

# ***Jai Balaji Industries Limited***

## **Dividend Distribution Policy**

### **1. Preamble**

The Board of Directors (the “Board”) of Jai Balaji Industries Limited (the “Company”) at its meeting held on 29<sup>th</sup> May, 2021 had adopted this Dividend Distribution Policy (the “Policy”) as required by Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **2. Purpose, Objective and Scope**

The Securities and Exchange Board of India (“SEBI”) vide its Gazette Notification dated May 5, 2021 has amended the Listing Regulations by making it mandatory to have a Dividend Distribution Policy in place by the top 1000(thousand)listed companies based on their market capitalization calculated as on the 31st day of March of every year.

In view of the ongoing losses incurred by the company due to various external factors beyond the control of the Company and its management, your directors have not recommended any dividend since 2012. But as the Company is one of the top 1000 companies the Board has laid down a broad framework for distribution of dividend to its shareholders and / or retaining or plough back of its profits.

The main objective of this Policy is to establish certain parameters that is to be considered by the Company before declaring or recommending any dividend or of retention of profits, in the interest of providing transparency to the shareholders.

The Policy has been developed in accordance with the extant provisions of the Companies Act, 2013 and SEBI regulations.

The Policy reflects the intent of the Company to reward its shareholders in future by sharing a portion of its profits after retaining sufficient funds for growth of the Company. In future, the Company would endeavour to pay sustainable dividend which shall be consistent with the performance of the Company over the years to come.

### **3. Circumstances under which the shareholders may or may not expect dividend**

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 of the Company may not declare or recommend dividend, if the Company incurs losses or it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion.

### **4. Financial Parameters**

The Board of Directors of the Company shall consider the following financial/Internal parameters while declaring or recommending dividend to shareholders:

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- a. As dividend is directly linked with the availability of earnings, the magnitude of earnings/losses will significantly impact the dividend declaration decisions of the Company.
- b. The efficiency with which the Company uses its capital.
- c. The Board will analyse the cost of borrowings i.e the requirement of necessary funds considering the long-term and short-term projects and the viability of raising funds from alternative sources.
- d. if during any financial year the Board determines inadequacy of profits and requirement of funds for business operations of the Company it may decide not to declare dividends for that financial year.
- e. If the Company is not able to generate sufficient operating cash flow to meet its financial obligations and if it rely for outside funding for the same then the Board may not declare dividend to retain its profit.
- f. if the Company has some debt obligations which is required to be paid off within a stipulated period of time then considering the volume of such obligations and the time of repayment , decision of dividend declaration shall be taken.
- g. Any other relevant factors or material events that might impact the inflow and outflow of cash will also be considered before declaration of Dividend.

## **4. Factors that may affect Dividend Payout**

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

- a. Macro-economic environment** – Significant changes in Macroeconomic environment materially affecting the businesses in which the Company is engaged, in the geographies in which the Company operates, then the management may consider retaining a larger part of the profits to have sufficient reserves to meet the exigency during unforeseen circumstances.
- b. Technological changes** - Changes which necessitate significant new investments in any of the businesses in which the Company is engaged, then the Company may retain the larger part of profits to fund such investment.
- c. Cost of raising funds from alternative sources**- If the cost of raising funds for growth and expansion of the Company is significantly higher, then the management may consider retaining a larger part of the profits to have sufficient funds to meet the capital expenditure plan.
- d. 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 must be taken into consideration before declaration of any dividend

## **5. Utilisation of Retained Earnings**

The Company shall endeavour 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 utilise the retained earnings for

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making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose.

The decision of utilisation of the retained earnings of the Company shall be based on factors like Long-term strategic plans; Augmentation / Increase in production capacity; Market or product expansion plan; Diversification of business and other such criteria as the Board may deem fit from time to time.

## **6. Parameters that shall be adopted with regard to various classes of shares**

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.

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

8. 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 may deem fit.

Date : 29<sup>th</sup> May, 2021

Place : Kolkata