# GOYAL ASSOCIATES LIMITED

## DIVIDEND DISTRIBUTION POLICY

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## 1. BACKGROUND:

- The Objective of this policy is to provide the Dividend Distribution framework to the stakeholders of the Company.
- The Board of Directors shall recommend Dividend according to the provisions of the Companies Act, 2013 and Rules made thereunder and in accordance with the compliance of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in line with applicable directions, guidelines and circulars issued and notified by the Reserve Bank of India ("RBI") from time to time governing the dividend declarations by NBFCs and other applicable legal provisions.
- Under Section 2(35) of the Companies Act, 2013, "Dividend" includes any interim dividend. In common parlance, "dividend means the profit of a Company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid up on the shares held by them." Dividend can be paid on equity or preference shares both.
- The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting.
- The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

## 2. CLASSES OF SHARES:

The Company has issued only one class of shares i.e. Equity Shares. 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 provisions of the Act, rules and regulations and will be determined, as and when the Company decides to issue other classes of shares.

## 3. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDER's OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND:

The circumstance that may generally be considered by the Board of Directors of the Company ("Board") before making any recommendations for the Dividend includes:

- Availability of distributable profits and free reserves with the Company
- Cost of raising funds from alternative sources.
- Whenever the Company has incurred losses or there is inadequacy of profits.
- Whenever the Company undertakes any acquisitions or enters into joint ventures requiring significant allocation of capital.
- Future capital expenditure plans
- Profits earned during the financial year
- Cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time.
- Any of the below referred internal or external factors, including any regulatory restriction, if any, restraining the Company from considering dividend;

**4. <u>FINANCIAL PARAMETERS:</u>**

Dividend shall be declared or paid only out of profits computed as per the applicable provisions of the act and rules made thereunder in compliance with the applicable rules and regulations notified by Reserve Bank of India from time and other applicable laws.

5. **<u>INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND:</u>**

- Distributable surplus available as per the Act, Rules and Regulations;
- The Company's liquidity position and future cash flow needs;
- Trend of dividends paid in the past years by the Company;
- Payout ratios of comparable companies;
- Industry outlook and stage of business cycle for underlying businesses
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- Loan repayment and working capital requirements;
- Financial commitments with respect to the outstanding borrowings and interest thereon.
- Other Corporate Action options (For ex. Bonus issue, Buy back of shares).
- Cost and availability of alternative sources of financing;
- Capital expenditure requirements considering the expansion and acquisition opportunities;
- Any windfall, extra-ordinary or abnormal gains made by the Company;
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend

## 6. UTILIZATION OF RETAINED EARNINGS:

Retained earnings will be used for the Company's growth plans, expected capital adequacy/liquidity requirements, debt repayments and other contingencies.

## 7. REVIEW:

The Board is authorized to review/amend this policy from time to time at its sole discretion and/or subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India, Reserve Bank of India or such other regulatory authority as may be authorized, from time to time.

## 8. DISCLOSURES:

The Dividend Distribution Policy (as amended from time to time) will be available on the website of the Company (www.mas.co.in) and web-link shall also be provided in the Company's Annual Report of the Company as required by the Regulations in force from time to time.

## 9. Reports

The Company shall comply with all reporting requirements relating to dividend declaration as prescribed by the Reserve Bank of India, Ministry of Corporate Affairs, Securities and Exchange Board of India and any other Regulatory Authority from time to time.