



ERIS LIFESCIENCES LIMITED

DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Eris Lifesciences Limited ('Company'), has formulated this 'DIVIDEND DISTRIBUTION POLICY' ('Policy').

The Board of Directors ('Board') of the Company has adopted this policy in their meeting held on 12th February, 2018.

OBJECTIVE

The Policy has been formulated:

- i. to provide guidance for making a decision for declaration of dividend by the Company so as to seek a balance in 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.
- ii. Convey the above to the stakeholders for transparency and fair expectations.

FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND

(i) *Financial parameters and internal factors*

- Net profit earned of the Company
- Profit available for distribution (profit of previous years available)
- Liquidity requirement of the Company
- Any current project requirement –whether business related or acquisition/ merger/ joint venture
- Earnings Per Share (EPS)
- Working capital requirements
- Capital expenditure requirement
- 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 Borrowing
- Past dividend payout ratio/ trends
- Any other factor as thought fit by the Board

(ii) External factors

- Economic environment
- Capital markets
- Global conditions
- Dividend payout scenario in the industry
- Legal and regulatory provisions and guidelines
- any events such as strikes and lock outs

THE CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY NOT EXPECT DIVIDEND

The Company shall not declare or distribute any dividend wherein:

- funds are required for On-going / proposed expansion plan;
- funds are required for On-going / proposed project requiring large capital outflow;
- requirement of high working capital;
- re-payment of outstanding loan, if so decided by the Board;
- loss/ inadequate profit is made by the Company;
- Covenants with lenders/ Debenture trustees, if any, providing anything to the contrary
- the Board decides so, after analyzing the circumstances

POLICY AS TO HOW THE RETAINED EARNINGS SHALL BE UTILIZED

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 Board may consider the following factors while deciding the amount of earnings that need to be retained:

- to meet working capital requirement
- Market expansion plan
- Product expansion plan
- Increase in production capacity
- Modernization plan
- Diversification of business
- to fund new acquisitions, mergers & investments
- to maintain adequate liquidity levels
- Replacement of capital assets

- re-payment of outstanding loan, if so decided by the Board
- creation of reserves/ statutory reserves in accordance with law
- Such other criteria as the Board may deem fit from time to time.

PARAMETERS THAT SHALL 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. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

PROCEDURE FOR DIVIDEND PAYOUT

The Dividend shall be paid out following the procedure in accordance with the provisions of the Companies Act, 2013, SS-3 issued by ICSI, SEBI Guidelines and any other applicable law.

DISCLOSURE

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company: <http://eris.co.in/>

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.