.1	Financial Parameters / Internal Factors	3
4.3	External Factors	3
5	Circumstances under which shareholders may not expect Dividend	4
6	Utilization of retained earnings	4
7	Parameters to be adopted with regard to various classes of shares	4
8	Procedure	4
9	Disclosure	5
10	General	5



## **BHANSALI ENGINEERING POLYMERS LIMITED**

---

### **DIVIDEND DISTRIBUTION POLICY**

---

#### **1. BACKGROUND:**

This Policy is formulated in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 introduced on 8th July 2016. This policy will be effective from 14<sup>th</sup> July, 2018, being the date of its approval by the Board of Directors of the Company.

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") require the top 500 listed companies (by market capitalization calculated as on 31<sup>st</sup> March of every financial year) to disclose a Dividend Distribution Policy in the annual report and on the corporate website.

The Board of Directors ("Board") of Bhansali Engineering Polymers Limited ("the Company") has adopted this Dividend Distribution Policy to comply with these requirements. The Company currently has only one class of shares, viz. equity, to which this policy is applicable.

The policy is subject to review if and when the Company issues different classes of shares or equity shares with differential voting rights.

#### **2. OBJECTIVE:**

The objective of this Policy is to lay down the criteria and parameters to be considered by the Board of Directors of the Company for recommendation / declaration of Dividend from time to time.

This Policy is applicable to the dividend declared/recommended on the equity shares of the Company and does not cover dividend on preference shares, if any, where the rate of dividend is governed by the terms of the issue of preference shares or any other form of a dividend.

#### **3. APPLICABILITY:**

The policies shall be effective from 14<sup>th</sup> day of July, 2018 as aforesaid.

#### **4. PARAMETERS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND:**

The Board of Directors may declare interim dividend(s)/recommend final dividend for consideration of shareholders of the Company.



## **BHANSALI ENGINEERING POLYMERS LIMITED**

As in the past, subject to the provisions of applicable laws, the Company's dividend payout will be determined by the Board of Directors from time to time based on the available financial resources, investment requirements and other factors more fully described hereunder. Subject to these parameters, the Company would endeavor to maintain a total dividend payout ratio (dividend inclusive of any tax on the distribution of dividend in the hands of the Company) at least about 10% of the annual standalone profits after tax, subject to exceptional circumstances, if any, after adjusting for payment of preference dividend, if any.

The Board of Directors of the Company will consider the following parameters while recommending/declaring Dividend:

### **4.1 FINANCIAL PARAMETERS / INTERNAL FACTORS:**

- a) Standalone/net operating profit after tax;
- b) Operating cash flow of the Company for the year;
- c) Liquidity position, aggregate Debt of the Company (both standalone and consolidated), debt service coverage position etc.;
- d) Loan repayment and Working capital requirements;
- e) Capital expenditure requirements;
- f) Resources required for funding acquisitions, mergers and/or new businesses;
- g) Cash flow required for meeting tax demands and other contingencies;
- h) Regulatory (and growth requirement of) Capital Adequacy;
- i) Regulatory (and growth requirement of) Solvency;
- j) trend of dividends paid in the past years;
- k) Dividend receipt from subsidiaries;
- l) Any windfall, extraordinary or abnormal gains made by the Company;
- m) Dividend declared in the previous year(s);&
- n) Any other factor not explicitly covered above but which is likely to have a significant impact on the Company.

### **4.2 EXTERNAL FACTORS:**

- a) Prevailing legal requirements, regulatory restrictions laid down under the applicable laws including tax laws and changes made in accounting laws;
- b) Dividend payout ratios of companies in the same industry; &
- c) Any other factor that has a significant influence/impact on the Company's working / financial position of the Company.

The Board of Directors may additionally declare/recommend a special dividend/bonus shares in special circumstances.



## **bHANSALI ENGINEERING POLYMERS LIMITED**

---

### **5. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY NOT EXPECT DIVIDEND:**

Shareholders of the Company may not expect Dividend under the following circumstances:

- a) In the event of inadequacy of profits or whenever the Company has incurred losses;
- b) Significant cash flow requirements towards higher working capital requirements/tax demands / or others, adversely impacting free cash flows;
- c) An impending/ongoing capital expenditure program or any acquisitions or investment in joint ventures requiring a significant allocation of capital;
- d) Allocation of cash required for buy-back of securities and/or any other major outgoings;
- e) Any of the above referred internal or external factors restraining the Company from considering dividend;
- f) Operation of any law in force which restricts payment of dividend in particular circumstances.

### **6. UTILIZATION OF RETAINED EARNINGS:**

The Company may recommend / declare dividend out of the profits of the Company for the year or out of the profits of any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

Profits retained in the business will be invested in the business/operations of the Company and may be used for augmenting working capital, repayment of borrowings, funding capital expenditure/acquisition (s) and for all other corporate purposes.

### **7. PROCEDURE:**

- a) Recommendation of final dividend, 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.
- b) The final dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- c) Interim dividend, if any, shall be declared by the Board. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.



## **bHANSALI ENGINEERING POLYMERS LIMITED**

- d) The payment of dividends shall be made within the statutorily prescribed timeline 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.
- e) The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

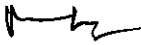
### **8. DISCLOSURE:**

The Company shall make appropriate disclosures as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

### **9. GENERAL:**

- a) This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter
- b) The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- c) In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
- d) This document neither solicits investments in the Company's securities nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

**For Bhansali Engineering Polymers Limited**

  
**(M.C. Gupta)**  
Chairman

  
**(B.M. Bhansali)**  
Managing Director

\*\*\*