

BALMER LAWRIE VAN LEER LIMITED

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DIVIDEND DISTRIBUTION POLICY

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1. OBJECTIVE

The Board of Directors of Balmer Lawrie Van Leer Limited (“the Company” / “BLVL”) frames this policy to formulate a Dividend Distribution Policy and to disclose the same in their Annual Report and on the Corporate Website. (www.blvlindia.com). The objective of this Policy is to ensure a balance between the quantum of Dividend paid and amount of profits retained in the business for internal utilization. In this connection, the policy lays down parameter to be considered by the Board of Directors for declaration of Dividend from time to time. This policy applies to all types of Dividend declared or recommended by the Board of Directors of the Company and seeks to conform to the requirement of Section 123 of the Companies Act.

2. BACKGROUND

Dividend is the payment made by a Company to its Shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business for acquisitions, expansion or diversification or it can be distributed to the Shareholders. The Company may choose to retain a part of its profits and distribute the balance among its Shareholders as dividend. This Policy aims to reconcile between all these needs.

The Company recognizes the need to lay down a broad framework for considering decisions by the Board of Directors, with regard to distribution of dividend to its Shareholders and/or retaining or ploughing back of its profits. Declaration of dividend is one of the key financial decisions of the Company, forming part of the overall strategy for efficient allocation of capital as well as increasing shareholder’s wealth.

3. DIVIDEND DISTRIBUTION PHILOSOPHY

The Company is deeply committed to driving superior value creation for all its Stakeholders and the focus on continued sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. Accordingly, the Board of Directors would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

4. LEGAL PROVISIONS REGARDING PAYMENT OF DIVIDEND

The recommendation, declaration and payment of dividend by the Company is subject to the provisions of Sections 123 and 134(3) of the Companies Act, 2013 (“the Act”) read with the Companies (Declaration and Payment of Dividend) Rules, 2014 (“the Rules”).

5. FINANCIAL PARAMETERS AND, INTERNAL AND EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND.

The Board will assess the following internal and external factors while deciding on dividend declaration.

➤ **INTERNAL FACTORS:**

- Current year profits and outlook in line with the internal and external macroeconomics environment.
- Working Capital requirements
- Capital Expenditure and expansion planned
- Cash flow required meeting the contingencies and commitments.
- Past Dividend trends
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- Stipulations/ Covenants of loan agreements
- Proposed new investment to enable growth aspirations
- Cost and availability of financing from alternative sources.
- Any other factor that the Board may deem fit to consider before declaring dividend.

The Dividend for any Financial Year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board of Directors may also declare dividend out of accumulated profits of any previous Financial Year(s) in accordance with provisions of the Act and Regulations, as applicable.

➤ **EXTERNAL FACTORS:**

The Board of Directors of the Company would consider the prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws, if any, before declaring or recommending dividend to the Shareholders.

6. UTILISATION OF RETAINED EARNINGS

The Company firmly believes that consistent growth will maximize Shareholders value. Thus, the Company will endeavor to utilize retained earnings, for the following purposes, subject to applicable regulations:

- Funding inorganic and organic growth needs including Working Capital, Capital expenditure, repayment of debt, etc;

- Buyback of Shares subject to applicable laws and limits;
- Payment of Dividend in future years;
- Issue of Bonus shares;
- Any other permissible purpose.

7. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company presently has only 1 (one) class of shares, i.e. Equity Shares. Hence, the parameters which are required to be adopted for various classes of shares do not apply to the Company.

8. MANNER OF DIVIDEND PAYOUT

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the Shareholders at the Annual General Meeting.

A. In case of Final dividend, the following procedure shall be followed:

- i. The Board shall recommend dividend to the Shareholders, which shall be paid subject to approval of the Shareholders at Annual General Meetings of the Company.
- ii. Dividends shall be paid only out of Current Profits or past profits after providing for depreciation and setting off losses, if any.
- iii. The amount of the dividend shall be deposited in a scheduled bank in separate account within 5 (five) days from the declaration of dividend.
- iv. The payment of dividend shall be made within 30 (thirty) days from the date of declaration to the Shareholders entitled to receive the dividend on the record date as per the applicable law.

B. In case of Interim dividend the following procedure shall be followed:

- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring Interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. In case no Final dividend is declared at the Annual General Meeting, Interim dividend will be considered as the Final dividend of the Company.

The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to any Dividend, if any, declared by the Company.

C. Payment mode

Dividend shall be paid by cheque or warrant or in any electronic mode to the Shareholders entitled to the payment of the dividend. The Dividend shall be delivered to the Shareholders through ordinary post / Registered post / Speed post / courier.

9. CONCLUSION

The Company shall endeavor to maintain a consistency in dividend payout, every year. The focus of the Company is to declare a policy on distribution of dividend so that the investor may know as to when and how much dividend they may expect.

10. REVIEW AND AMENDMENT OF POLICY

This policy will be reviewed by the Board of Directors of the Company as they deem necessary. Any change in the Policy shall be approved by the Board of Directors of the Company. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or any other laws in this regard shall automatically apply to this Policy.

11. DISCLAIMER

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 Equity Shares.

12. ADOPTION OF POLICY BY THE BOARD OF DIRECTORS:

This revision to the existing Policy has been adopted by the Board of Directors of the Company at its Meeting held on October 9, 2020.
