

BLS INTERNATIONAL SERVICES LIMITED

DIVIDEND DISRIBUTION POLICY

BACKGROUND AND APPLICABILITY:

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, [“the Listing Regulations”] makes it mandatory for the top 1000 listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate a Dividend Distribution Policy which shall be disclosed on the website of the listed entity.

In compliance with the provisions of Regulation 43A of the Listing Regulations the Board of Directors of the Company at its meeting held on June 15, 2021, has approved and adopted the Dividend Distribution Policy of the Company. The modification in this policy shall come into force for accounting periods beginning from April 01, 2021.

PREAMBLE:

Dividend is the payment made by a Company to its shareholders, in the form of distribution of its profits. The profits earned by the Company can either be retained in business or utilized 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 aimsto reconcile between all these needs.

The Policy establishes the principles to ascertain amounts that can be distributed to shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. It lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of dividend to its shareholders.

DIVIDEND DISTRIBUTION PHILOSOPHY:

The Company believes that it operates in the high potential and fast growing market. This offers huge investment opportunities. Therefore, the retention of surplus funds for future growth will over-ride considerations of returning cash to the shareholders. However, considering the consistent and impressive generation of profits year on year, there is a need to provide greater clarity on the dividend pay-out philosophy of the Company.

BLS INTERNATIONAL SERVICES LIMITED**CATEGORY OF DIVIDENDS**

The Companies Act, 2013 provides for two forms of Dividend-Interim & Final. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

- **Final Dividend**

The Final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the shareholders in a general meeting. The declaration of Final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

Process for approval of payment of final dividend:-

- Board to recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy;
- Based on the profits arrived at as per the audited financial statements;
- Shareholders to approve in Annual General Meeting;
- Once in a financial year;

- **Interim Dividend**

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts. This would be in order to supplement the dividend or in exceptional circumstances.

Process for approval of payment of interim dividend

- Board may declare Interim Dividend at its complete discretion in line with this Policy;
- Based on profits arrived at as per quarterly (or half- yearly) financial statements including exceptional items;
- One or more times in a financial year.

DECLARATION OF DIVIDEND

Subject to the provisions of the Companies Act, Dividend shall be declared or paid only out of-

I. Current financial year's profit:

- a. after providing for depreciation in accordance with law;
- b. after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

BLS INTERNATIONAL SERVICES LIMITED**II. The profits for any previous financial year(s):**

- a. after providing for depreciation in accordance with law;
- b. remaining undistributed; or

III. Out of i) & ii) both.

The Board may, at its discretion, declare a Special Dividend under certain circumstances such as extraordinary profits from sale of investments.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The shareholders of the Company may not expect dividend in the below mentioned circumstances:

- (a) In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- (b) In the event of higher working capital requirement for business operations or otherwise.
- (c) In the event of inadequacy of cash flow available for distribution.
- (d) In the event of inadequacy or absence of profits.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment.

FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board of Directors will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares.

However, the decision regarding pay-out is subject to several factors and hence, any optimal policy in this regard may be far from obvious.

The Dividend pay-out decision of any company depends upon certain external and internal factors-

External Factors:-

1. Business cycles,
2. Economic environment,
3. Cost of external financing,
4. Capital markets
5. Industry outlook for the future years,
6. Inflation rate, and

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7. Changes in the Government policies, industry specific rulings and regulatory provisions.

Internal Factors (Financial Parameters):-

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which inter alia will include-

- i) Profitable growth of the Company and specifically, Profits earned during the financial year;
- i) Cash flow position of the Company;
- ii) Accumulated reserves;
- iii) Present & future Capital requirements of the existing businesses;
- iv) Brand/ Business Acquisitions;
- v) Expansion/ Modernization of existing businesses;
- vi) Additional investments in subsidiaries/associates of the Company;
- vii) Fresh investments into external businesses;
- viii) Any other factor as deemed fit by the Board.

MANNER OF UTILISATION OF RETAINED EARNINGS

The retained earnings of the Company may be used in any of the following ways:

- i) Capital expenditure for working capital,
- ii) Organic and/or inorganic growth,
- iii) Investment in new business(es) and/or additional investment in existing business(es),
- iv) Declaration of dividend,
- v) Capitalisation of shares,
- vi) Buy back of shares,
- vii) General corporate purposes, including contingencies,
- viii) Correcting the capital structure,
- ix) Any other permitted usage as per the Companies Act, 2013.

PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

- (a) Dividend would continue to be declared on per share basis on the Equity Shares of the Company having face value of Rs. 1 each. Presently, the Authorised Share Capital of the Company is divided into Equity Shares of Rs. 1 each. At present, the issued and paid-up share capital of the Company comprises of only Equity Shares of Rs. 1 each which rank pari passu with respect to all their rights. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date. In the event of the Company issuing any other class(es) of shares, it shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.
- (b) The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on Equity Shares.

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(c) As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

DIVIDEND RANGE

The Company stands committed to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the shareholders, in the form of dividend. As explained in the earlier part of this Policy, determining the dividend pay-out is dependent upon several factors, both internal to a business and external to it.

Taking into consideration the aforementioned factors, the Board of Directors shall endeavour to maintain Dividend Payout Ratio (Dividend/ Net Profit after Tax) of upto 15% of consolidated profit after tax, subject to company's need for capital for its growth plan and having positive Cash Flow.

Further, the Board may amend the Dividend Payout Ratio, whenever considered appropriate by it, keeping in mind the aforesaid factors having a bearing on the dividend pay-out decision including declaring a Special Dividend under certain circumstances such as extraordinary profits from sale of investments.

REVIEW

This Policy will be reviewed periodically by the Board, from time to time.

AMENDMENT

To the extent any modification/amendment, if required, the Managing Director or CFO or Company Secretary and Compliance officer of the Company are severally authorised to review and amend the Policy, to such extent required. Such amendments and Policy shall be placed before the Board for noting.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

The Policy shall be disclosed on the website of the Company i.e. at www.blsinternational.com