VESUVIUS INDIA LIMITED

DIVIDEND DISTRIBUTION POLICY

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(Approved on November 8, 2016)

1. PURPOSE OF THIS POLICY

1.1 Vesuvius India Limited ("Vesuvius" or the "Company") aims to deliver long-term dividend growth, provided that this is supported by underlying earnings, cash flows, capital expenditure requirements and the prevailing market outlook.

1.2 The purpose of this Policy is to document the Company's Dividend Distribution Policy in compliance with Company law and SEBI requirements.

1.3 This Policy applies to Dividends declared or recommended by the Board of Directors of the Company.

1.4 Vesuvius aims to reward Shareholders through payment of dividends while retaining earnings to meet its liquidity, sustainable growth and expansion plans.

2. DEFINITIONS

2.1 The definition of terms mentioned in this Policy will be the definitions mentioned in the corresponding statute in context to which it is used, as may be amended from time to time, and the interpretation mentioned under the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the General Clauses Act, 1897, will prevail.

3. FINANICAL PARAMETERS AND INTERNAL & EXTERNAL FACTORS TO BE CONSIDERED

3.1 The Company endeavours to maintain an annual growth in dividend unless circumstances otherwise provide. The aim of the Company is to maintain uninterrupted sustainable dividend payments.

3.2 The Company intends to use its retained earnings judiciously.

3.3 Future cash flow requirements including for routine capital expenditure, working capital needs, expansion or acquisition plans would be considered before determining dividend payments.

3.4 Other financial considerations would include availability of adequate profits, net free cash generation, tax and liability payments, employee dues and retirement accruals/provisions, loan repayments, transfer to reserves and other appropriations, new statutory impositions etc.

3.5 Consideration will also be given to circumstances of uncertainty relating to or arising from weakening of economic or business conditions, production volumes of major customers, adverse foreign exchange impact, price and availability of imported raw materials, opportunities for mergers and acquisitions, adverse statutory restrictions, obligations or impositions etc.

4. FREQUENCY OF PAYMENT OF DIVIDEND

4.1 The Board of Directors will ordinarily recommend a Final Dividend once a year for declaration by the Members at the ensuing Annual General Meeting of the Company.

4.2 On the occasion of a Special event the Board of Directors may declare an Interim Dividend.

4.3 The Board of Directors may declare an Interim Dividend other than on the occurrence of any special event.

5. PARAMETERS FOR DIFFERENT CLASSES OF SHARES

5.1 The Company has issued only one class of Equity shares and therefore this Policy is applicable to the issued Equity Shares of the Company.

5.2 If the Company issues any other kind of shares or classes of shares, this Policy may be amended to provide for dividend distributions applicable to these different kinds or classes of shares.

6. CIRCUMSTANCES WHICH MAY AFFECT THE DECLARATION OR PAYMENT OF DIVIDEND

6.1 The Company may either not pay any dividend or may reduce its dividend rate where the company in its absolute discretion resolves to be prudent to support the working capital or other financing needs of the business, including commitments towards capital expenditure. This may include circumstances in which the Company has made losses or inadequate profits during the year.

6.2 The Company may either not pay any dividend or may reduce its dividend rate in circumstances where uncertain or weakening economic and business conditions are foreseen or any statutory restrictions/obligations are imposed or likely to be imposed which may affect the Company or its major customers.

7. UTILISATION OF RETAINED EARNINGS

7.1 The Company may retain balances in Reserves and Surplus to leverage its finances to meet growth opportunities.

7.2 The Board of Directors intends to declare any dividend out of current year profits or retained earnings and not from its free reserves.

7.3 Retained earnings would, inter alia, be utilised in accordance with and subject to the provisions of the Companies Act, 2013 and rules thereunder, the provisions of SEBI regulations and other statutory directions towards the following in such manner and for such amount as the Board of Directors may determine:

a) Transfer to General Reserve and other reserves;

b) Payment of Dividends;

c) Payment of taxes on Dividends;

d) Contributions towards Corporate Social Responsibility expenditure;

e) Other purposes as permitted under the Companies Act, 2013, the rules thereunder and the Accounting Standards.

8. GENERAL

8.1 This Policy may be subject to review and amendments to align with changes in Company law or SEBI guidelines and also in respect of any major changes in the financial circumstances of the Company.

8.2 This Policy details the Company's intentions in respect of dividends. It does not restrict the Board from determining an alternative dividend strategy or Policy in future, should the Board deem such an alternative dividend strategy or Policy to be in the best interests of the Company.