

**BALKRISHNA INDUSTRIES
LIMITED**

DIVIDEND DISTRIBUTION POLICY

PREFACE:

Policy Title	Dividend Distribution Policy
Version Number*	1.2
Effective Date	2016
Authorised by	Board of Directors
Number of Revisions	2 (Two)
Last Revised Date*	14 th February, 2020

DIVIDEND DISTRIBUTION POLICY

The Board of Directors of Balkrishna Industries Limited (the “Company”) at its meeting held on 10th September, 2016 has adopted this Dividend Distribution Policy (the “Policy”) as required by Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) which was amended by the Board of Directors at its meeting held on 17th May, 2019 and also further amended on 14th February, 2020.

The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending Dividend.

The Company has had an uninterrupted dividend payout since last 35 years. In future, the Company would endeavor to pay sustainable dividend keeping in view the Company’s policy of meeting the long-term growth objectives from internal cash accruals.

A decision of the Board of Directors to recommend / declare dividend would be based on the financial / internal parameters listed out below:

- Profits earned during the financial year;
- Operating cash flows and treasury position keeping in view total debt to equity ratio;
- Retained Earnings;
- Accumulated Reserves;
- Future capital expenditure/ expansion, strategic investments and working capital requirements;
- Earnings outlook for next three to five years;
- Providing for unforeseen events and contingencies with financial implications;
- Future business prospects and industry outlook;
- Past dividend trends;
- Any other financial parameter or factor as considered relevant or appropriate by the Board of Directors.

The Board of Directors of the Company shall also consider the following external parameters while declaring or recommending dividend to shareholders:

- Macro-economic environment - Significant changes in macro-economic environment materially affecting the businesses in which the Company is engaged in the geographies in which the Company operates.
- Regulatory changes – Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the businesses in which the Company is engaged.
- Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged.

Based on the financial parameters and other factors mentioned above, the shareholders may / may not expect dividend for any year.

The Board of Directors may declare interim dividend(s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company.

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations.

The Board of Directors, while determining the dividend to be declared or recommended shall take into consideration the advice of the executive management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for ongoing or planned business expansion or other factors which may be considered relevant by the Board.

The Company shall endeavor to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. The Company may utilize the retained earnings, for making investments for future growth and expansion plans, to meet Company's long term financial requirements (including capital expenditure, debt service obligations, other liabilities etc.), for improving financial ratios, for declaration of dividend, for issue of bonus shares or buy-back of shares, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company and permitted by the Companies Act, 2013 as amended from time to time.

The Company has issued only one class of shares viz. equity shares. 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 and will be determined, if and when the Company decides to issue other classes of shares.

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

The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and Listing Regulations or as deemed fit on a review.

**On 17th May, 2019, percentage of Dividend payout was amended from 5% to 20% to 10% to 30%. Further, policy amended on 14th February, 2020.*
