

DIVIDEND DISTRIBUTION POLICY

Version 1.2

Last review date: 06/02/2021

Revision History

Version No.	Release Date	Function	Reviewed by	Approved by	Description of Change
1.0	19/10/2016	Corporate Secretarial	Company Secretary & Compliance Officer	Board of Directors	Original Policy
1.1	26/03/2019	Corporate Secretarial	Company Secretary & Compliance Officer	Board of Directors	Change of Company Name
1.2	06/02/2021	Corporate Secretarial	Company Secretary & Compliance Officer	Board of Directors	Renamed the Policy and benchmarked the same with good practices of other companies

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1. Introduction

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to have in place a Dividend Distribution Policy. The Board of Directors of the Company recognizes the need to lay down a broad framework for considering decisions by the Board of Directors of the Company, with regard to distribution of dividend to its members and/or retaining or plough back of its profits. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the members. The intent of the Policy is to broadly cover the following:

- a) The circumstances under which the members of the Company may or may not expect dividend;
- b) Internal and external factors including financial parameters that shall be considered while declaring dividend;
- c) Policy as to how the retained earnings shall be utilized;
- d) Parameters that shall be adopted with regard to various classes of shares.

2. Definitions

- a) In this Policy unless the context otherwise requires:
 - i) **“Act”** means the Companies Act, 2013, including the Rules made thereunder, as amended from time to time.
 - ii) **“Board”** or **“Board of Directors”** means the Board of Directors of the Company.
 - iii) **“Company”** means Birlasoft Limited.
 - iv) **“Dividend”** includes any interim dividend and shall mean Dividend as defined under the Act.
 - v) **“SEBI (LODR) Regulations, 2015”** shall mean the “Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015” and the amendments thereto.
 - vi) **“Policy”** means this Dividend Distribution Policy.
 - vii) **“SEBI”** means the Securities and Exchange Board of India.
- b) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act and the SEBI (LODR) Regulations, 2015, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

3. Parameters and factors for declaration of Dividend

The decision of the Board to declare dividend will be driven by the following factors:

(I) Financial parameters and Internal Factors

- a) Working capital requirements;
- b) Cash flow required to meet contingencies;
- c) Profits earned during the year;
- d) Profit available for distribution;
- e) Past dividend payout ratio/ trends;
- f) Earnings Per Share (EPS);
- g) Cost of Borrowing;

- h) Capital expenditure requirement;
- i) Business expansion, growth and acquisition;
- j) Creation of contingency fund;
- k) Investment in Joint-Ventures, associates and subsidiaries;
- l) Agreements with lending institutions/Debenture Trustees etc.;
- m) Likelihood of crystallization of contingent liabilities, if any.

(II) External Factors

- a) Statutory provisions and guidelines;
- b) Economic Environment;
- c) Capital Markets;
- d) Global conditions;
- e) Dividend payout ratio of competitors.

4. Circumstances under which Dividend payout may or may not be expected

The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the members and the Company. The Board may not declare Dividend under the following circumstances:

- a) Proposed expansion plans including capital expenditure for existing operations, requiring higher capital allocation.
- b) Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow.
- c) Requirement of higher working capital for the purpose of business of the Company.
- d) Proposal for buyback of securities.
- e) In the event of loss or inadequacy of profit.

5. Manner of utilization of retained earnings

The Board may decide to plough back the earnings for a particular financial year(s) to ensure the availability of funds for any of the following purpose:

- a) Expansion and diversification plans;
- b) Modernization plans;
- c) Diversification/acquisition of business;
- d) Replacement of capital assets;
- e) Mitigate dependence on external debts;
- f) High financial leverage;
- g) Other such criteria as the Board may deem fit from time to time.

6. Parameters for various classes of shares

The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares with or without differential voting rights, depending upon the nature and guidelines thereof.

7. Procedure

- a) The Chief Financial Officer in consultation with Chief Executive Officer & Managing Director of the Company shall recommend any amount to be declared/recommended as Dividend to

- the Board.
- b) The agenda of the Board where Dividend declaration/recommendation is proposed shall contain the rationale of the proposal.
 - c) Pursuant to the provisions of the applicable laws and this Policy, interim dividend shall be approved by the Board and final dividend, if any, recommended by the Board, will be subject to members approval, at the ensuing Annual General Meeting of the Company.
 - d) The Company shall ensure compliance of provisions of applicable laws, the Act, SEBI Rules and Regulations and this Policy in relation to Dividend declared by the Company.

8. Policy Exclusion

The Policy shall not be applicable in the following circumstances:

- a) Any distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.
- b) Determination and declaring dividend on preference shares, if any.

9. Disclosures

This Policy shall also be placed on the website of the Company. Further, as per the provisions of the Act and the SEBI (LODR) Regulations, 2015, as amended from time to time, the necessary disclosures of this Policy shall be given in the Board's Report. Provided that if the Company proposes to declare dividend on the basis of parameters in addition to those mentioned at Sr. No. 3 hereinabove or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

10. Review and amendment of the Policy

The Board shall review the Policy from time to time based on the changing needs and make suitable modifications as may be necessary. The Board can also amend the Policy as and when deemed fit.

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.