



Dividend Distribution Policy

I. Background

SEBI vide Notification dated May 05th, 2021, amended regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requiring the top 1000 listed entities based on the market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy. The Company, being one of the top 1000 listed Companies, has formulated this Dividend Distribution Policy.

This policy applies to the distribution of dividend by VST Tillers Tractors Limited (the "Company") in accordance with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations).

The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

II. Definition

The terms referred to in the policy will have the same meaning as defined under the Act and the Rules made thereunder, and the Listing Regulations.

III. Effective Date:

The policy shall come into force from the date of approval of the Board of Directors i.e. June 21, 2021, including any amendments made therewith.

IV. Parameters

Dividend payout is contingent upon various factors and their combination thereof, which are enumerated below, and the Board of Directors shall before deciding the dividend consider these factors in the best interest of the Company and its shareholders.

1. Circumstances under which the shareholder may not expect dividend.

The shareholder may not expect dividend, inter-alia, in the following circumstances, subject to discretion of the Board:

- a. In event of loss or inadequacy of profit or Cash flow.
- b. Higher capital investments on account of expansion of business, etc. by the Company
- c. Decision to undertake any acquisition, amalgamation, merger, takeover, etc. requiring significant capital outflow.
- d. Other business condition(s) in the opinion of the Board it would be prudent to plough back the profits of the Company.
- e. The Company has been prohibited to declare dividends by any regulatory authority.
- f. Any other extra-ordinary circumstances as may be anticipated by the Board.

2. Financial Parameters

While determining the quantum of dividend the Board of Director shall, inter-alia, consider the following financial parameters:-

- (i) Profit After Tax considering write-off of accumulated losses, exceptional and extraordinary items, if any
- (ii) Accumulated reserves
- (iii) Cash flow and treasury position keeping in view the total debt to equity ratio
- (iv) Earnings Per Share
- (v) Dividend Payout during the previous years
- (vi) Capital Expenditure
- (vii) Contingent Liabilities

3. Factors to be considered while declaring dividend

The quantum of dividend is an outcome of due deliberation by the Board considering various Internal and External factors including, but not limited to:-

- (i) Internal Factors
 - (a) Business Forecast (near to medium term)
 - (b) Availability of liquidity for next 6 months
 - (c) Accumulated Reserves

- (d) Working capital and capital expenditure requirements of the Company
- (e) Investments in new line(s) of business
- (f) Investment in technology
- (g) Acquisition of brands/businesses
- (h) Replacement cost of end-of-lifecycle products

(ii) External Factors

- (a) Statutory provisions, legal requirements, regulatory conditions or restrictions laid down under applicable laws
- (b) Prevailing macro-economic environment
- (c) Re-investment opportunities
- (d) Investor Expectations
- (e) Prevailing taxation structure including any amendments expected thereof.

V. Utilization of Retained Earnings

Subject to the applicable regulations, retained earnings may be applied for:

- (i) Funding the organic and inorganic growth of the Company
- (ii) Diversification of business
- (iii) Capacity Expansion
- (iv) Replacement of Capital Assets
- (v) Declaration of Dividend in future years
- (vi) Issue of Bonus Shares
- (vii) Buy-back of Shares/Capital Reduction
- (viii) Other permissible purposes

VI. Parameters that shall be adopted with regard to various classes of shares

The Company has only one class of shares viz., Equity Shares of Face Value of Rs. 10 each.

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.

VII. Disclosure:

In terms of the requirements of the Listing Regulations, this policy will be uploaded on the website of the Company viz., www.vsttractors.com

VIII. General

This Policy is subject to revision/amendments in accordance with the guidelines as may be issued by the Ministry of Corporate Affairs, SEBI or other regulatory authority from time to time, on the subject matter. Accordingly, the Company reserves the right to alter, modify, add, delete or amend any of the provisions of this Policy.

In the event of any conflict between the provisions of this policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this policy.

IX. Cautionary Statement

This document does not solicit investment in the Company's shares nor is it an assurance of guaranteed returns (in any form), for investments in the Company's shares.