



Britannia Industries Limited

Dividend Distribution Policy

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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1. Background:

- a) Pursuant to the requirements of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations') the Company is required to formulate and adopt Dividend Distribution Policy. The Company is required to disclose the same in the Annual Report and on its website.
- b) Dividend is the share of profits of a company which is paid by the company to its shareholders.

The process of declaration of dividend and in certain circumstances, quantum of dividend is regulated by the Companies Act, 2013 (hereinafter referred to as the '**Act**') and Listing Regulations. Provisions of Income Tax Act, 1961 are also relevant. There may also be certain contractual constraints.

As per the Act, 'interim' dividend can be declared by the Board of Directors. Whereas, 'final' dividend is recommended by the Board of Directors and declared by shareholders at their annual general meeting.

- c) '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.
- d) This Policy sets out the general parameters adopted by the Company for declaration of dividend for guidance purposes.

2. Objective of Dividend Distribution Policy:

The Company proposes to adopt a Dividend Distribution Policy that balances the dual objectives:

- a) Appropriate reward to shareholders through dividends and
- b) Ploughing back earnings to support sustained growth.

3. The dividend distribution policy shall include the following parameters:

- a) the circumstances under which the shareholders may or may not expect dividend;
- b) the financial parameters that will be considered while declaring dividend including profitability, cash flow, future business plan, capital expenditure etc;
- c) internal and external factors that will be considered for declaration of dividend;



- d) policy as to how the retained earnings will be utilized; and
- e) parameters that will be adopted with regards to various classes of shares.

If the Company proposes to declare dividend on the basis of parameters other than those mentioned in the policy or proposes to change its dividend distribution policy then the company is required to disclose the same along with its rationale in its annual report and on its website.

4. Provisions of the Companies Act, 2013 regarding distribution of dividend:

The Company has to comply with the provisions of the Companies Act before declaring any dividend. Dividend shall normally be paid out of current year's profits. However, in the absence of or inadequate profits in any financial year, the Company may declare dividend out of balance in surplus in the Profit & Loss account.

Further, in the event of absence or inadequate profits, the Company can also declare dividend out of reserves after complying with the provisions of the Companies (Declaration and Payment of Dividend) Rules, 2014.

5. Factors affecting the Company's approach to dividend payout:

Dividend is declared after considering the impact of following factors which include:

- Capital expenditure and future plans
- Stakeholder's expectations
- Business environment
- Change in government policies and general macro-economic conditions
- Changes in various legal and regulatory frameworks
- Health of overall Industry
- Amount of profits retained for meeting the business requirements of the Company
- Debt servicing requirements of the company
- Past dividend trends
- Dividend payout of companies in the comparable business
- Investment opportunities

6. Utilisation of Retained earnings:

The Company firmly believes that consistent growth will maximise shareholders value. Thus, the Company will endeavour to utilize retained earnings for its business expansions, growth opportunities, acquisitions, investments etc. in the best interest of the Company and its stakeholders.



7. Circumstances under which shareholders may or may not expect dividend:

The Company can declare dividend after complying with all the applicable laws. However, the Board of Directors may decide not to declare any dividend in case they are of the opinion that there are unfavorable internal / external conditions or the Company has better opportunity in reinvesting the funds.

8. Parameters with regards to various classes of shares:

Currently, since the Company has only one class of equity shareholders, the dividend declared will be equally distributed among all the shareholders based on the shareholding on the record date.

9. Review of policy:

This policy will be reviewed by the Board of Directors of the Company as they deem necessary.

10. Amendments to Policy

In case of any conflict between this Policy and the statutory law/regulations, the later shall prevail.

Further, this Policy can be modified/amended by the persons authorised by the Board in this regard. Subsequently, the modified policy should be placed before the Board for its ratification.

11. Adoption of Policy by the Board of Directors :

This Policy has been adopted by the Board of Directors of the Company at its meeting held on 13th February, 2017 and will be applicable for the dividend declared if any for the financial year 2016-17.