

Authorised Service Partner



# DIVIDEND DISTRIBUTION POLICY

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### **Introduction**

The Policy's objective is to maintain guidelines for the Board of Directors of the Company ("**Board of Directors/Board**") to follow when declaring or recommending the amount of dividend (interim or final) per share. A dividend policy determines the ratio of dividends to retained earnings. Retained earnings are an important source of internal finance for the company's long-term growth, whereas dividends reduce the company's available cash funds.

Further predictability in dividend distribution plays a critical role in creating shareholder value. Given the importance of dividend in creating shareholder value, the Company has adopted this Dividend Distribution Policy to promote transparency in its financial operations, which is also a requirement stipulated in Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**").

The Company's Dividend Distribution Policy aims to reward its shareholders by sharing a portion of its profits / earnings, while also ensuring that enough funds are retained to meet the Company's future needs. This policy focuses on ensuring dividend income for shareholders as well as long-term capital appreciation for the Company's stakeholders.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

The policy sets out the principles to determine the amount that can be distributed to equity shareholders as dividend.

### **Parameters Considered While Recommending/ Declaring Dividend**

The Board of Directors of the Company shall consider the following parameters for declaration of Dividend:

#### **a) Circumstances under which the shareholders may/ may not expect dividend**

The shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all the expenses, depreciation etc., and complying with all other statutory requirements of the Act. Company's immediate expansion plan shall also be an important factor for considering and declaring dividend.

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board of Directors:

- i. the Company has inadequacy of profits or incurs losses for the Financial Year
- ii. the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital
- iii. the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital.
- iv. the Company has significantly higher working capital requirement affecting free cash flow.
- v. the Company proposes to utilize surplus cash for buy- back of securities

#### **b) Financial/ Internal Parameters**

- i. Profits earned and available for distribution during the financial year
- ii. Accumulated reserves, including retained earnings
- iii. Mandatory transfer of profits earned to specific reserves, such as Debenture Redemption Reserve, etc.
- iv. Past dividend trends i.e., rate of dividend, earnings per share (EPS) and payout ratio, etc.
- v. Liquidity position including its present and expected obligations and return ratios
- vi. Present and Future Capital Expenditure requirement plans of the Company
- vii. Additional investments in subsidiaries/ associates of the Company
- viii. Other Corporate Action options (For ex. Bonus issue, Buy back of shares)
- ix. Capital restructuring, debt reduction, capitalisation of shares
- x. Crystallization of contingent liabilities of the Company
- xi. Current and projected Cash Balance and Company's working capital requirements.
- xii. Covenants in loan agreements, Debt servicing obligations and Debt maturity profile.
- xiii. Cost of borrowings
- xiv. Any other significant developments that require cash investments.

#### **c) External Factors**

- i. Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- ii. Any political, tax and regulatory changes in the geographies in which the Company operates;
- iii. 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;
- iv. Any changes in the competitive environment requiring significant investment

Board at their discretion and in compliance with applicable rules/ regulations can also recommend/ declare dividend as an exception to above mentioned parameters.

#### **Manner of Utilisation of Retained Earnings**

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run.

The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- i. Long term strategic plans
- ii. Market expansion plan
- iii. Modernization plans
- iv. Diversification of business
- v. Replacement of capital assets
- vi. Other such criteria as the Board may deem fit from time to time

#### **Entitlement and timelines for Dividend payments**

- a) Entitlement: The dividend shall be paid to the shareholders entitled to receive dividend on the record date / book closure date as per applicable laws.
- b) Timelines: The payment of dividend shall be made within the time prescribed under the Act or the rules made thereunder. Presently, dividend is to be paid within 30 days from the date of declaration by the Board in case of Interim Dividend and within 30 days from the declaration by the shareholders in the AGM in case of Final Dividend.

#### **Parameters for various classes of Shares**

The Company, as of date, has only Equity shares with the same rights for all the shareholders.

In the event the Company issues in the future any shares with preferential rights over equity shares, the same shall be adhered to in accordance with the terms of such issue.

#### **Amendments**

This policy will be reviewed periodically by the Board/ Committee as may be deemed necessary and to comply with any regulatory amendments or statutory modifications and subject to the necessary approvals of the Board of Directors in cases of material changes to the Policy.

#### **Disclosure**

The Policy shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company. The policy will also be disclosed in the Company's annual report.

#### **Interpretation**

In case of any subsequent changes in the provisions of the aforementioned statutes, the statutes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with prevailing law. Any subsequent amendment/modification in Companies Act, SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

#### **Disclaimer**

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

#### **Disclosure**

This Policy will be disclosed on the Company's website at <https://www.bcssl.in/>

#### **Version History**

Version	Approved By	Approval Date	Effective Date
1 <sup>st</sup> Version	Board of Directors	21.03.2025	21.03.2025