



Dividend Distribution Policy



FUJIYAMA POWER SYSTEMS LIMITED

Dividend Distribution Policy

[Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. Introduction:

- a) In accordance with the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), as amended, Fujiyama Power Systems Limited (the "**Company**") has decided to formulate its Dividend Distribution Policy ("**Policy**"). Accordingly, the Board of Directors of the Company (the "**Board**") has approved this Policy for the Company at its meeting held on 20.12.2024.
- b) The objective of this Policy is to provide the dividend distribution framework to the stakeholders of the Company. This Policy is aimed to lay down the circumstances, parameters, external and internal factors including financial parameters that shall be considered while declaring dividend and intends to assist investors and stakeholders for their investing decisions. The Board may in extraordinary circumstances, deviate from the parameters listed in this Policy.
- c) The Board shall recommend dividend in compliance with this Policy, the provisions of Companies Act 2013, and rules framed thereunder, as amended, ("**Companies Act**") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), such other applicable provisions of law and the Articles of Association of the Company as amended.

2. Parameters to be considered while declaring Dividend:

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and the amount of profit to be retained in business. The Board will consider various financial parameters and internal and external factors, including but not limited to the following before making any recommendations for dividends;

- a) Profits earned and available for distribution during the financial year
- b) Distributable surplus available as per the Companies Act and Listing Regulations.
- c) Stability of earnings of the Company and subsidiaries/associate companies/other ventures.
- d) Cash flow of the Company and subsidiaries/ associate companies/other ventures from operations.
- e) Future organic and inorganic growth plans and reinvestment opportunities (including investment requirements for the Company in its subsidiaries and associate companies) and other capital expenditure requirements of the Company and subsidiaries/other ventures.
- f) Industry outlook and stage of business cycle for underlying business.
- g) Capital restructuring, debt reduction, capitalisation of shares
- h) Compliance with covenants contained in any agreement entered into by the Company with its lenders, customers or other parties, as applicable.
- i) Funding and liquidity considerations and the requirement of funds to service any outstanding loans/facilities.
- j) Macroeconomic and business conditions including the overall economic environment, changes in government policies, industry rulings & regulatory provisions on an Indian as well as global level.
- k) Absorbing unfavorable market conditions, meeting unforeseen contingent liabilities and other circumstances.
- l) Cost of external financing.
- m) Past dividend trends.

- n) Inflation rates
- o) Sense of shareholders' expectations
- p) Cost of external financing
- q) Buyback of shares or any such alternate profit distribution measure.
- r) Prevailing taxation policy or any amendments expected thereof, with respect to dividend distribution.
- s) Any other contingency plans.
- t) Any other relevant factors that the Board may deem fit to consider before declaring dividend.]

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

The Company has issued only one class of shares viz. equity shares with equal voting rights, for all the members of the Company who are entitled to receive the same amount of dividend per share. Parameters for dividend payment in respect of any other class of shares, if issued, will be as per respective terms of issue in accordance with the Articles of Association of the Company and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

4. Circumstances under which the shareholders may or may not expect Dividend:

The Company shall not recommend dividend if it is of the opinion that it is financially not prudent to do so. The Company may declare dividends in future unless the Company is restrained due to insufficient profits or due to any of the internal or external factors listed above, subject to the discretion of the Board of Directors.

Further, though the Company endeavors to declare the dividend to the shareholders, the management may propose lower dividend or may propose not to recommend dividend after analysis of various financial parameters, cash flow position and funds required for future growth and capital expenditure or in case of a proposal to utilize surplus profit for buy-back of existing share capital.

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board of Directors:

- the Company has inadequacy of profits or incurs losses for the Financial Year;
- the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
- the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital.
- the Company has significantly higher working capital requirement affecting free cash flow.
- the Company proposes to utilize surplus cash for buy- back of securities;
- the Company is prohibited to recommend/declare dividend by any regulatory body.

The Board may also not recommend a dividend on considering any compelling factors/parameters mentioned in point 2 above

The Board may in compliance with applicable law declare one or more interim dividends during a financial year and recommend such interim dividend for the confirmation of its shareholders at the subsequent annual general meeting.

5. Procedure for deciding quantum of dividend

- a) The Joint Managing Directors ("JMD")/ Chief Executive Officer may propose the rate of Interim dividend/ final dividend to the Board for its approval.
- b) The Board upon perusing the rationale for such pay-out may recommend the final dividend or declare the interim dividend.
- c) The final dividend recommended by the Board is subject to approval/declaration by the shareholders in the ensuing General Meeting.

6. General:

- a) The Company may declare dividend out of the profits of the Company for the year or out of the profits for 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 and as per the provisions of the Companies Act. Further, any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded while computing the profits for the purpose of declaration of dividend.
- b) Subject to compliance with applicable law, the Company's retained earnings, if any will be used for the Company's growth plans, issuance of bonus shares capital adequacy
- c) liquidity requirements, debt repayments, and other contingencies and/or for any of the purposes specified in paragraph 2 above.
- d) If the Board decides to deviate from this Policy, the rationale for the same will be suitably disclosed.

7. Review/Modification of the Policy:

The Board reserves the right to amend, modify or review this Policy along with the rationale for the same in whole or in part, at any point of time, as may be deemed necessary in accordance with the amendment of the Companies Act and the Listing Regulations, and any other regulations, guidelines/clalifications as may be issued from time to time by relevant statutory and regulato1y authority.

8. Disclosure:

The Company shall make appropriate disclosures as required under the Listing Regulations.

9. Disclaimer

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant. b) Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy.

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