

# Balaji Telefilms Ltd.

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## **DIVIDEND DISTRIBUTION POLICY**

### **1. PREAMBLE**

The Policy, in the interest of providing transparency to shareholders, explains the circumstances and different factors that the Board of Directors will consider at the time of deciding on the use of profits. The Policy reflects the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for the business needs and growth of the Company, keeping in mind external factors like the national economy as well as an assessment of the overall financial strength of the Company and any material subsidiary.

### **2. DEFINITIONS**

“**Board**” shall mean the Board of Directors of Balaji Telefilms Limited;

“**Companies Act**” shall mean The Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, and as amended;

“**Dividend**” includes any interim dividend;

“**Listed Entity / Company**” shall mean Balaji Telefilms Limited;

“**Policy**” means Dividend Distribution Policy;

“**Stock Exchange**” shall mean a recognised Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

### **3. POLICY**

#### **A. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND**

The dividend pay-out decision of the Board depends upon the following financial parameters, internal and external factors:

##### **Financial parameters and Internal Factors:**

- a) Operating cash flow of the Company;
- b) Profit earned during the year;
- c) Profit available for distribution;
- d) Earnings per Share (“EPS”);
- e) Working capital requirements;
- f) Capital expenditure requirements;

- g) Business expansion and growth;
- h) Likelihood of crystallization of contingent liabilities, if any;
- i) Additional investment in subsidiaries and associates of the Company;
- j) Upgrading technology and physical infrastructure;
- k) Creation of a contingency fund to deal with any matter of emergency as approved by the Board;
- l) Acquisition of businesses or suitable investments;
- m) Cost of Borrowings;
- n) Past dividend pay-out ratio / trends.

**External Factors:**

- a) Economic environment;
- b) Government regulations;
- c) Capital markets;
- d) Global conditions;
- e) Statutory provisions and guidelines;
- f) Dividend pay-out ratio of competitors with similar revenue.

**B. CIRCUMSTANCES THAT WILL IMPACT DIVIDEND PAY-OUT**

A dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company versus the amount of profit to be retained in business. The decision must balance the dual objective of appropriately rewarding shareholders and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company will not be paid a dividend in the following circumstances, subject to discretion of the Board of Directors:

- 1) Proposed expansion plans requiring higher capital allocation;
- 2) Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches, etc. which requires significant capital outflow;
- 3) Requirement of higher working capital for the purpose of business of the Company;
- 4) Proposal for buy-back of securities;
- 5) In the event of losses or inadequate profit.

**C. UTILIZATION OF RETAINED EARNINGS**

The Board will ask for earnings to be retained based on the available funds and on increasing the value of shareholders' investment in the Company. Decisions on the utilization of the retained earnings of the Company shall be based on the following factors:

- 1) Improving the Company's offerings to help it compete better in the market;
- 2) Expanding the Company's offerings to allow for increased revenue;
- 3) Increasing staff or equipment or ancillary resources to help the Company consolidate and grow its business;
- 4) Modernization plan including upgrading essential technology;
- 5) Replacement of capital assets;
- 6) Where the cost of debt is expensive;
- 7) Dividend payment;
- 8) Such other criteria as the Board may deem fit from time to time.

## **D. RATE/ QUANTUM OF DIVIDEND**

It has always been the Company's endeavor to deliver sustainable value to all its stakeholders, as evident from the past dividend track record of the Company. The Company will strive to distribute an appropriate level of profit to the shareholders in the form of a dividend as determined by the Board and based on the parameters and factors explained in this Policy.

## **E. MANNER OF DIVIDEND PAYOUT**

### **Final Dividend:**

- i. Recommendation, if any, shall be made by the Board, usually in the Board meeting that considers and approves annual financial statements, subject to the approval of the shareholders of the Company.
- ii. The dividend, as recommended by the Board, shall be approved/declared at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per applicable law(s).

### **Interim Dividend:**

- i. An Interim Dividend, if any, shall be declared by the Board.
- ii. Before declaring an Interim Dividend, the Board shall consider the financial position of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- iv. In case no Final Dividend is declared, an Interim Dividend paid during the year, if any, will be regarded as the Final Dividend at the Annual General Meeting.

## **F. PARAMETERS FOR VARIOUS CLASSES OF SHARES**

Since the Company has issued only one class of equity shares with equal voting rights, all Members of the Company are entitled to receive the same amount of dividend per share. 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 regulations if and when the Company decides to issue any other classes of shares.

## **4. THE POLICY SHALL NOT APPLY TO**

- a) Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be per the terms of issue approved by shareholders;

- b) Distribution of dividend in kind, for instance, by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- c) Distribution of cash as an alternative to payment of dividend by way of Buyback of Securities.

## **5. CONFLICT IN POLICY**

In the event of any conflict between this Policy and the provisions contained in the regulations, the regulations shall prevail.

## **6. DISCLOSURES**

The Dividend Distribution Policy shall be disclosed on the website of the Company.

## **7. POLICY REVIEW AND AMENDMENTS**

This Policy will be modified in accordance with the guidelines / clarifications as may be issued from time to time by any 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 applicable regulations and must be approved in the manner decided by the Board of Directors.

*Note: This policy was last amended by the Board of Directors at its meeting held on May 17, 2016.*

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