



DIVIDEND DISTRIBUTION POLICY

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I Purpose, Objectives and Scope

The objective of this Policy is to ensure the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time. This Policy will also aid investors in identifying stocks that match their investments objectives.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company.

II Regulatory Framework

The Securities Exchange Board of India (“SEBI”) on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015(the “LODR”), which requires top five hundred listed companies (based on market capitalization calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy.

III Definitions

1. **“Act”** shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.
2. **“Applicable Laws”** shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015together with the circulars issued thereunder; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.
3. **“Board”** or **“Board of Directors”** shall mean Board of Directors of the Company.
4. **“Company”** shall mean Cybele Industries Limited
5. **“Dividend”** includes any interim dividend as defined under the Companies Act, 2013.
6. **“LODR”** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015together with the circulars issued thereunder; as amended from time to time.
7. **“Policy”** or **“this Policy”** shall mean the Dividend Distribution Policy.

IV Category of Dividends

Company may declare dividends usually payable for a financial year after the final accounts are ready and the amount of distributable profits is available, which is called final dividend. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the annual general meeting of the Company.

The Board of Directors shall also have the absolute power to declare interim dividend during the financial year, between two annual general meetings as and when they consider it fit.

V 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:

i) External Factors

- a) State of Economy - in case of uncertain or recessionary economic and business conditions, Board will endeavour to retain larger part of profits to build up reserves to absorb future shocks.
- b) Capital Markets - when the markets are favourable, dividend pay-out can be liberal. However, in case of unfavourable 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.

ii) Internal Factors

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which inter alia will include:

- a) Profits earned during the year;
- b) Present & future capital requirements of the existing businesses;
- c) Brand/ Business Acquisitions;
- d) Working Capital Requirements;
- e) Outstanding borrowings;
- f) Expansion/ Modernization of existing businesses;
- g) Additional investments in subsidiaries/associates of the Company;
- h) Fresh investments into external businesses;
- i) Past Dividend Trends;
- j) 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

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

VI Review

This policy will be reviewed periodically by the Board as may be deemed necessary and to comply with any regulatory amendments or statutory modifications and subject to the necessary approvals of the Board of Directors in cases of material changes to the Policy.
