

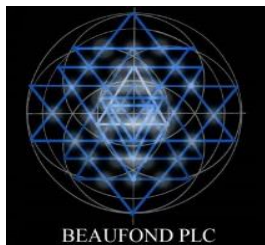


*Dividend*

*Distribution*

*Policy*

*Beaufond Plc*



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## I. Scope and Purpose

The Board of Directors of Beaufond Plc at its Meeting held on May 21st, 2009 has adopted the Policy and modified on 24<sup>th</sup> April 2019, which endeavours for fairness, consistency and sustainability while distributing profits to the shareholders.

## II. Objective

The Policy defines the conditions for paying a dividend. The Board of Directors will recommend any interim / final annual dividend based on this Policy as well as any specific financial or market conditions prevailing at the time. The intention of the Policy is to set out the broad criteria to be considered when determining what dividend to declare or not declare to the shareholders of the Company.

The Company believes that returning cash to shareholders is an important component of overall value creation.

## III. Background

This Policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

## IV. Parameters:

The dividend distribution policy shall include the following parameters:

### **a) The circumstances under which the shareholders may or may not expect dividend;**

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this policy.

Dividends are generally being declared once a year before (interim) / after the announcement of full year results; but before the Annual General Meeting (AGM).

In the years of exceptional gains or other events, a special dividend may be declared.



**B) The financial parameters that shall be considered while declaring dividend;**

The Board of Directors of the Company shall consider the following financial Parameters while declaring dividend or recommending dividend to Shareholders:

- Capital allocation plans including:
  - i. Expected cash requirements of the Company towards working;
  - ii. Capital, capital expenditure in technology and Infrastructure etc;
  - iii. Investments required towards execution of the Company's strategy;
  - iv. Funds required for any acquisitions that the Board of Directors may Approve and
  - v. Any share buy-back plans.
- Minimum cash required for contingencies or unforeseen events;
- Funds required to service any outstanding loans;
- Liquidity and return ratios;
- Any other significant developments that require cash investments.

**C) internal and external factors that shall be considered for declaration of dividend;**

The Board of Directors of the Company shall consider the following **internal** Parameters while declaring dividend or recommending dividend to Shareholders:

- The level of dividends paid historically;
- Actual results for the year and the outlook for business operation;
- Actual results for the year and the outlook for business acquisitions, to further enhance shareholder value or meet strategic objectives setting aside cash to meet debt repayments;
- Retaining earnings to provide for contingencies or unforeseeable events;

Also when determining the Annual dividend, the company will consider the following external parameters:

- Any significant changes in macro-economic environment affecting the geographies in which the Company operates, or the business of the Company or its clients;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Any changes in the competitive environment requiring significant investment.
- Changes in the cost and availability of external financing.
- Changes in the Government policies where the company operates, industry ruling and regulatory provisions.



**d) Policy as to how the retained earnings shall be utilized:**

The consolidated profits earned by the Company can either be retained in the business or used for various purposes as following or it can be distributed to the shareholders.

- I) Capital expenditure
- II) Organic / Inorganic growth
- III) General corporate purposes including contingencies
- IV) Investments in the new / existing business
- V) Any other purposes permitted the laws in force.

**e) Parameters that shall be adopted with regard to various classes of shares**

The provisions contained in this policy shall apply to all classes of Shares of the Company. Any declared dividend divided equally among all shareholders on the record date.

**V. Considerations:**

The Board of Directors of the Company ("Board") recommends dividend distribution based on the following factors:

1. Reported and Projected Net Profit after Tax (PAT) available for distribution in the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the current and projected periods.
2. Reported and Projected statements of Free Cash Flow generation
3. Current and Projected Cash Balance
4. Committed and projected cash flow needs owing to forecasted capital expenditure, anticipated investments in M&A and working capital requirements for current and projected periods.
5. The macro economic factors and the general business environment
6. Corporate actions resulting in significant cash outflow for the Company

**VI. Current Policy:**

We have had a consistent dividend track record. Our amount of dividend pay-out (**all by interim**) over the past 9 years is shown in the table below:

Financial Year	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Dividend Paid in %	8%	8%	8%	8%	8%	8%	10%	10%	10%



We expect our dividend policy to be in line with historic trends. The Board has the discretion to recommend a higher or lower dividend keeping in mind the business considerations and other corporate actions which result in high utilization of cash.

#### **VII. Procedure:**

Final dividend is declared at the Annual General Meeting (AGM) of the shareholders on the basis of recommendations of the Board. The Board may, at its discretion, also declare an interim dividend. The current practice is to declare an interim dividend normally in the month of June Board Meeting and a final dividend if any at the AGM only.

#### **VIII. Other Salient Points:**

Retained Earnings may be used for corporate actions in accordance with applicable law and for investments towards growth of the business.

#### **IX. Board Discretion:**

The Board may recommend special dividend as and when it deems fit. The Board will review the Dividend policy of the Company at regular intervals.

#### **X. Review & Disclosure:**

The Board of Directors will review the policy annually. Any revisions in the Policy will be communicated to shareholders in a timely manner. The Policy shall be disclosed in the Annual report and on the website of the Company i.e. [www.BEAUFOND.com](http://www.BEAUFOND.com).

#### **XI. Disclaimer:**

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.